



STRATEGIC
PLAN
for
MANAGING
OREGON'S
WATER
RESOURCES

2001-2003

Prepared by the
Oregon Water
Resources Department
and Commission

January 2001

THE WATER RESOURCES COMMISSION (Commission) is a seven-member citizen body established by statute to set water policy for the state and oversee the activities of the Water Resources Department in accordance with state law. Members are appointed by the Governor, subject to confirmation by the Senate, for four-year terms. One member is appointed from each of five regional river basin management areas and from both the east and the west side of the Cascade Mountains.

THE WATER RESOURCES DEPARTMENT (Department) is the state agency charged with administration of the laws governing surface and ground water resources. The Department is organized into four divisions—Field and Technical Services, Resource Management, Water Rights and Adjudications, and Administrative Services—all operating under the authority of the Director and Deputy Director. The Director is appointed by the Governor to serve a four-year term, subject to confirmation by the Senate. The Director is charged with applying Commission policies and rules through Department programs. In addition, the Director has independent responsibility for adjudication of pre-1909 water rights.

THE COMMISSION AND DEPARTMENT'S MISSION reflects two coequal priorities—resource stewardship and long-term water supply. In 1995, the Department and Commission prepared the first Strategic Water Resource Management Plan as a guide for fulfilling its mission and to provide a yardstick to measure progress with.

The 2001-2003 Strategic Plan reflects budget actions and water law changes by the 1999 Legislature. Many new programs and initiatives are addressed in this plan, as are the progress of working groups and task forces. Over the last biennium, the Department has focused on the design and implementation of the Oregon Plan for Salmon and Watersheds and the Klamath River Basin adjudication.

The Commission and Department expect that the 2001-2003 Strategic Plan for Managing Oregon's Water Resources will continue a lively, thoughtful discussion of the water management issues that confront Oregon. In that spirit, the Commission and Department offer this 2001-2003 Strategic Plan.

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Strategic Plan Summary

preparing for Oregon's future water needs

WATER RESOURCES DEPARTMENT STAFF work on dozens of programs that serve Oregon's water supply and stewardship needs. In carrying out these responsibilities, staff interact with a broad spectrum of interest groups and citizens concerned about water issues. Whether the issue is simple or complex, it is through partnerships developed with these interests that the Department can address water supply and stewardship issues with the greatest success.

To better serve the diverse and growing needs of the public, the Department looks for new tools and new approaches to address water supply needs and stewardship responsibilities. Accomplishing some of these innovations will require legislation or funding. A new program, the Stewardship and Supply Initiative, will begin a process to update water resource information throughout the state and create a system for sharing this information with the public to help with water supply decisions and stewardship efforts. In the Klamath basin, the Department will continue its effort to complete the complex adjudication involving over 700 claims of water use.

 While reading through the Strategic Plan, you can easily spot new ideas and planned activities identified by this logo. These and other new proposals are the result of interest group discussions and public participation. These new strategies represent our hope for tomorrow's water management. By bringing together dedicated staff, broad interests, policy, law, and the necessary

funding, Oregon's water management will enter the new century with the promise of sustaining a healthy resource, a vibrant economy, and the quality of life cherished by all Oregonians.

The Mission Statement

The Water Resources Commission adopted a Mission Statement that voices the Commission's coequal priorities of practicing resource stewardship and addressing long-term water supply needs. The Commission developed its mission statement after a series of discussions with a wide variety of water users. What emerged from these discussions was a broad vision of water management in Oregon. This vision is premised on the need for *balance* in all water management decisions—the mission's coequal priorities of resource stewardship and supply needs reflect this balance.

Our Mission

“To serve the public by practicing and promoting wise long-term water management.”

Why we're here—agency purpose and need

- To restore and protect streamflows and watersheds in order to ensure the long-term sustainability of Oregon's ecosystems, economy, and quality of life.
- To Directly address Oregon's water supply needs.

The Strategies

To fulfill the mission, the Commission and Department require a “road map” that identifies priorities, authority, and funding. This road map is the Strategic Plan. The Plan identifies five core water management strategies that are critical to fulfilling the mission: 1) water resource stewardship, 2) water supply solutions, 3) information management, 4) citizen services, and 5) providing funding for local and state water management.

These core water management strategies are discussed in detail in the following chapters. The discussion includes a snapshot look at Commission policies and Department programs that relate to each strategy as well as a description of management priorities, legislative proposals, and budget proposals. The Plan is carried out through detailed agency workplans, which reflect direction offered by the Legislature and Commission.

Management priorities guide the Department toward the goal of fulfilling the mission using the existing laws and budget. The *legislative* and *budget proposals* described in this plan are designed to address needs that are currently unmet or unauthorized. A chart summarizing management priorities and legislative and budget proposals appears on pages 54-55. In addition, ongoing programs and planned actions are highlighted for each strategy.

Introduction

an overview of Oregon's water resources

WATER IS A SCARCE RESOURCE in the west. Oregon, like the other western states, relies on the doctrine of prior appropriation to allocate water among the many demands. The doctrine evolved from common law principles and mining law starting in the 1850s when early settlers realized that there was not enough water to satisfy demands. Under the doctrine of prior appropriation, the first person to obtain a water right on a stream is the last person to be denied water in times of low streamflows. The doctrine assured western settlers that a water right, once granted, would remain with the land and that new rights would not injure existing rights.

By the turn of the century, disputes over the relative priority of the many, and often conflicting, water rights that had been claimed were resulting in more cases in local courts. In order to sort out existing water rights and create an orderly process for new appropriations of water, the Legislature, in 1909, adopted the *Oregon Water Code* that relies on the doctrine of prior appropriation.

Under the code, farms, businesses, cities, and other users are required to obtain a state permit or water right to use water from any stream or lake. In 1955, the Legislature adopted the *Ground Water Code*, providing guidance on the management and use of water from the state's aquifers.

Using this system, watermasters employed by the Department may have to shut off the use of water by the newest water right holders in order to ensure

that the older users receive their water. In some areas, by the end of the summer there is only enough water for uses that were first started in the 1800s.

It was not until the 1950s that attention was given to maintaining instream flows to protect fish, water quality, and recreation. By then, many of the state's streams had been fully appropriated and there was not enough water remaining to protect instream values. Legislative action in 1987 authorized the Department to issue water rights for instream uses that protect important public values.

In recent years, the *Oregon Plan for Salmon and Watersheds* has focused the Department on a range of actions aimed at maintaining and enhancing instream flows. The Plan is an unprecedented effort to restore at-risk fish populations and water quality throughout Oregon. Key elements of the Oregon Plan include community-based actions, coordination of state and federal agency programs, and effective monitoring. The Oregon Plan and the listing of salmonid populations under the federal Endangered Species Act has focused departmental efforts on identifying mechanisms by which the state appropriation system can provide protection for instream flows needed for listed fish in a way that also provides some certainty for out-of-stream water users.

Everyone would agree that a lot has happened in Oregon since the adoption of the Oregon Water Code in 1909: the state's population has grown from fewer than 700,000 people to more than 3 million (with another million expected to arrive in the next 10 to 15 years); a majority of the population has shifted from rural to metropolitan areas; the agricultural economy has diversified and expanded; and understanding of the importance of instream flows to the state's ecosystems, economy, and quality of life has grown dramatically. The Legislature and Commission have tried to keep pace with these changes and Oregon water policy has undergone many changes as a result. Still, the principles of prior appropriation, beneficial use, and the attachment of a water right to the land have remained intact. (See "Oregon Water Code," page 8.)

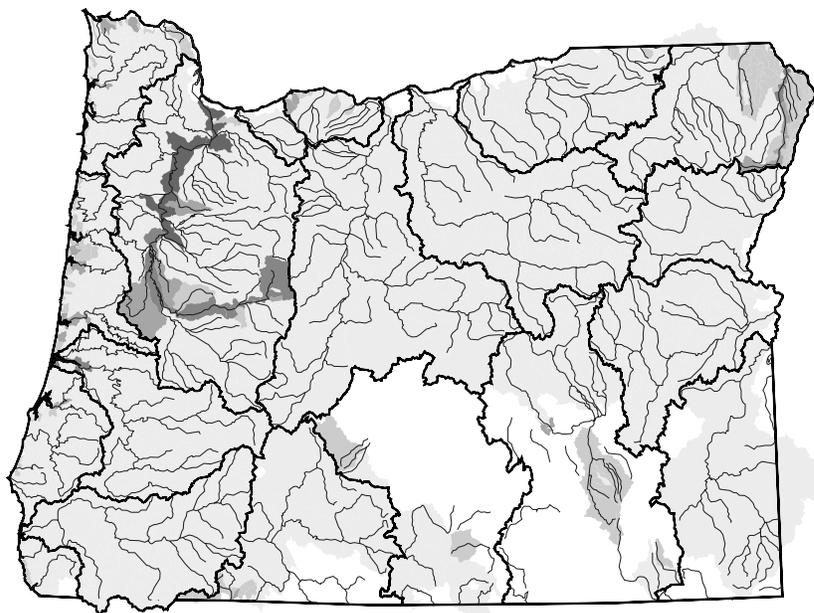
The Water Situation Today

The soggy winter and spring climate of Oregon's northwest quarter has given the state a reputation for water abundance that obscures an important fact: each year the state's water supply falls far short of the demands placed on it. Across Oregon, many streams are dry in the summer and fall months. Adequate natural flow reserves for new or expanded uses do not exist. In many places, sufficient flows for *existing* users do not exist—and haven't for decades. In more and more areas, we are facing uncertainties about ground water reserves. All over the state, new users are competing for the last drops of available water and, in some cases, encroaching on the ability of existing water users to obtain the supplies which they have historically enjoyed. Put very simply, there is not enough water where it is needed, when it is needed, to satisfy both existing and future water uses. This situation jeopardizes the high level of livability that Oregonians enjoy. It seriously limits the ability of Oregon's economy to grow, and threatens existing users' water supplies and the sustainability of the natural systems on which our economy relies.

The Department’s work has become increasingly complex as available water dwindles and public interest issues take on even greater importance. On the stewardship side, the state faces an increasing number of threatened or endangered species listings and other resource-based problems caused by, or tied to, low streamflows. On the supply side, conflicts between water users result from growing frustration over water scarcity and the sheer number and complexity of conditions attached to new water use permits. As a result, fish habitat suffers from depleted flows, new industry waits for necessary permits, farm plans are frustrated and cities scramble to serve tomorrow’s water needs.

Today many people question whether the Oregon Water Code and its system of prior appropriation are capable of meeting the challenges of water management in the 21st century. The Code has already undergone dramatic changes. Can additional changes improve its effectiveness—or will more change simply add to an already complex, controversial system?

This is an important question. The Commission and Department do not believe that the answer lies in dismantling the prior appropriation doctrine. Too much is staked on this doctrine—too many lives, too many livelihoods—for this to be the answer to our water management problems. Instead, the Commission and Department believe that careful adjustments in the water law, combined with strategic management actions, incentive-based programs and an improved information base, will guide Oregon water management in the 21st century. Investments in stewardship programs and a better understanding of surface water/ground water relationships are essential for sustainable management of the state’s water resources. The Commission and Department believe that such actions will help restore and protect streamflows and watersheds, and ensure the long-term water supply needs of all Oregonians.



