

Governance Task Force Minutes
December 1, 2014, 2:00 pm to 5:00 pm
Oregon Water Resources Department
North Mall Office Building
725 Summer St. NE
Salem, Oregon 97301

GOVERNANCE TASK FORCE MEMBERS

David Filippi, Stoel Rives (phone); Eric Quaempts, Confederated Tribes of the Umatilla Indian Reservation (phone); Patrick Griffiths, City of Bend (phone); Mark Landauer, Special Districts Association of Oregon; Janet Neuman, Tonkon Torp; Kimberley Priestley, WaterWatch; Gil Riddell, Association of Oregon Counties; April Snell, Oregon Water Resources Congress; Jeff Stone, Oregon Association of Nurseries; Jerome Rosa, Oregon Cattlemen; Katie Fast, Oregon Farm Bureau; Tracy Rutten, League of Oregon Cities; Joe Furia, The Freshwater Trust; Chris Taylor, West Coast Infrastructure Exchange; Brad Taylor, Eugene Water and Electric Board; Amanda Rich, The Nature Conservancy (TNC).

Absent: Teresa Huntsinger, Oregon Environmental Council.

FACILITATION TEAM

Richard Whitman, Office of Governor John Kitzhaber, Convener; Racquel Rancier, Oregon Water Resources Department (WRD); Nancy Salber, Governor's Natural Resources Office; Jon Unger, WRD; Brenda Bateman, WRD.

OBSERVERS

Rachel Lovellford; Tim Hardin; Lauren Smith; Margaret Matter; Josh Spansail; Tracy Loudon; Tom Byler; Rob Kirschner; Scott Jorgenson; Leslie Bach; Adam Sussman; Mateusz Perkowski; Peggy Lynch.

MEETING OBJECTIVES

- ~ Refine understanding of what can be funded under SB 839 and the definition of a project
- ~ Understand public benefits achieved from a variety of project types

Agenda, PowerPoints, copies of SB 839, and other meeting materials for this and other Governance meetings will be available on-line:

http://www.oregon.gov/OWRD/pages/SB_839_Governance_Task_Force.aspx.

Look under the specific meeting date.

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I. Introductions, Review of Agenda, and Minutes

II. Update on Governor's Budget

Richard Whitman provided an update on the Governor's proposed budget. Investments in the Healthy Environment section include \$51.6 million for the Integrated Water Resources Strategy. A summary can be found on the internet.

III. Check-in on Key Issues from Previous Meeting

Racquel Rancier suggested the development of a working document to identify group potential consensus decisions in preparation of a final document and led the group through a discussion of what was discussed at the last meeting regarding funding a comprehensive state Integrated Water Supply Program. Discussion included the following:

Communities should be encouraged to undertake planning activities such as place-based planning. It was noted that water is a public resource and belongs to all citizens not just the local community; therefore, planning should involve all stakeholders. While it was suggested that SB 839 may not be able to fund place-based planning efforts, several participants indicated that the fund was flexible and could have broader applications. Most members of the group agreed that the ideal path is for separate pots of funding for different activities; however, it is important not to exclude projects in order to have the flexibility to respond to opportunities. Planning efforts may be difficult to score and rank in SB 839 program. It was noted that Watersmart is a key portal in leveraging federal investment and should be used as a planning model. Would be helpful to have a fund for those studies in the future. The group discussed the advantages and disadvantages of a single fund with different categories vs. three distinct funds for planning, feasibility and implementation.

Question: Would larger project in excess of account amount require legislative approval or would those go through a separate standalone process?

IV. Review of Project Examples

Task force members reviewed a list of real-world project examples. Racquel Rancier asked the group to discuss expectations regarding the types of projects that could be funded under SB 839 and to explore the types of economic, environmental and social/cultural public benefits that would allow a project to qualify for funding. The first example was a water treatment plant and park. Discussion included the following:

- Public benefits should derive from the water.
- Components of a water treatment plan may be eligible but a loan would be more appropriate than a grant since the project would result in revenue generating capacity. Other funding sources could fund a treatment plant.
- Some participants indicated that the project would not be eligible because it did not create a new increment of water. Others thought the intent of the bill was to be broad, and encompass a wide variety of projects. Some participants indicated that a project funded under SB 839 should create a new increment of water. Some thought the project should result in water that can be allocated. The group was asked if this was a consensus opinion (there was no consensus). Several members disagreed with this interpretation, as a “quantity only” requirement could be too limiting, reduce flexibility and limit partnerships. Quantity is a part of quality, don’t want to limit. Can’t anticipate what good projects will come in. Need to consider the list of projects as examples of what might be

proposed under the bill. It was noted that the bill specifically called out streamflow protection and restoration projects, and that “protection” did not mean new water was created unlike restoration. Some projects may qualify but would not rank high enough. Pre-application process could help applicants.

- Preference is to defer to the language in the bill instead of trying to further restrict by rule. Process should take care of the rest. Refer back to the bill for water development projects.
- Need to know the conditions before and after project implementation because measure would be baseline condition. There should be a measureable improvement over the existing condition.
- The Buck and Jones Dam Removal was discussed. One participant noted that the project might not score well on the economic portion. Another participant responded that the project would provide economic benefits of tourism, recreation and fishing. From an environmental perspective there should be a quantification of benefit.
- For scoring and ranking, what are the expectations in regards to level of detail? Need to ensure that public benefits are well founded. For example, would the group want a full cost-benefit analysis? No. They should not have to go through the expense of a full study. It will be a qualitative analysis, not quantitative. One suggestion was that the Department accept a letter from a 3rd party expert such as a fish biologist. There was not agreement as to whether this would be helpful or acceptable. A clear description of existing conditions and how they will be changed through the project should be included. There has to be some fairly precise supported estimates on how much water will be protected, produced, saved, or conserved. The level of analysis should be accounted for in scoring: the quantity and quality of analysis should be a factor. Cost-benefit analysis would be too complex, benefits would be difficult to compare to one another. The ranking process should result in “good” projects moving forward.
- Need to make sure that they follow through on commitments. May wish to look at benchmarks with possible repayment for failure to meet benchmarks to ensure project implementers are providing agreed upon public benefit. However, if trying to promote creativity, innovation and partnerships, there is going to be some risk. Need to balance that risk with the need for accountability and public confidence in the program.
- If it is going to be a loan, there needs to be certainty that the applicant has the resources to pay the state back. There should be a financial analysis.

V. Public Comments

No public comment.

VI. Future Schedule, Agenda, and Adjourn

Next meeting: Governance Task Force – December 15: 9:00 AM – 2:00 PM

Include Large Project Funding and SVF Permitting/Funding Interface onto the agenda.