WATER AVAILABILITY BY SUBBASIN for non-storage uses, September

- | | | |
|---|---------------------------------------|---|
| <input type="checkbox"/> No data | <input type="checkbox"/> 1 - 10 cfs | <input type="checkbox"/> 101 - 1000 cfs |
| <input type="checkbox"/> No water available | <input type="checkbox"/> 11 - 100 cfs | <input type="checkbox"/> 1001 - 10000 cfs |

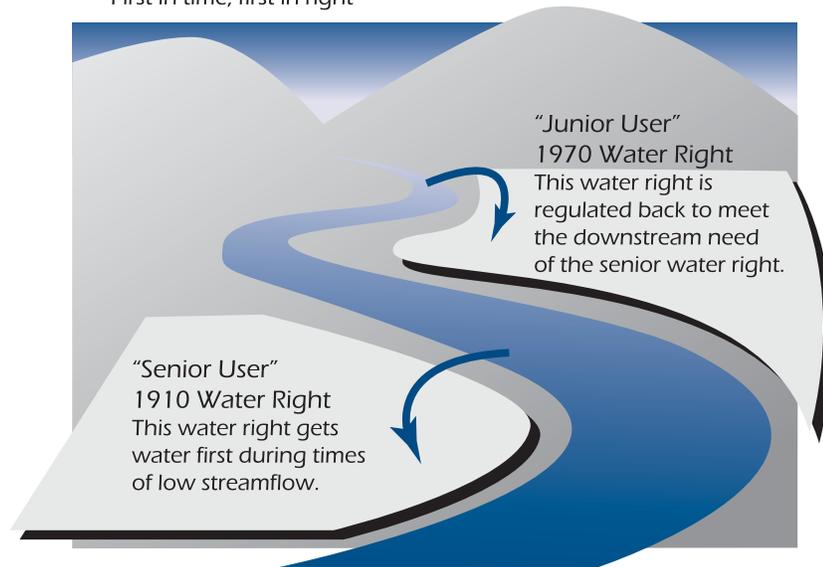
Water Availability

During many months of the year—including those months when water is most demanded—no further water is available for new water rights. A map showing water availability throughout the state indicates that water is available in only a few areas (dark) while unavailable in most areas (light) during the month of September.

The 1909 Oregon Water Code

In theory, the doctrine of prior appropriation is simple. In water-short times, the appropriator with the oldest—most “senior”—water right can demand the water specified in their water right regardless of the needs of other—more “junior”—users. If there is water in excess of the needs of this senior right holder, the person with the next oldest priority date can take water to satisfy their water right, and so on down the line until there is no water available. Junior water right holders are protected by laws that prohibit senior users from making changes to their rights that harm junior users.

Prior Appropriation: an example
“First in time, first in right”



An example of prior appropriation

Prior appropriation ensures that the first water user to obtain water rights has first access to water in times of shortage. If a “downstream” landowner has the earlier priority date (they received their water right in 1910) the “upstream” landowner may have to let the water pass unused to meet the needs of the senior, downstream water right holder.

There are certain kinds of water uses that do not require a formal water right. Some of these “exempt uses” of surface water include emergency fire fighting and certain types of livestock watering facilities. Some exempt ground water uses include stock watering and domestic purposes.

Generally, Oregon law does not provide a preference for one kind of use over another. If there is not enough water available to satisfy existing rights, the priority date determines who may use the water. If competing rights have the same date of priority, domestic use and livestock watering have preference over other uses.

Oregon's water code includes four basic elements:**1) Prior appropriation**

The first water right is the last to be shut off in times of low flow.

2) Use without waste

Surface or ground water may be legally diverted only for a beneficial use without waste.

3) Appurtenancy

A water right is attached to the land where it was established. If the land is sold, the water right goes with the land to the new owner.

4) Must be used

A water right is valid as long as it is used beneficially at least once every five years. Except under certain circumstances, after five years of non-use, the right is considered forfeited, and legal action may be taken to cancel the right.

The Public Interest

Another concept that is important to Oregon's water rights system is *public interest*. The public interest is intended to represent the broad range of values and needs reflected by Oregon's diverse population. It encompasses many elements of water management ranging from "the highest and best use" of water—including economies and livelihoods—to safeguards for publicly recognized values such as fish habitat and scenic water flows. The public interest is used by the state to ensure that long-term uses of natural resources such as water will comply with both the expectations of the applicant and the long-term needs of the state as a whole.

Resource Stewardship

sustaining and protecting the resource

FOR NEARLY HALF A CENTURY following the adoption of the 1909 Oregon Water Code, the public benefits of leaving water instream were not addressed by the water appropriation system. In 1955, the Legislature authorized the Water Resources Board to establish minimum streamflows by administrative rule. In 1987, the Legislature directed the Department and Commission to convert these minimum streamflows to *instream water rights* and authorized three state agencies to apply for these new water rights to protect fish and wildlife habitat, recreation, and water quality. These instream water rights have priority dates and, like other water rights, are subordinate to older water rights.

Past water appropriations have resulted in significant benefits to the state's people, economy, and quality of life. However, appropriations exceed the amount of water available in many streams, severely depleting instream flows needed for uses valued by Oregonians. Now, the challenge is to restore essential instream flows while preserving the existing legal water rights.

The agency's mission reaffirms a long-standing commitment by the Commission and Department to practice water resource stewardship that "restores and protects streamflows" and recognizes the link between instream flows, healthy watersheds, the state's economy, and quality of life. Today, streamflow restoration has taken on an even greater importance with the listing of salmonid species throughout Oregon under the federal Endangered Species Act (ESA) and continuing implementation of the federal Clean Water Act.

A. Watershed Management

The Commission and Department strongly endorse watershed management and believe that the key to its success lies in the formation of cooperative partnerships among all interests. The Department participates in a number of programs and initiatives that, put together, create a watershed management strategy. These programs are described below.

The Oregon Plan for Salmon and Watersheds

In 1995, the National Marine Fisheries Service proposed to list the coho salmon populations on the Oregon coast under the federal ESA. In October of 1995, Governor Kitzhaber directed a number of state agencies to develop a plan to recover these salmon populations in partnership with coastal communities, local governments, watershed councils, landowners, environmental and industry groups, and others. *The Oregon Plan for Salmon and Watersheds* takes a watershed approach to resource management and uses existing laws and voluntary actions to restore and protect salmon. Carrying out the plan has required an unprecedented level of interagency collaboration. While the Oregon Plan initially addressed only coastal coho salmon recovery, it has broadened to include all at-risk wild salmonids and the restoration of watersheds and water quality throughout Oregon.

The Department contributes to the Oregon Plan through the collection of additional streamflow measurement data, targeted instream flow restoration, and improved distribution and regulation of water use. Together with other local, state, and federal efforts, the Department's actions contribute to a watershed approach for the recovery of declining fish species and water quality improvements. Already, the use of this type of collaboration has expanded throughout the state. This will continue as the Plan broadens to encompass long-term, sustainable watershed health. The Department committed under the Oregon Plan to improve coordination of field activities with other natural resource agencies. That commitment has resulted in coordination among agencies at the region level. Meetings of local natural resource agency managers are now held on a regular basis.

Assistance to Watershed Councils, Working With the Oregon Watershed Enhancement Board

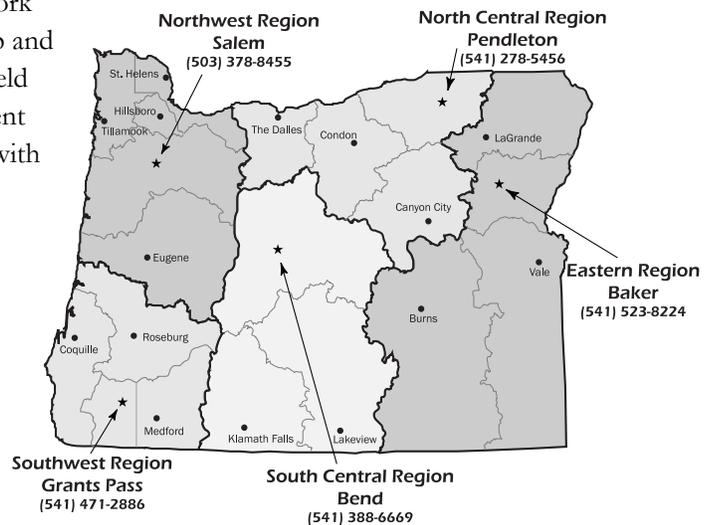
The Department supports the work of local watershed councils in identifying solutions that improve watershed health and support sustainable resource use. The Department assists the Oregon Watershed Enhancement Board (OWEB) in providing local watershed council support. Department staff offer watershed councils technical expertise and consultation on water availability and use, efficiency measures, voluntary leases and transfers of existing water rights to instream use and other water-related issues. The Department staff also serve on regional committees to assist in the evaluation of OWEB grant proposals. Linking technical assistance efforts with grant money provided by OWEB has become an effective resource management tool.



A list of local watershed councils is available on OWEB's Web site at: www.oweb.state.or.us

Region Liaison Program

In 1999, the Department was restructured to provide more geographically targeted services. Under this change, several central office staff from the Field Services Division are assigned to coordinate their work with a specific regional office to address stewardship and water supply issues. These *region liaisons* work with field staff to find flexible approaches to water management that are tailored to meet local needs and consistent with efforts in other parts of the state. Major programs delivered by the region liaisons include: agricultural water conservation, municipal water conservation, instream leasing and allocation of conserved water, land use, and water supply planning. The new structure is improving the Department's technical assistance to watershed councils around the state, and is providing more effective public outreach on Department stewardship and conservation programs.



2001-2003 Planned activities for the Region Liaison Program:

- Assist local governments with community water supply issues.
- Work with watershed councils, soil and water conservation districts, and other local groups in carrying out Oregon Plan measures (e.g., conservation planning, streamflow restoration).
- Strengthen the stewardship programs of the Department by linking central office functions with field offices.
- Promote and process voluntary requests for water leasing for flow restoration.
- Work with municipalities and irrigation districts on the development and implementation of water management and conservation plans.

Hydroelectric Program

The 1997 Oregon Legislature enacted a comprehensive program to reauthorize hydroelectric facilities whose licenses are due to expire (HB 2119). The law created a process for evaluating whether a new water right should be granted for these projects and if operations must take resource protection actions. The law requires a review by ODFW, DEQ, and WRD with the Department coordinating the activities of the team. Project owners seeking reauthorization must demonstrate that continued operation of the project will not further impact fish and wildlife resources. This process will yield: 1) a unified state position before the Federal Energy Regulatory Commission on federally licensed projects; 2) a state water right; and 3) a water quality certificate.

The Department's Hydroelectric Section is currently coordinating the reauthorization of a number of hydroelectric projects across the state. Most hydroelectric dams significantly affect fish and wildlife, water use, and water quality; as a result, re-licensing is often a complicated, expensive, and time-consuming process. Developing a unified state position among the state agencies

Regional Structure

Field services are provided through five regions and 20 watermaster districts. Region liaisons act as links between field activities and central office staff.

Legislative Proposal

2001-2003 Hydroelectric Task Force: A Department-led hydroelectric task force will present recommendations to the 2001 Legislature to better align the state reauthorization process with the federal process. The task force will also recommend continuation of the task force effort to develop recommendations on the standards and process for decommissioning projects that are not reauthorized.

can play a significant role in making the process go as smoothly as possible. Whenever possible, the Department and the other state agencies participate in collaborative settlement negotiations with the project owner in order to resolve issues before the formal state and federal re-licensing process begins.

In 1999, the Legislature passed a measure to adjust the amount of an existing annual fee, create a new cost-recovery mechanism for state agency oversight of hydroelectric projects that have been re-licensed or reauthorized, and provide for the disposition of water rights in cases where the right ceases to be used for hydroelectric or other purposes.

Stewardship and Supply Initiative

As Oregon's population and economy grow and the demand for water increases, many interests agree that the Department needs more effective ways of compiling and translating water resources data that are accessible and useful for a broad audience. As available water supplies are stretched thin and environmental concerns increase, watershed councils, local governments, interest groups, water users, and other natural resource agencies, now more than ever, need accurate and accessible information on water availability, future water supply options, and stewardship issues. Consensus is growing that if we fail to plan now, Oregonians may face negative impacts to the economic health of our communities and the quality of life we enjoy. The Department is proposing a Stewardship and Supply Initiative to make meaningful and up-to-date water resources information easily accessible to the public. The initiative was first developed in 1998 through the collaboration of stakeholders, Water Resources Commission members, and Department staff. The Department sought support for the idea during the 1999 legislative session, but funding was not available. However, both the Governor's Office and the Legislature recognize the need for a new emphasis in this area.

The initiative complements and supports the Department's work under the Oregon Plan for Salmon and Watersheds by moving toward a more systematic and integrated approach to managing water resources. The benefits of the initiative include:

- Better information for Department use in making water allocation decisions.
- Assistance to local decision makers (cities and counties, watershed councils, soil and water conservation districts, and individual water users) in making water supply decisions.
- Identification of gaps in data needed to support proactive, long-term water management.
- Identification of future water supply options for each river basin that give water users a realistic picture of water availability and the viability of supply sources. Stewardship need and opportunity identification will enable the targeting of local restoration efforts.
- Enhanced coordination between local groups and state agencies. The initiative will provide a framework for information that local groups can integrate into watershed assessments.

Budget Proposal

Stewardship and Supply Initiative:

The Governor's Recommended Budget provides \$500,000 to begin an incremental effort to develop the products proposed under the initiative.

Products of the Stewardship and Supply Initiative

Surface Water Storage Site Inventory The first component of the initiative will be the development of a statewide inventory of surface storage sites. The inventory will include new conventional storage sites, existing sites that may be expanded and non-structural options. The inventory will be compiled from all available sources and will include references to any information that may exist for these sites. In addition to site information, the inventory will describe state and federal requirements and processes involved in evaluating and developing these projects.

Ground Water Storage Assessment The second component, a ground water storage assessment, will provide planners, developers and others a statewide assessment of the potential for ground water storage projects. The assessment will be in the form of a technical report, and offer narratives for each of the major river basins. In addition to providing details about each basin and an understanding about how background information leads to the findings for each basin, the narrative will also provide information about the requirements for development of ground water storage in Oregon. The report will explain state statutes, state administrative rules, federal requirements, and the relationship between state and federal agencies involved in the development of these projects.

Basin Hydrology Assessments The third component, basin hydrology assessments, will provide a detailed analysis of the hydrology of each basin. Information concerning the computation of natural stream flow, relevant watershed characteristics, water rights, and the associated consumptive use determinations will be provided. Planners, developers and others will be able to use the documents as they consider alternative scenarios for individual river basins. An interactive menu of options will allow Internet users to consider the effects of both individual and groups of water rights by type of use. The menu will also provide Internet users the means to consider the effects of transfers, conservation measures and new uses on basin yield.

All three components of the Stewardship and Supply Initiative will be combined into a basin assessment that will provide a comprehensive analysis of our state's water supplies.

B. Instream Flow Enhancement

In August 1990, the Commission adopted a statewide *Instream Flow Protection Policy* to establish an instream water right on every stream, river, and lake that can provide significant public benefits. Where streamflows are so low that public uses have been impaired, the policy describes methods to restore streamflows.

While instream water rights have been the focus of much attention, the Commission and Department have begun working on other tools to address depleted streamflows. In the fall of 1997 and spring of 1998, the Department hosted two workshops to discuss methods for improving instream flows. Workshop participants represented a wide variety of water interest groups, local government, and state and federal resource management agencies.



Instream water rights

By November 2000, 1,482 instream water rights (above) had been granted and 154 applications were pending. These instream water rights are regulated like any other water right.

From these workshops came several new ideas and common themes:

- potential improvements to instream leasing and conserved water programs
- evaluation of *Serious Water Management Problem Areas* as a tool for stream-flow restoration

- water banking, water mitigation, and water exchanges
- water use scheduling and rotations
- non-structural storage (e.g. wetlands restoration, aquifer recharge)
- permanent transfers to instream uses
- water management and conservation plans
- water use efficiency goals
- interstate shepharding of instream rights
- public education initiatives
- tax credits and funding to encourage voluntary actions that will restore streamflows

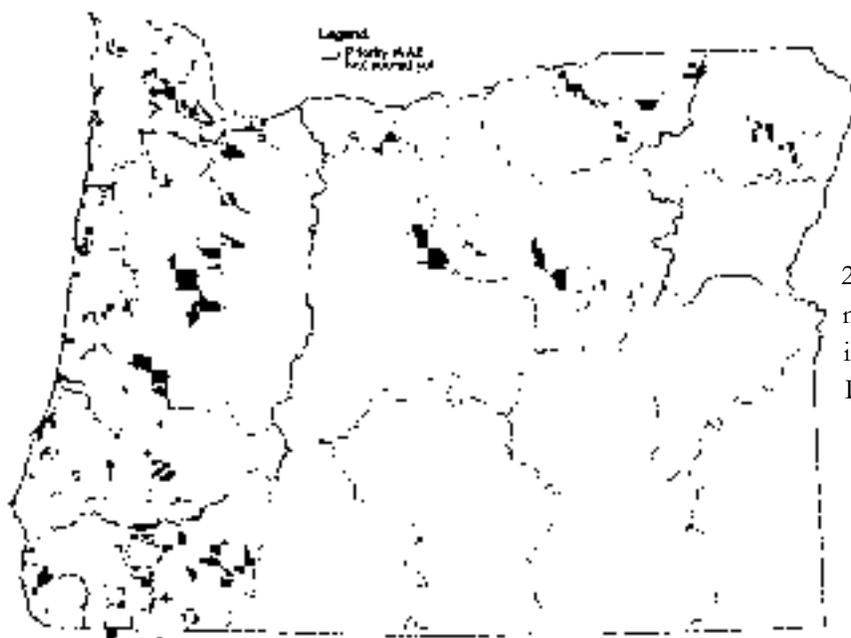
As discussed throughout the Strategic Plan, the Commission and Department are working on developing or improving many of these tools for instream flow enhancement.

Streamflow Restoration Priority Areas

Under the Oregon Plan for Salmon and Watersheds, in 1998 WRD and ODFW staff established an initial set of priorities for streamflow enhancement in coastal basins. This effort was prompted by two interrelated measures in the Oregon Plan. Under these measures, ODFW identified the areas where streamflow restoration is most needed to aid in fish recovery and WRD evaluated deficits in streamflows for instream water rights and opportunities for flow restoration. When the two efforts are merged, the resulting streamflow restoration priority areas include those basins where fish are expected to respond best to increased flow and the best opportunities for flow enhancement exist.

Identified Priority Basins

The darkest areas in the below map show areas where efforts are most needed to aid in fish recovery.



Since completion of the initial work in 1998, WRD and ODFW have continued to cooperate to identify streamflow restoration priorities for the remaining basins in the state. WRD anticipates completing this task in early 2001. As the priorities are determined, WRD field staff prepare individual work plans to focus the Department’s water management efforts in each of the high priority areas. The plans include those Oregon Plan measures most appropriate and likely to yield increased streamflows in the priority areas.

2001-2003 *Planned Activities for the Biennium: Oregon Plan*

- The Department will work cooperatively with watershed councils and other local groups to carry out the Oregon Plan through implementation of work plans in high priority areas.
- The Department will work rigorously to carry out its own list of commitments under the Oregon Plan. (For a full list of the Department’s measures under the Oregon Plan visit our Web site at: www.wrd.state.or.us.)

Voluntary Water Right Transfers and Leases

Given the large percentage of available water that has been allocated to water right holders throughout the state, one of the most effective ways of enhancing streamflows involves water right transfers. In 1987, the Legislature authorized the purchase, gift, or lease of an existing water right for conversion to an instream water right (ORS 537.348). The law grants the converted right the same priority date as the original right, thereby providing an effective tool for restoring streamflows. The law also allows a water right holder to lease a water right for instream use for a specified period of time—without loss of the original priority date.

The Commission’s *Instream Flow Protection Policy*, adopted in August 1990, directs the Department to encourage the purchase, lease, and gift of water rights to instream use. Staff in the Field Services Division seek out and facilitate these transfers. In addition, under WRD commitments to the Oregon Plan, the Department places a priority on processing applications for transfers to instream uses that benefit fish.

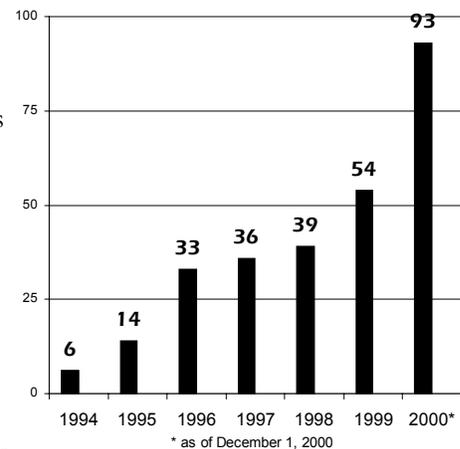
The Department encourages *willing party transactions*. These transfers of water use, authorized under the 1987 Instream Water Rights Act, occur between a water right holder and a third party who wishes to lease the water for instream flow enhancement. The importance of these third party transactions to targeted streamflow enhancement will increase significantly in the coming years.

Endangered Species Act/Water Law Work Group

Water users in most basins in Oregon now find themselves in areas with fish listed under the federal Endangered Species Act (ESA). Potentially, federal enforcement of the ESA could restrict the use of water in these areas if the use is determined to result in the taking of a listed species. The Commission and Department recognized a disconnect between the federal ESA and state water law and formed a work group of interested stakeholders to address this issue. The work group is looking at opportunities for the prior appropriation system to protect flows needed for listed fish and, at the same time, provide some certainty for out-of-stream water users. The work group is also looking for ways to foster improved communication between the WRD and the federal agencies that administer the ESA.

Instream Lease Activity By Year

The chart below shows the growing number of instream leases issued by the Department during the last seven years.





A legislative proposal may be introduced to the 2001 Legislature as a result of the work group's effort. One idea the group has considered involves the idea of voluntary "split leasing." Under current law, a water right holder is required to "dry up" a part of the place of use during the same season or year that an instream lease is exercised. Under the split lease concept, the lease of a portion of a water right for instream use would be allowed without having to dry up acreage for the entire season. A split lease could only be carried out if the lease did not injure other existing water rights and if the rate and duty of the original right is not exceeded.

Coordination with the Army Corps of Engineers

The Governor has designated the Department as the state agency contact for the U.S. Army Corps of Engineers (Corps) on operation of their storage projects. Reservoir coordination activities take place for projects located in the Rogue and Willamette Basins and on Willow Creek in the Umatilla River Basin. The Department schedules annual meetings with other state agencies and the Corps to discuss operation and storage release volumes and timing. The Corps releases stored water from storage projects to meet contract obligations and needs for aquatic habitat, recreation, and water quality. Department staff work with the U.S. Bureau of Reclamation, the Confederated Tribes of the Umatilla Indian Reservation, ODFW and other interests to coordinate the releases of water from McKay Reservoir in the Umatilla River Basin for instream flow needs.

C. Water Use Efficiency

Water Use Efficiency and Wasteful Practices

The continuing shortage of water for both instream and out-of-stream uses and the decades-old law against waste have led some people to encourage the Department to adopt a rigorous set of standards to establish what constitutes efficient water use. The Commission and Department believe, however, that unlike wasteful practices—which subject the water user to regulation by the Department—improved efficiency should be sought by water users as part of a basin-

Drip irrigation technology uses less water than traditional irrigation practices.



wide effort to improve practices. Local *goals* rather than statewide *standards* are more likely to instill new practices and attitudes about efficient water use. Creating these goals will take time—public involvement and the complexity and controversy associated with these issues must be discussed openly and resolved with broad participation. The Department seeks to achieve efficiency improvements statewide but believes this is possible only through a comprehensive program involving public education and information, incentives, technical assistance, and enforcement.

The Department's first Strategic Plan, prepared in 1995, proposed an approach to improving efficiency and avoiding waste. In 1997, the Department commissioned an independent review of strategies aimed to improve water use efficiency and to reduce the wasteful use of water.

Improving water use efficiency and reducing waste will require a two-part approach: 1) incentive-based conservation programs, and 2) regulatory-based monitoring and enforcement. This approach recognizes that many existing water distribution systems were put in place prior to the development of modern, efficient technologies and that funding and technical assistance are needed to help users bridge this gap. At the same time, the approach recognizes that laws prohibiting waste strengthen and provide consistency to the overall enforcement program. The Commission and Department promote effective enforcement of these laws to ensure that Oregon's water resources are not used illegally—harming legal water right holders and instream values.

In an effort to improve enforcement against waste, the Department has revised guidance to field staff to better identify wasteful practices and gain compliance with the statutory prohibition against waste. (See Enforcement, pages 20-21)

Water Conservation

Water conservation is another means of supplying water for new and expanding uses. As existing users become more efficient, saved water can be used to meet future growth and instream needs. However, more information is needed on the effects of conservation on streamflow quantities and timing before it will be clear how much water can be made available through conservation. Water conservation that reduces surface runoff from irrigated fields can also contribute to improved water quality.

Allocation of Conserved Water Program The *Allocation of Conserved Water Program* is administered by the Department. Under the law, passed in 1987, a water user who conserves water may use a portion of the conserved water on additional lands. They may also choose to lease or sell the water, or dedicate the water to instream use. Without the law, the user would not be entitled to use the conserved water to meet new needs; instead, the water would simply return to the stream where it would be available for the next downstream water user. In exchange for granting the water user the right to "spread" a portion of the conserved water to new lands, the law dedicates the remaining portion to the state for instream use.

2001-2003 These recommendations from the review will drive Department efforts in the 2001-2003 biennium:

1. Pursue tangible results—more water in the most needed locations at the most needed times.
2. Separate efforts to improve efficiency from efforts to reduce waste.
3. Use collaborative and local approaches.
4. Improve monitoring and enforcement against uses that are wasteful, illegal or unauthorized.

Water Use Measurement and Reporting One of the first steps toward water conservation is knowing how much water is being used and what that means to the systems and water rights that rely on that water. An important part of encouraging water use efficiency is helping government entities fulfill their obligations to report their annual water use. Under current law, state and federal agencies, local governments, irrigation districts, and water control districts are required to report the amount of water used, the period of use, and the categories of beneficial use to which the water is applied.



Careful tracking of water use through measuring helps water users know how much water they need and make adjustments that help conserve.

In January 2000, the Commission gave direction to the Department to improve water use measurement and reporting. As a first step, the Department has initiated efforts to better use the water use data provided by government entities and other water right holders required under permit conditions to report water use. The Department is also developing inventories of significant water diversions and the measurement devices present to ensure that the devices are adequate. This effort will focus initially on those areas designated under the Oregon Plan as high priorities for streamflow restoration. (See page 40)

Enforcement

Enforcement against illegal water use is one of the Department's most important resource stewardship activities. Illegal water use injures both instream and out-of-stream water rights and interferes with the public use and enjoyment of the resource. Illegal water use may involve the use of water without a water right or other authorization, or the use of water beyond the terms and conditions of a water right.

The Department works to prevent illegal water use through public education and information efforts. When an illegal use is discovered, the Department's enforcement team seeks voluntary compliance before using other methods, such as civil penalties or court actions. The Commission and Department believe that the voluntary approach is most effective because it achieves compliance quicker and at a lower cost while requiring fewer Department staff. In those cases where voluntary compliance does not work, the Department initiates civil penalty actions or court proceedings.

Limited Licenses Limited licenses issued in conjunction with enforcement orders differ from traditional limited licenses. The purpose of a traditional limited license is to provide authorization, in advance, for a short-term use of fixed duration. The Department may issue a limited license with an enforcement order to deal with illegal uses. This allows the Department to address situations in which water users would be harmed by an immediate shut-off of an illegal use. The limited license authorizes continued use of water while the water user works to comply with the enforcement order. This type of limited license helps prevent hardship situations where the user did not knowingly violate state law and where the water use can be continued without injury to other water rights.

Enforcement Against Waste During the next biennium, the Department will continue to focus efforts on a specific type of illegal water use—waste. Reducing wasteful use of water is an important stewardship activity because waste can have the same practical effect as any other illegal use—injury to legal water right holders and harm to public interests.

Beneficial use without waste has been part of the water rights system since the 1850s. Under the law, each water user is expected to exercise the right in a manner that ensures that water is not wasted. The use of water becomes wasteful when an unreasonable amount of water is lost or applied. Many factors may affect the efficiency of water use including the economic, technical, and practical feasibility of alternatives for the application of water. Case law has affirmed the responsibility of the water user to avoid waste, but has not provided clear, objective standards for determining if a practice is wasteful. As a consequence, the Department's past actions against wasteful water uses have been limited. Additionally, water users express concern that statewide standards will not work because water use practices must necessarily vary throughout the state.

As a first step towards resolving these concerns, the Department is providing training to field staff on appropriate water use practices. In addition, the Department is developing methods for monitoring water use to ensure compliance with the rates, duties, and conditions of water rights.

2001-2003 During the 2001-2003 biennium, field staff will work with water users to ensure that they are aware of their legal obligations to use water according to the terms of their water rights. Staff will also address wasteful practices more aggressively and with greater uniformity.



New practices and technologies, such as gated piping, increase productivity while using less water.

Supply Solutions

finding ways to meet tomorrow's water needs

IN THE PAST, OREGONIANS' WATER NEEDS were met by simply drilling a new well or obtaining a permit to use surface water. Now, however, a lack of plentiful water is resulting in a decline in the number of new surface water rights issued by the Department. In fact, there are months of the year for which the Department is not likely to issue any new water rights because a reliable supply is just not available. New options are needed to meet water needs during periods of peak demand and low supply. New water supplies will increasingly depend upon cooperative, innovative solutions at the local level involving water right transfers, ground water, conservation, technology, and multi-purpose storage.

While permit application review will remain an important part of the Department's workload, the rising importance of alternative water supply solutions requires staff to assume a broader role helping applicants find solutions to meet their water needs. Department staff use their knowledge of water availability and local conditions to help water users identify new supply options such as transfers, conservation measures, storage, and other alternatives that are less commonly relied upon today. It is also becoming more common for Department staff to assist communities in evaluating their regional water supply options.

This broadened role for staff parallels continued efforts to decentralize agency operations. In 1989, the Department completed regionalizing into five

geographic areas. During the 1995-97 biennium, other central functions were moved to the field, including review of transfer applications, portions of the water right application review, and conservation assistance.

Water Availability

In July 1992, the Commission adopted a statewide Water Allocation Policy that sought to tailor future appropriations of water to the capacity of the resource. According to the policy, water will be allocated to a broad range of uses within the limits of the natural supply. The policy guides the Commission and Department in allowing new allocations of water in a consistent manner and gives potential water right applicants greater certainty about the conditions under which new rights will be granted. Under the policy, a stream is considered “over-appropriated” if there is not enough water to meet all demands at least 80 percent of the time.

New out-of-stream uses can only be allowed from over-appropriated streams if the Commission determines that the public interest in those uses is high and if the uses are conditioned to protect instream values.

The Water Allocation Policy also protects ground water from over-appropriation. New uses are not allowed if the ground water use by all water rights exceeds the average annual recharge to an aquifer or if the use results in the further depletion of over-appropriated surface waters.

Finally, in the face of reduced access to natural streamflows and new wells, the policy promotes alternative water supplies such as conservation, storage, and water right transfers. Because reservoir operations require greater flexibility to

Water Availability

By analyzing water uses and streamflows by subbasin, the Department can determine if water is available for new uses. In order to allow a new use, the water must be available (darker areas in map) at least 80% of the time. This ensures that new users can be reasonably certain that their water right will provide them a stable water supply.



JANUARY



FEBRUARY



MARCH



APRIL



MAY



JUNE



JULY



AUGUST



SEPTEMBER



OCTOBER



NOVEMBER



DECEMBER

accommodate fluctuations in winter streamflows, new water rights for storage are not subject to the 80 percent standard. Instead the Department weighs these requests against a 50 percent standard, thereby assuring that water will be available for storage at least 50 percent of the time. Existing water rights and instream uses are protected by setting storage seasons in basin rules, and including minimum pass-through flows or other conditions on storage rights.

Surface water availability in rivers and streams throughout Oregon is assessed by Department staff using a complex hydrologic model that considers runoff characteristics and streamflow measurements to predict flows in streams. The resulting data bases of streamflow statistics and water availability are used to evaluate applications for new water uses. The system, which has been checked by independent scientific review, has proven to be a reliable tool for decision making. The current data used by the model are also available to the public via the Internet. As new water rights are issued, the water availability data base is updated to reflect flow reduction resulting from the new uses. Thousands of water rights have been incorporated into the analyses since the inception of the program. When new data or information about streamflow are brought forward, the streamflow data base is revised.

In the 1999-2001 biennium, Department staff expanded and refined the streamflow and water availability data bases, improving the estimates of consumptive water use and the accuracy of the predictive streamflow models. Streamflow statistics and water availability data are now available for more than 2,500 watersheds.

In the 1999-2001 biennium, the Department maintained the data bases by incorporating new data when available. Staff further refined water availability estimates in the eastern part of the state and provided water availability analysis for the Klamath adjudication. The Department began estimating peaks in streamflows to assist dam safety and flood protection efforts and to couple surface water modeling with the ground water modeling efforts now under way.

Water Conservation

As discussed in the Stewardship chapter, conservation and voluntary efficiency improvements address water supply by reducing demand. Water conservation projects and efficiency improvement can make water available for both instream and out-of-stream needs.

Future Water Supply Solutions

Since 1955, the Department and Commission have relied on basin plans, created by administrative rule for 16 of the state's basins, to set allowable uses and identify supply options. These plans, while once adequate, do not provide the flexibility and attention to supply alternatives necessary to keep pace with current water supply trends. In fact, the 1999 Legislature gave on-going authority to the Commission to allow the Department to consider applications for certain types of uses not listed in a basin plan (HB 2164). While these uses must meet particular conditions, this legislation recognizes the inflexible nature of the basin plans. It also recognizes that many of the basin plans have not been updated for ten years or more.

A. New Water Rights

New water rights continue to play a role in Oregon's water supply future. Before 1995, water availability limitations and public interest concerns dramatically increased the time required to review water right applications. In order to streamline this process and prevent a backlog, the review was modified through new laws enacted by the Legislature in 1995 and through new rules adopted by the Commission.

The permit application review requires the Department to render a decision about an application within a set time period. The review involves three stages: 1) Initial Review; 2) Proposed Final Order; and 3) Final Order. The deadlines associated with these stages can be extended only at the request of an applicant. Also, in order to maintain its timeliness, the law requires that before the processing clock may begin an application must be complete. In these ways, the process assigns responsibilities to both the Department and the applicant. A 30-day public comment period follows the Initial Review and a 45-day comment and protest period follows the Proposed Final Order. These comment and protest periods allow for a thorough public interest analysis, while still providing a timely decision for the water user.

An alternative permit application process was also established by the 1995 Legislature for persons interested in building small reservoirs (less than 9.2 acre-feet or with a dam less than 10 feet high). This expedited process requires the Department to grant or deny an application within 180 days of receipt. This expedited process benefits the applicant by offering lower fees than those required for the normal permit process.

In 1999, the Legislature eliminated the requirement that holders of new surface and ground water permits start construction on water projects within one year after a permit is issued (SB 300). The legislation recognized that the start of construction requirement was not an essential indicator of a permit holder's ability to complete construction and make use of the water according to the terms of the permit within statutory time limits.

Pre-application Conferences

Applicants are encouraged to meet with staff to review the application process prior to filing an application. This is especially helpful for applicants with complex requests or who are unfamiliar with the process. By scheduling a conference, applicants can meet with staff to discuss their proposed projects. This helps save time and minimizes the need to contact an applicant for additional information. It also lessens the likelihood an applicant will encounter surprises during the process.

In most areas of the state, water is no longer available to meet the requested time period of a proposed use. The Department now requires applicants who want to use water in these areas to show that they can make beneficial use of water during the limited period of time in which water is available; or they must show they have an alternative source of water for those times in which water is not available. This information aids the Department in reviewing the permit for public interest concerns.

Limited Licenses

Limited licenses help meet short-term water supply needs such as road construction and maintenance, general construction, and forestland or rangeland management. The use of water under a limited license is subordinate to all other uses from the same source.

In 1997, the Legislature enacted SB 134 which expanded the limited license statute to allow the Director to immediately issue a 60-day limited license upon finding an emergency exists and water is needed to protect public health, safety, and welfare. This allows the Department to respond to emergency water needs such as those that followed the February 1996 flooding.

The 1997 Legislature also enacted SB 1157 authorizing the Department to issue limited licenses for people who wish to use stored water owned by a local, state, or federal government. Typically, a water user would obtain a water right permit to use the stored water. However, there are times when the water user may need to make use of the stored water before the permit application process is completed. To meet this need, the statute now allows the Department to issue a limited license of up to one year for the use of stored water, so long as this user has a contract with the local, state, or federal government that owns the stored water.

Permit Extensions

In 1998, the Commission adopted new rules on the permit extension process. The need for rulemaking resulted from advice by the Attorney General's office, which interpreted the law differently than the Department's historic practice. The Attorney General concluded that the Department may only authorize permit extensions if the project could be completed within the time period allowed by the extension. At this time, the Department's rules set out maximum limits for extensions (one to five years) that were not based on the amount of time necessary to complete the project, as required by the statute. The Attorney General's advice also provided guidance on the criteria and standards used to review extension applications.

Following the Attorney General's advice, the Commission instructed the Department to review the entire permit extension process. The Department formed a committee of interested stakeholders to review the permit extension rules. To strike a compromise between polarized interests, the Commission simultaneously adopted two versions of permit extension rules. One version-OAR Chapter 690, Division 320-became effective through June 30, 2001. The second version-OAR Chapter 690, Division 315-would become effective immediately after, on July 1, 2001. The Division 320 rules provided a more familiar version of the rules for pending extension applicants and those permit holders who may need to apply for an extension on or before June 30, 2001. By delaying the effective date of the more detailed Division 315 rules to July 1, 2001, permit holders were given nearly two and one-half years to prepare for the new process.

During the rulemaking process, the Department formed a separate work group to address permit extension issues relating to community water suppliers. Pending the completion of the work group's effort, holders of municipal use permits are not required to seek extensions.

Legislative proposal

2001-2003 Under current statute, after the required completion date has passed, all permit holders have one year to file "final proof" necessary to receive a water right certificate. The Department will propose legislation to make sure holders of permits that are denied extensions of time have a full year to file final proof. This will address cases where the denial order is issued after the permit completion date has passed, and less than a year remains to file final proof.

Community Water Supply Work Group

Community water suppliers face unique hurdles in the completion and perfection of their water right permits due to difficulties ranging from long-term planning and investment issues to land use requirements. During the permit extension rulemaking, community water supply interests requested more time to consider how to deal with the complexity of municipal permits. In response, the Department formed the Community Water Supply Work Group, a group of stakeholders formed to undertake a comprehensive review of community water supply issues and to develop recommendations on possible rule or statute changes related to long-term municipal water supply issues.

During the 1999-2001 biennium, this group focused on issues that included: the review of the existing statutes and rules related to future community water supplies; the identification of remedies for concerns about permit extensions; and the identification of ways to assist community water suppliers to prepare for impending requirements under the Endangered Species Act and the Clean Water Act. The group is developing recommendations for a possible package of rulemaking actions and legislative proposals to address a community water supplier's long-term planning needs. Among the ideas being considered are new permit extension rules for community water suppliers and revisions to the rules concerning municipal water management and conservation plans. The Department expects the Community Water Supply Work Group to continue working on these issues into the next biennium. While the work group continues its effort, holders of municipal use permits are not required to submit permit extension applications under the current rules until July 1, 2003. This period should provide adequate time to resolve the issues before the work group.

Vested and Reserved Water Rights

Vested rights refer to continuing uses of water that pre-date the permit requirements of the 1909 Oregon Water Code. Many of these uses have yet to be identified and recorded through a process known as "adjudication." Reserved rights refer to uses of water for federal areas such as national forests, wildlife refuges, and Native American reservations. Water is "reserved" for the purpose of supporting the areas, with a priority of the date of creation of the area (e.g. the treaty date for a reservation).

B. Adjudications

A property owner claims a vested water right through a legal process known as an adjudication. In this process, the Department gathers information about the use of water and presents these findings to the local circuit court. The court issues a decree stating who has the right to use water, the amount and location of water use and the priority date for each right. Following this, the Department issues water right certificates for each decreed right.

Adjudications have been completed for most of the major stream systems in eastern and southern Oregon and a few of the larger tributaries to the Willamette River.

Klamath Basin Adjudication and Alternative Dispute Resolution

A major adjudication is currently underway in the Klamath Basin. More than 700 claims have been filed, including vested rights for more than 300,000 acres of irrigation, several hydroelectric projects, and federal reserved claims for two national forests, Crater Lake National Park, at least three national wildlife refuges, the Klamath Indian Tribes, and Klamath Indian landowners. The Department has published a preliminary evaluation of all claims and has received 5,654 formal contests to the claims. The Department will now refer the contests to hearing.

Due to the complexity of the adjudication, and because this is the first adjudication in which the state has been faced with federal reserved rights and tribal rights, the Department has initiated a voluntary alternative dispute resolution (ADR) process. The ADR provides a forum to address adjudication claim issues as well as other matters related to water supply and demand in the Klamath Basin.

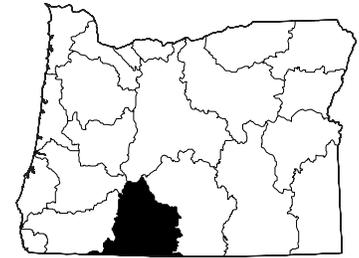
The ADR is a forum for claimants, other water right holders, and interested parties to meet and discuss opportunities for resolution of the issues associated with allocation and use of water in the basin. The Director of the Department is serving as the ADR leader. A neutral mediator from outside the agency conducts the meetings. The ADR is closely coordinated with the formal adjudication to ensure that legal rights are protected in the adjudication and that final decisions are reached in a timely manner.

Government to Government Executive Order

Governor Kitzhaber issued an Executive Order (EO-96-30) in May 1996 formalizing the relationship between Oregon's Indian tribes and the state government. The order establishes a process to assist in resolving conflicts, maximizes key intergovernmental relations and enhances the exchange of ideas and resources for the good of Oregon's citizens. To carry out this order, each state agency must describe how the spirit of the order meshes with their mission and purpose. Each agency is also directed to provide training for key staff on Indian issues such as the legal status of tribal governments and tribal culture in general.

Under the order, each agency shall: 1) maintain open communication with the various tribes; 2) promote dialogue with appropriate representatives of each tribe; 3) identify issues of common interest; 4) seek opportunities to achieve mutual cooperation, including use of intergovernmental agreements; and 5) provide training for agency staff and managers.

The Department will continue open dialogue and problem solving with Oregon's nine Indian tribes. To this end, the Department has established guidelines to foster and maintain its relationship with each of the tribes.



The Klamath Basin

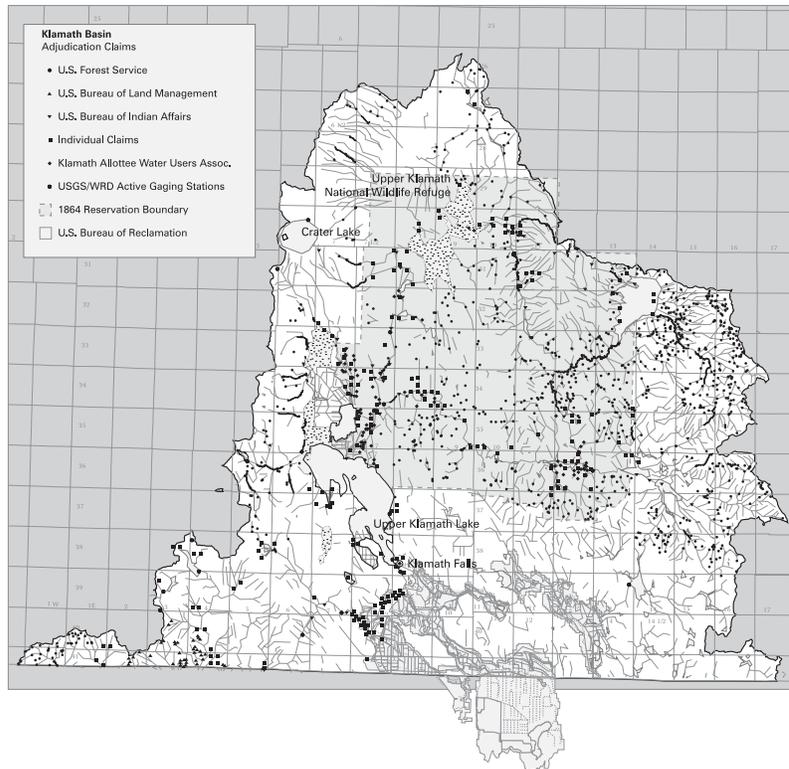
The Klamath Basin lies east of the Cascade Mountains in south-central Oregon. Water is used in the basin for almost every category of beneficial use ranging from agricultural to municipal purposes. Its streams, rivers, lakes, and riparian areas are home to a wide variety of fish and wildlife species. Much of the basin is semiarid, therefore requiring irrigation for crop production. The U.S. Bureau of Reclamation Klamath Project located along the California border in the southern basin, manages water from the Klamath and Lost Rivers through water stored in Upper Klamath Lake, Gerber and Clear Lake Reservoirs. Four federal wildlife refuges, Oregon's only national park and the former Klamath Indian Reservation are all located in the basin.

Budget proposal

2001-2003 Governor's Recommended Budget provides \$500,000 to fund four positions to continue the Klamath Basin adjudication.

The Klamath Adjudication

With more than 700 claims (right)—300,000 acres of irrigation, hydroelectric projects, national forests, a national park, wildlife refuges, Klamath Indian Tribes and landowners—the adjudication is the most complex in the state's history. WRD will sort through claims while an alternative dispute resolution assists claimants.



C. Storage Projects

The history of water storage in Oregon dates back to the 1800s when projects consisted mostly of off-stream ponds or small dams across streambeds. As the state's population grew, so did the scale and purpose of the projects. Before long, developers and governments were building major multi-purpose storage projects to meet the increasing demands for hydroelectric power production, flood protection, and supplies to provide water during the dry summer months. However, due to environmental concerns and concurrent loss of federal funding this era of major storage projects has come to an end.

In July 1992, the Commission adopted a Water Storage Policy that identifies storage as an integral part of Oregon's strategy to enhance the public and private benefits from use of the state's water resources. The policy recognizes that both structural and non-structural methods should be used in Oregon to store water. The 1993 Legislature adopted a policy on storage facilities declaring it a high priority to develop environmentally acceptable and financially feasible multi-purpose storage projects and enhance watershed storage through natural, non-structural means (ORS 536.238).

The Commission's Water Storage Policy guides programs to increase storage throughout the state while striking a balance among competing uses and various concerns and interests. The policy identifies high priority storage sites on public and private lands and encourages those programs that promote stream restoration and watershed health and contribute to increased natural storage. The policy recognizes the key role of partnerships in developing storage projects and the importance of careful evaluation of the environmental impacts of such projects.

Budget proposal

2001-2003 As discussed in the Stewardship chapter, the Governor's Recommended Budget seeks funding for the Stewardship and Supply Initiative. A significant portion of this effort will be devoted to identifying potential water supply options available in each basin to help meet future needs.

Joint Task Force on Water Supply and Conservation (SB 93)

In 1999, the Legislature passed SB 93 creating the Joint Task Force on Water Supply and Conservation to address water supply and conservation issues. The task force consists of 11 members representing a broad spectrum of interests in water resources, including a member of the House and Senate and a Governor's appointee. The Department provides staffing and technical assistance to the group. SB 93 directs the task force to make policy recommendations to the 2001 and 2003 Legislatures regarding water supply and conservation issues. In developing its recommendations, the group has broadly reviewed the Department's current programs and authority. The task force has focused specific attention on water resources information needs; funding availability and options; new storage options; statutory and regulatory flexibility; interagency coordination improvements; and enhancing existing efforts.

2001-2003 The Department's 2001-2003 Stewardship and Supply Initiative includes funding to evaluate potential areas for surface and ground water storage as part of a comprehensive approach to assessing statewide needs and providing an accurate information base for future decisions. The product proposal under the initiative would complement the efforts of the task force (See pages 14-15 for more details on the Stewardship and Supply Initiative.)



Storage Projects

Most of Oregon's water storage projects consist of small, earth-fill dams like Moon Reservoir in Harney County (above). These small projects are less expensive to construct and make less impact on other natural resources in order to store water.

Dam Safety Program

The Department maintains a dam safety program encompassing about 1,300 dams. Recent developments in both seismic and flood research have led to concern over the safety of some dams in Oregon. Because the dam safety program is not adequately funded to research potential safety hazards, progress is slow in determining the need for upgrades to dams and dikes to protect life and property. However, staff are up-to-date on routine inspections and new construction reviews.

The state's Interagency Hazard Mitigation Team has designated the Department as the lead agency in maintaining location and ownership records of levees and dikes throughout Oregon. This work is important to the protection of life and property from future catastrophic flood events. There is no current funding for this work.

Willamette Basin Reservoir Study

The Department and the U.S. Army Corps of Engineers (Corps) are co-sponsors of the Willamette Basin Reservoir Study. The study will address whether changes in project operations and the allocation of storage would better serve future water needs in the valley. However, work on the Willamette Basin Reservoir Study continued throughout the 1999-2001 biennium. The study effort is cur-



Willamette Basin Reservoirs

Thirteen multi-purpose storage projects in the upper Willamette Basin are operated by the U.S. Army Corps of Engineers. Authorized by Congress under a series of Acts beginning in the late 1930s, the reservoirs store up to 1.6 million acre feet of water each year for flood control, navigation, power, and irrigation. The reservoirs also provide recreational opportunities, help meet water quality objectives, and serve fish and wildlife purposes.

rently on hold pending an ESA-required consultation between the Corps of Engineers and the National Marine Fisheries Service (NMFS). The study will continue after release of a NMFS biological opinion associated with the consultation.

Over the past 40 years, water needs, operational priorities, and public expectations have changed. Many cities planning for future growth are evaluating water supplies which may include use of stored water. Demands for irrigation are expected to increase as farming intensifies. Recreational use of the reservoirs has become a significant component in the economies of several basin communities. Water quality management for the Willamette River relies partly on the release of stored water. Additionally, current and potential listings under the Endangered Species Act could impact operations and limit the use of stored water. Balancing these competing demands will present a significant challenge for future operations.

Under federal law, non-federal sources must provide 50 percent of the cost of the study. In the 1999-2001 biennium, the Legislature approved \$155,000 for the study with the remainder of the funding contributed by cities, special districts, industry, and others. A first round of public workshops, in the spring of 1997, provided general information on the study and on some of the related issues. A second round of workshops, in April 1998, discussed benefits and trade-offs associated with different operating priorities. Public hearings on the draft report and any conclusions and recommendations from the investigation will be held. The study is scheduled to be completed in the 2001-2003 biennium.

D. Water Right Transfers

Under current law, a water right holder may change a point of diversion, place of use, or purpose of use without losing their priority date, provided this change does not injure other water right holders. This change is commonly called a water right transfer. As less water is available for new uses, transfers will begin to play a greater role in developing new uses. In the future, water right transfers will provide a critical source of water for both out-of-stream and instream uses.

As transfers assume a larger role in Oregon's water supply future, policy makers will be faced with many questions about the use of transfers—questions of process and policy. The processing of water right transfer applications was assigned to the Field Services Division in 1996. Region office staff review applications, recommend approval or denial, and prepare draft orders and remaining right certificates. Field staff then forward these documents and recommendations to the Department's Salem office for final action. Moving a large part of the work to evaluate transfer requests to the field has increased the Department's efficiency in implementing the program. However, there is currently a backlog of approximately 600 transfer applications awaiting final action. At this time, the Department is able to process as many applications as are filed

each year. The Department continues to consider alternatives to improve transfer program efficiency and is seeking other funds to expedite application processing. In the meantime, to handle the backlog, the Department prioritizes transfer processing on the basis of need and streamflow restoration priorities.

In 1999, the Legislature enacted SB 301 to authorize three types of transfers. First, the bill allows the holder of a water right certificate for a specific industrial use to change the use to a general industrial purpose under certain circumstances without requiring the holder to go through the regular transfer application process. Second, the bill allows a person transferring a surface water point of diversion to ground water to mitigate for streamflow reductions that result on other surface water sources. Finally, the bill allows a person to “substitute” a primary surface water right for a supplemental ground water right, provided no other water rights are injured by the change. Allowing users to switch the status of the primary and supplemental rights in this manner provides an opportunity for a user to move off of a surface water source—a useful tool to ease demands on the surface waters of the state. Taken together, these measures allow water users greater flexibility to use water given the reality of limited water availability for new water rights and increasing demands on the resource.

E. Ground Water Resources

Because surface water is not available in many locations around the state, water users are increasingly turning to ground water as an alternative source. Like surface water, ground water is a finite resource. The need for sound information cannot be overemphasized for proper management of the state’s ground water. Unlike surface water sources that are visible, biologically rich and culturally treasured, ground water is a hidden resource. Without deliberate and methodical study, the first sign of trouble may be widespread well failures, reduction in water supplies needed to satisfy senior surface water rights including instream flows and economic disruption.

The Commission and Department are developing and analyzing ground water information throughout the state. This information is used to form management plans that maximize the beneficial uses of ground water while maintaining the capacity of the resource to sustain itself. The Department’s ground water program provides information for ground water resource assessments, interagency coordination, management practices, and monitoring of critical ground water areas.

Department staff undertake assessments in critical areas where the use of ground water is beginning to show problems and in areas where local geology or expected population growth suggests the potential for stress to the resource. These assessments describe ground water reservoirs and current uses, and develop management plans to prevent overdrafting the resource.

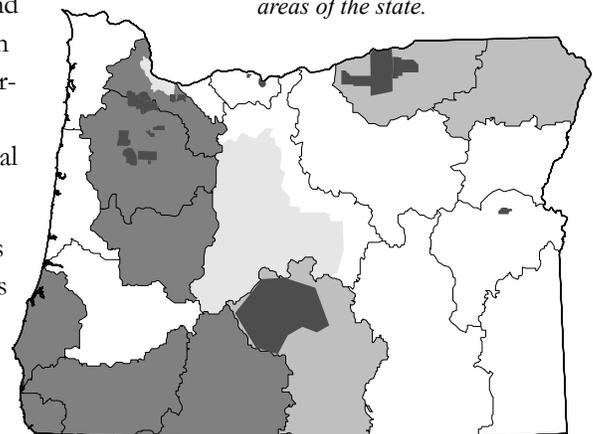
Legislative Proposal

2001-2003 Water

Mitigation Bank Fund: The Department will propose that the 2001 Legislature create the authority for the Department to establish a water mitigation bank. The water bank would create a supply or “bank” of water that would be available for withdrawal by new water users to mitigate against injury to existing water rights and to protect and maintain streamflows to benefit fish and wildlife habitat. The concept promises to improve cooperative efforts among private, nonprofit and public entities for the management of surface and ground water resources. Moreover, a water mitigation bank may offer a reliable and effective regulatory framework for environmentally acceptable development of water resources.

Ground Water Studies

The Department recently completed a prototype ground and surface water investigation in the Deschutes Basin and is wrapping up the first phase of a similar study in the Willamette Basin. Studies are underway in the Klamath, South Coast and Rogue Basins and planned for several areas of the state.



■ **MANAGEMENT AREA** Restricted Classification, Limited Areas, Critical Areas
 ■ **CURRENT STUDY AREA** South Coast, Rogue, Klamath Basins
 ■ **PROPOSED STUDY AREA** Umatilla, Grande Ronde, Fort Rock/Goose Lake Basins
 □ **COMPLETED STUDY AREA** Deschutes Basin, Portland Area

As demands on an aquifer grow, existing water users may experience significant declines in the water levels in their wells. This results in higher pumping costs and may require the user to deepen the well or drill a new one—at great cost. In addition, surface water users can be affected as the declining ground water levels cause reductions in streamflows. The Department is working to shift the focus of ground water assessments from the corrective approach reflected in critical area studies to a more proactive approach that anticipates trouble spots to prevent critical areas from developing.

The Department has recently completed a detailed prototype ground water and surface water investigation in the Deschutes Basin and passed the midpoint of a similar study in the Willamette Basin. Studies are well underway in the Klamath and South Coast Basins. Beyond these efforts, regional ground water resource assessments are needed in several areas of the state. At current funding and staffing levels, however, the Department would require several decades to complete regional ground water studies for the entire state. To meet the demands that will be placed on ground water resources over the next ten years, the state urgently needs an accelerated schedule.

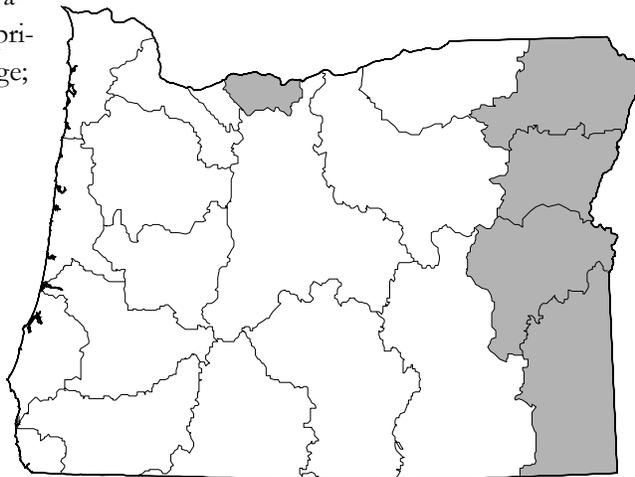
Department staff work with other state and federal agencies on the protection and management of ground water, including the Oregon Department of Geology and Mineral Industries on mine-related issues and the state and federal Departments of Energy on the Hanford Nuclear Reservation. Staff also work with city and county planners to encourage development of plans for local development that are compatible with the capacity of the ground water resource.

 The Governor's Recommended Budget includes continuation of ground water studies in the Rogue, South Coast, Willamette and Klamath Basins on a priority basis. In the Klamath and Willamette Basin projects, Department funding will be matched with federal dollars and participation.

F. Reservations of Water for Future Economic Development

At the same time that the 1987 Legislature authorized instream water rights, it also authorized state agencies to submit an application to the Commission to reserve water for future economic development. The 1995 Legislature directed the Department to review the reservation program and submit a report to the 1997 Legislature. A group convened to help the Department prepare its report and examined alternatives to the reservation process. The group recommended changes to allow quick review of reservation requests. Following the report, the 1997 Legislature modified the program in five ways: 1) establish reservations through rulemaking; 2) limit reservations to the allocation of unappropriated water for multi-purpose storage; 3) allow other individuals and organizations, in addition to state agencies, to request the Commission to reserve water; 4) provide a process to ensure local involvement and support for the reservation request; and 5) establish the priority date as the date the Commission initiates rulemaking.

In 1999, the Water Resources Commission adopted rules to establish a reservation in the Powder and Burnt River Basins. A reservation request in the John Day Basin may be decided by the Commission in the 2001-2003 biennium. The Department is also tying into the U.S. Bureau of Reclamation's reauthorization for Prineville Reservoir and the Willamette Basin Reservoir Study to assess three pending reservation requests involving water stored by federal projects.



Reservations of Water

The Water Resources Commission has amended basin programs and adopted reservations in the Hood, Grande Ronde, Malheur, Owyhee and the Powder Basins (dark areas in the map, below).

Managing Information

**people and technology providing
water resources data to the public**

WATER RESOURCE MANAGEMENT DECISIONS require reliable information about Oregon's water resources. Neither the state's growing economy nor its broad public interest are served when decisions are a product of guesswork. The agency has made important strides in gathering water resources information. However, more work must be done to provide an accurate, state-wide base-layer of information to enable quick and informed decision making.

During the past decade, the Department developed an information management system with the capacity to acquire, process, and analyze water-related data; produce maps and documents; and store and retrieve information. For example, the agency has entered all water rights into a data base, developed a geographic information system for mapping and data analysis, developed a statistically based water availability model, employed new technology for recording and processing water level information, and published data via CD-ROM. However, the fulfillment of the agency mission will require ongoing efforts to improve this system.



A. Data Collection

As issues related to water use become more complicated and competition over remaining available resources intensifies, water use-related actions will be subject to increasing scrutiny and challenges. Water measurement information provides a firm foundation for Department staff to make sound decisions to implement Department programs. Good decisions supported by accurate information help protect existing water rights holders, facilitate planning for future water supplies, and may prevent time-

consuming and costly conflicts in the future.

The Department uses stream flow gaging stations as one of the primary tools in proactive water management. The Department's watermasters, assistant watermasters, and hydrographic staff currently operate about 200 stream gages that measure reservoir content, streamflows, and water diversions into major canals. The operation of these stations is supported by general funds and through a variety of cooperative agreements with federal and local agencies. The Salem-based Hydrographic/Measurement and Reporting Section translates raw data into flow statistics suitable for publication to citizens and other agencies.

These data are critical to a wide variety of water management functions:

- Coordinating water release schedules from major dams in the Willamette, Rogue, McKay and Willow Creek systems;
- Providing information about flows needed for fish habitat and other important instream uses;
- Scheduling water deliveries to customers of water districts and some cities;
- Assisting cities in identifying new water sources;
- Acting as a drought early-warning system;
- Providing essential information on water supplies to watermasters as they distribute the available water among the state's 70,000 water right holders;
- Providing real time flow data by using telemetry for water distribution and management purposes;
- Providing information necessary in the prediction of flood risk and establishing the boundaries of flood plains;
- Providing a way to monitor select instream water rights and the effects of streamflow restoration projects;

- Designing various hydraulic facilities, such as dams, bridges, dikes, roads, and diversions; and
- Establishing a priority system for obtaining river stage and precipitation data and initiating early warning systems for catastrophic flood events. (At this time no funding source has been identified to support this effort.)

In recent years, the Department has placed a high priority on the development and maintenance of its water availability model. Department hydrographers were assigned to this effort instead of processing new hydrographic data. As a result, there is a backlog of raw hydrographic data to be processed into a useful format. The Governor's Recommended Budget provides an Other Fund limitation for the Department to seek funds for contracting services to eliminate the hydrographics backlog.

It is important for the Department to gather source information because, historically, water users have not been required to measure or report their own water use. Current law, however, authorizes the Department to require water users to measure and report their uses of water. For example, individual water users may be required to install and maintain measuring devices by order of the watermaster (ORS 540.310). In addition, in areas experiencing ground water declines, water user disputes, or frequent surface water shortages, the Commission may designate a Serious Water Management Problem Area. This designation allows the Commission to require water right owners in the area to install measuring devices and submit annual water use reports (ORS 540.435).

Moreover, all new water use permits are conditioned to either require measurement and reporting, or to allow the Department to require such activities in the future if it becomes necessary to manage or distribute water. The Commission and Department believe this targeted approach to water use measurement and reporting—as opposed to a universal water use reporting requirement—is more efficient and useful.



The Department also administers the Water Use Reporting Program which was initiated by statute in 1987 to require all public entities in Oregon to report their water use annually. Staff work closely with public users, especially municipalities, to obtain accurate and timely reports. The agency reviews the program on a regular basis to identify ways to improve reporting. This review is coupled with an effort to increase the utility of the reporting data base, and to make water use reporting available through the agency web site.

2001-2003 Strategy to Implement Measurement and Reporting Programs

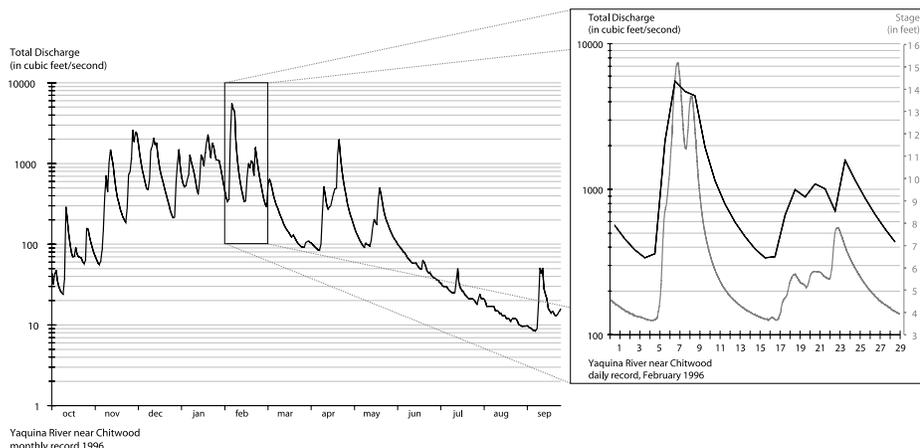
The Commission and the Department recognize that stream flow gaging station data may not always provide all the information necessary for effective water distribution and to help plan for future water supply needs. With this in mind, in January 2000 the Commission directed the Department to undertake a new strategy to better implement its existing measurement and reporting programs. The strategy uses existing authority, programs, and staff resources to increase and improve water measurement and reporting through an implementation plan phased in over several years. To help achieve the goals of the strategy, the Department restructured its Hydrographics Section to better coordinate the central management of water measurement data to promote efficiencies in the collection and use of hydrographic data.

As an initial phase in this strategy, the Department is developing an inventory of “significant” surface water diversions—those that are either required by permit condition to measure water use or that are of significant size in relationship to the flow of the stream—located within streamflow restoration priority areas identified under the Oregon Plan. Field staff will inspect these diversions for headgates, measuring and recording devices, fish screens, and fishways in order to assess the need for additional measurement and for compliance with permit conditions. It is anticipated that the inspection of significant diversions within priority basins identified in the Oregon Plan may take several years to complete.

The Department recently incorporated into the Water Use Reporting Program all water users who are required by a permit condition to report their water use. This will result in better compliance with permit conditions and more useful data for management purposes.

Hydrographic Data

Streamflow data arrive at the Department in the form of “stage” readings (light line, far right) indicating the level of the water in height at the gaging station. Watermasters make streamflow measurements to develop a table for converting the stage into quantity. In Salem, staff analyze and filter the data to determine the total discharge in cubic-feet-per-second—the rate of water flow on a stream (immediate right).



B. Information Resources Management Plan

The Department's Information Resources Management Plan (IRM) focuses on improving the accessibility and function of data management systems and completing ongoing data gathering projects. The IRM plan will improve staff efficiency and decision making while allowing the Department to better serve the state's citizens. The major components of the IRM plan are described below.

Data Compilation

The Department began converting water right maps to digital form in 1989. The Department has continued to contract with Prison Industries for this purpose and by the end of the 1999-2001 biennium will have completed 80 percent of the water rights maps statewide. The IRM plan proposes to complete this process using contract work during the 2001-2003 biennium. Most of the remaining work involves updating water rights in the Willamette Valley and water rights statewide that have been issued since 1990.

The Department offers public access to water rights maps using computers in the Department's lobby and over the Internet. Mapped information has always been central to the agency's function and is becoming increasingly important. For example, if a company wants to site a new manufacturing facility in an area where local water sources are already scarce, acquiring existing water rights from willing parties becomes a high priority. To help the state maintain a competitive economy, the Department must identify the locations and types of existing water uses that meet siting needs. This could also apply to watershed restoration efforts where access to water rights and streamflow information is critical to the recovery of declining salmon runs.

During the 1999-2001 biennium, the Department worked with local, state, and federal partners and obtained the necessary resources to complete the 1:24000 hydrography GIS data set—stream data equivalent in resolution to a typical "quad map"—to be usable by local watershed councils, the Department, and other government agencies. A contractor has been hired and work is underway. Completion of the state-funded 1:24000 mapping project is expected by September 2002.

Accessibility

Local governments, watershed councils, private citizens, water right applicants, and other agencies benefit from efficient access to the information stored in the Department's computer systems. This access allows higher quality service to citizens "at the counter," and enables local planning agencies to retrieve needed information. It also supports local watershed council activities and improves coordination between state agencies and local governments.

The Department provides online access to a well log data base of more than 200,000 electronic images of well logs. Except for well logs and water right maps, direct access by field staff and others to agency data is currently limited. Through the IRM plan, the Department envisions providing broad access to field

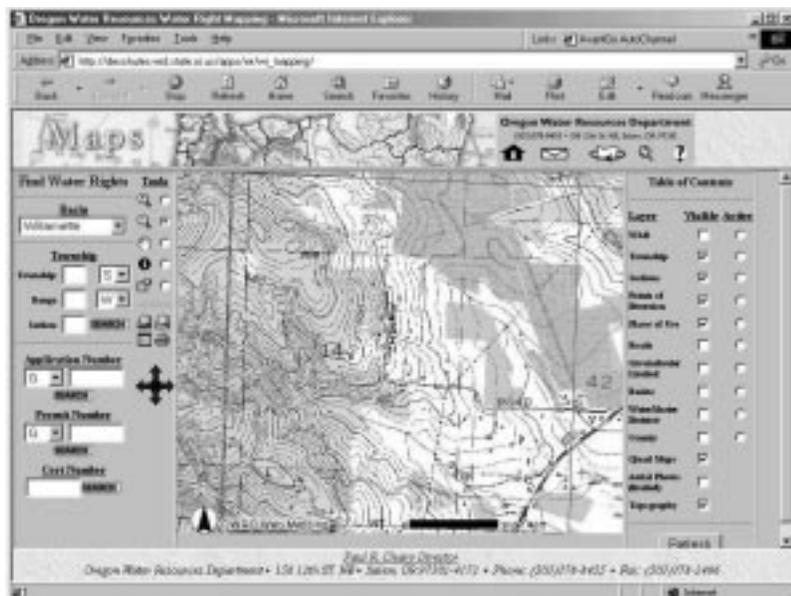
staff and the public via Oregon Online, electronic mail, electronic document exchange, file transfer, and electronic bulletin board services. Translating this vision into reality will first require developing a single, integrated data repository that links the various categories of water data. This alone represents a major effort. Ultimately, the Department intends to provide a single point of access that presents information in an easy-to-use, consistent format. This will also require the Department to connect each of the field offices to the statewide network to improve access to the data and to provide local customer service.

The IRM plan also targets funding to support the Ground Water Resource Information Distribution (GRID) project. GRID is a cooperative project among the Department and its customers, including realtors, well drillers, and consultants. GRID provides public access to records including well locations, depths, and water levels. Access to ground water information is vital for industrial siting, housing and agricultural developments, and environmental investigations. The Department released an enhanced version of the data base supporting electronic submittal of start cards and well logs during the 1999–2001 biennium. During the 2001-2003 biennium, the Department will continue developing upgraded versions in an effort to provide better customer service.

Interactive Mapping

In another area of customer service, the Department developed an interactive water right mapping capability for users of its web page. Customers can “point and click” on a map of the state and easily map existing water rights overlying a USGS quadrangle map, or aerial photography. Users can then “point and click” on water rights and points of diversion for tabulated information concerning rate, duty, location, etc.

2001-2003 During the 2001-2003 biennium, the Department will incorporate this exciting new technology into the Stewardship and Supply Initiative described in the Stewardship chapter.



Citizen Services

managing resources through customer service

SERVING CITIZENS IS THE ESSENCE of any public agency. Department staff strive to satisfy the expectations and needs of citizens served by our programs and to earn a reputation as an efficient, professional, and highly motivated organization. Citizen services provided by the Department include distribution and regulation of water systems, assistance to local governments, protection of the public interest, and distribution of public information.

A. Distribution and Regulation of Water

One of the Department's primary functions is distribution and regulation of water use for the protection of senior water rights. Watermasters and field inspectors actively enforce water laws to prevent the use of water without the required state-issued water rights. Watermasters also help water users develop voluntary agreements for the rotation of water use, whereby water users share shortages by taking turns using water. Watermasters recommend and help develop these agreements which can only be enforced if accepted by all affected water right holders.

When streamflows are low, watermasters monitor supplies and water use, and they respond to water users claiming that not enough water is available to



meet their entitlements. Watermasters visit diversion sites and limit, or shut off, those diversions that are junior to the unmet senior rights. Watermasters also monitor streamflows to protect instream water rights and to identify illegal diversions.

The small number of field staff limits the capability of the Department's regulation and enforcement program. Twenty watermasters are employed by the state and fifteen assistant watermasters are employed by the state or counties to enforce more than 70,000 water rights over an area that exceeds 97,000 square miles. Five regional managers direct the work of the watermasters, well inspectors, and other field staff.

Field staff serve many important customer service functions. In addition to water distribution, regulation, and enforcement, field staff responsibilities include processing water right transfer applications and irrigation district re-mapping petitions; stream gaging and measurement; customer service and public education; preparation of hydrographic records; dam safety and water development loan fund program inspections; well construction compliance and enforcement; final water right surveys, mapping and proposed certificate preparation; and field assistance to other Department work units.

The field staff are working to become more proactive, rather than complaint-driven, water managers. Watermaster monitoring of instream water rights and minimum perennial streamflows has increased dramatically in recent years, and in some areas volunteer observer programs are in place to alert watermasters to low streamflow conditions. The agency plans to increase this level of activity by empowering field staff through decentralization and improved access to agency data resources.

B. Technical Assistance

Department staff regularly provide technical assistance to local watershed councils, local governments, and private citizens. This includes setting minimum design standards for hydraulic structure design and construction, and training for water measurement. In addition, the agency works with local governments and local planning departments, participates in carrying out and reviewing local land use plans, and participates in the basin planning process. The growing role of alternative water supply solutions, such as water right transfers and small storage projects, will call upon staff to offer more technical assistance in the future. The Department will look to draw more from the "on-the-ground" expertise of field staff to provide this kind of technical assistance.

C. Public Information

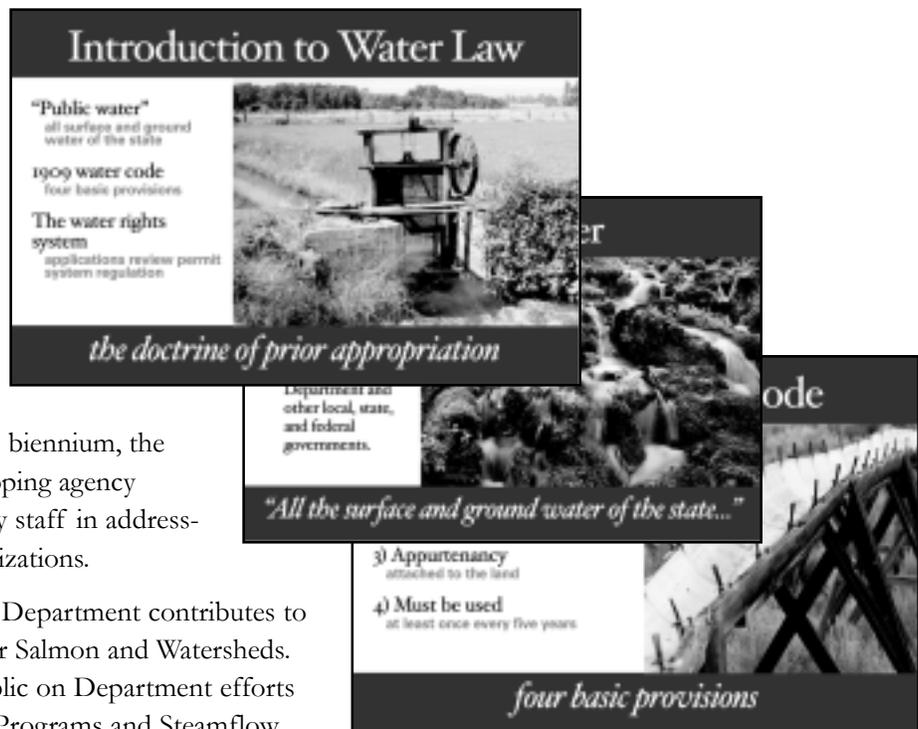
Providing citizens with accurate and timely information is important to the mission of the agency. This service enables effective public involvement and improves citizen satisfaction with agency processes. It improves management strategies through cooperation and partnership with our customers.

Public information helps to educate and inform citizens about existing programs and the opportunities they present. This advances the Department's objective of stewardship and supply solutions.

The Department has created a variety of programs and tools that staff can use to further public information objectives. These tools use both traditional approaches and new technologies to maximize coverage and improve access to information by the public. Some public outreach tools include:

Printed materials The Department offers printed literature to help customers understand Oregon's complex water rights system, including primers on water law and well construction, information sheets on water resources topics, a family of products about management programs, brochures, and fact sheets. The Department also publishes basin reports, maps, and hydrographic data. These materials are available at local watermaster offices or through the central office.

Presentations and educational cooperatives Department staff routinely provide presentations to civic groups and watershed action groups. At many Commission meetings, the public is invited to tour local water resources sites. These tours offer staff, Commissioners, and the public an informal opportunity to see how policy and programs are being carried out "on-the-ground," and to note local issues.



2001-2003 In the 2001-2003 biennium, the Department will continue developing agency outreach presentations for use by staff in addressing civic groups and other organizations.

Oregon Plan outreach The Department contributes to outreach for the Oregon Plan for Salmon and Watersheds. In addition to informing the public on Department efforts such as Instream Enhancement Programs and Steamflow Restoration Priority Areas, staff contribute to statewide outreach on the plan. These efforts, such as the Annual Progress Report and the Oregon Plan web site, help raise awareness of watersheds—as well as water resources and Oregon's water rights system.

Presentations, like the one shown in the slides above, inform the public of Oregon water laws and Department initiatives.

Online services The Department's web site is rapidly expanding to provide enhanced services to a growing number of Internet users. Water users, water managers, technicians, students, and private citizens are some of the many Internet users that log onto the agency web site regularly.

WRIS For years, the water rights information data base (WRIS) has been available to users with access through the Department's web site. WRIS was designed and developed in the mid-1980s and has remained unchanged since that time. As a result, functionality and performance are far out-of-date with modern systems and user expectations of software. Access is very slow and the ability of the web site users to manipulate data to match their needs is severely limited. During the 1999-2001 biennium, the Department completed a user needs survey and developed a conceptual design for an update. During the 2001-2003 biennium, the Department will finish the design of the new data base and migrate the data onto a new platform. The new data base will meet the performance needs of those users requiring access to Oregon water rights of record.

Ground Water Information Distribution System Another Web-based service the Department provides is the Groundwater Information Distribution System (GRID). This data base contains more than 280,000 well log files and is used by well drillers, homeowners, developers, and citizens. GRID contains well reports for water wells, geotechnical holes, and monitoring wells. The web-based application allows persons to query the well log database and view well images. The Department also offers the GRID system on CD-ROM. An Internet-enabled application allows for electronic filing of new reports.



Providing Funding

for state and local water management improvements

AS OREGON EDGES CLOSER TO ENTERING THE 21ST CENTURY and the demands on our water supplies grow, water becomes ever more critical to the state's citizens. The state's citizens expect the public's water will be well-managed. Unfortunately, this demand for more water and better water management is occurring at a time of declining public resources, which jeopardizes the ability of the Commission and Department to meet this challenge. Put bluntly, our 21st century water needs will cost money.

The Department has historically been funded through the state General Fund (80 to 90 percent). Other funds from fees for services and interagency agreements have contributed the remaining funding. Unlike other state natural resource agencies, the Department has never become a conduit of federal funds that could offset expenses or be made available for the water supply needs of Oregon's citizens. Instead, the Department has sought to leverage increased value for Oregon taxpayers most often by contributing services in joint projects.

Water Development Loan Fund

Through the Water Development Loan Fund (WDLF) the Department offers low-interest loans for water development and riparian habitat projects throughout Oregon. The Department manages this loan program to serve a broad range of eligible borrowers in all regions of the state. The fund provides low-cost,

long-term, fixed-rate financing incentives for projects that comply with the state's long-term water management goals. The loan program began in 1977 when voters approved a constitutional amendment allowing the sale of general obligation bonds to finance water projects that have irrigation or drainage as their primary use. A later amendment allowed the program to finance watershed enhancement and fish protection projects.

The loan program can grant loans to individuals, cities and local governments, farming partnerships, limited partnerships, corporations and cooperatives, and irrigation and water control districts. Eligible projects include: drainage, irrigation, community water supply (communities less than 30,000 population), fish protection, watershed enhancement, and multi-purpose projects.

All costs to operate the loan fund are paid by borrowers. Funds to finance a project are obtained through the issuance and sale of self-liquidating bonds. The bonds are repaid by participants in the program at no cost to the state or taxpayers. The amount and type of loan security required depends on the borrower and the type of project.

In 1999, the Legislature passed HB 2163, a measure that amended the Water Development Loan Program to encourage use of the program to fund water development projects by making it more accessible to private individuals and for a wider variety of projects.

The Department will continue working with the Joint Task Force on Water Supply and Conservation during the 2001-2003 biennium to discuss new ideas and explore opportunities to fund water-related activities. (For more information about the Joint Task Force on Water Supply and Conservation, see p. 31)

Appendix

mission, management strategies and proposals at a glance

Our Mission

“To serve the public by practicing and promoting wise long-term water management.”

Why We’re Here

agency purpose and need

- To restore and protect streamflows and watersheds in order to ensure the long-term sustainability of Oregon’s ecosystems, economy, and quality of life.
- To directly address Oregon’s water supply needs.

What We’ll Do

implementing plans and programs

- Lead efforts to restore and safeguard the long-term sustainability of streamflows, watersheds, and ground water.
- Actively enforce the state’s water laws and uphold its policies.
- Increase our understanding of the resource and the demands on it.
- Equip citizens with information and technical assistance to make and carry out local, basin, and regional water plans.
- Promote solutions to water supply problems stemming from current and future demands.

How We’ll do it

regulation, enforcement, and cooperation

- Honor and protect existing rights to use water.
- Be as simple and direct as possible in our regulations and writings—and in all other dealings with the public.
- Enforce laws and apply policies fairly and consistently.
- Forge partnerships with stakeholders to share responsibility for water management actions.
- Rely on creative exercise of existing authorities before advocating new laws.
- Recognize flexibility as a key tool for the protection and use of water resources.
- Provide educational and training opportunities to improve staff excellence.

Management Strategies

Legislative Strategies

Budget Proposals

Watershed Management

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> • Fully implement the region liaison program. • Begin producing the Stewardship and Supply Initiative Basin assessments, if funded. • Implement the measures committed under the Oregon Plan. • Promote the measurement of diverted water and streamflows. • Coordinate with other agencies to identify streams or stream segments to protect against over-appropriation and unauthorized water use. | <ul style="list-style-type: none"> • Continue work with the Hydroelectric Task Force to develop a decommissioning process and standards for state projects that are not reauthorized. • Establish Water Mitigation Bank Fund. | <ul style="list-style-type: none"> • Stewardship and Supply Initiative: Governor's Recommended Budget provides \$500,000 to fund the creation of basin hydrology assessments and inventory potential ground and surface water storage sites. |
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Instream Flow Restoration

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| <ul style="list-style-type: none"> • Define priority flow restoration areas by water availability basins and develop workplans for each priority area. • Continue to refine and implement the tools for instream flow restoration. | <ul style="list-style-type: none"> • Establish Water Mitigation Bank Fund. | <ul style="list-style-type: none"> • These management strategies do not depend on additional funding. |
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Efficiency/Conservation

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| <ul style="list-style-type: none"> • Continue work on water use efficiency initiative to locally define efficient water use and waste. • Provide education and training opportunities to field staff for promotion of water use efficiency. • Enforce against unauthorized water use including waste. | <ul style="list-style-type: none"> • These management strategies do not depend on any new or revised legislation. | <ul style="list-style-type: none"> • These management strategies do not depend on additional funding. |
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General Water Supply

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| <ul style="list-style-type: none"> • Continue work with Joint Task Force on Water Supply and Conservation. • Develop a strategy for meeting water demands for a broad spectrum of uses. | <ul style="list-style-type: none"> • These management strategies do not depend on any new or revised legislation. | <ul style="list-style-type: none"> • Stewardship and Supply Initiative: Governor's Recommended Budget provides funding to develop basin hydrology assessments and inventory potential ground and surface water storage sites. |
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Management Strategies

Legislative Strategies

Budget Proposals

Water Rights

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> • Continue Klamath adjudications process for surface and ground water, and tribal negotiations. • Continue work group effort to resolve issues important to community water suppliers. | <ul style="list-style-type: none"> • Amend state hydroelectric reauthorization process to match federal process time lines. • Allow one year to file final proof after denial of permit extension request. | <ul style="list-style-type: none"> • Klamath Adjudication: Governor's Recommended Budget provides \$500,000 to fund four positions to continue the Klamath Basin adjudication. |
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Storage Projects/Transfers

- | | | |
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| <ul style="list-style-type: none"> • Identify multi-purpose storage options and sites. • Complete the Willamette Basin Reservoir Study. • Encourage transfers as a new supply option. • Continue work with Joint Task Force on Water Supply and Conservation. | <ul style="list-style-type: none"> • Establish Water Mitigation Bank Fund. | <ul style="list-style-type: none"> • Stewardship and Supply Initiative: Governor's Recommended Budget includes funds to develop basin assessments and inventory potential ground and surface water storage sites. |
|---|---|--|

Information Management

- | | | |
|---|--|---|
| <ul style="list-style-type: none"> • Continue refinement of the water rights data base to integrate with the digital water rights maps and improve public access. • Develop a repository for ground and surface water data allowing a single point of access. | <ul style="list-style-type: none"> • These management strategies do not depend on any new or revised legislation. | <ul style="list-style-type: none"> • Stewardship and Supply Initiative: Basin assessments will provide a detailed analysis of the hydrology of each basin. |
|---|--|---|

Public Information

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> • Further develop a water rights data base that provides public access to data and maps. • Continue to develop a "toolbox" of outreach materials for use by staff including an agency presentation. | <ul style="list-style-type: none"> • These management strategies do not depend on any new or revised legislation. | <ul style="list-style-type: none"> • These management strategies do not depend on additional funding. |
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