

WORKSHOP MEETING MINUTES
SISTERS CITY COUNCIL
520 E. CASCADE AVENUE
JULY 22, 2010

MEMBERS PRESENT:

Lon Kellstrom Mayor
Bill Merrill Councilor President
Pat Thompson Councilor
Jerry Bogart Councilor

ABSENT:

Sharlene Weed Councilor

STAFF PRESENT:

Eileen Stein City Manager
Brad Grimm Public Works Director
Pauline Hardie Comm. Dev. Director
Kathy Nelson City Recorder

ABSENT:

Lisa Young Finance Director

GUESTS:

Kyle Gorman OWRD Field Rep

The meeting was called to order by Mayor Kellstrom at 6:00 p.m.

A. Deschutes Basin Mitigation Program

Manager Stein introduced Kyle Gorman, Central Oregon Manager for the Oregon Water Resources Department (OWRD) and stated he would give the same PowerPoint he presented at the Water Resources Commission meeting in June on the Deschutes Basin Mitigation Program. She stated **Mr. Gorman** was giving the presentation at staff's request since the mitigation program impacts everything the City does with respect to water rights.

Mr. Gorman stated the report to the 2009 Legislative Assembly as required by HB3494 was completed in January 2009. He explained the report was created with input from the Deschutes work group and included two recommendations for adoption the working group felt would improve the program. He explained the evaluation included many elements including ground water appropriations, streamflow monitoring, mitigation activity and information on the mitigation credits system. He pointed out the water study area on a map and a brief history of how the program began.

Mr. Gorman provided an overview of the 80 new ground water permits that have been issued since adoption of the program. He stated 34 additional applications had been processed through the final order meaning they would be allowed as soon as mitigation takes place. There are also 31 applications pending. He reported the mitigation obligation is 2,145 acre feet (AF) and the 47 active mitigation projects in place have placed 8,825 acre feet instream.

Mr. Gorman described incremental mitigation and explained it is only available for municipal and quasi-municipal water rights. He stated this allows cities to grow into their water rights. He stated there are two sources of mitigation; leases and transfers. He reported that only mitigation banks are able to provide temporary mitigation and those mitigations are required to be backed up

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with 1:1 additional credits. He stated transfers of water instream may also be used for mitigation but they are permanent and no backup mitigation credits are necessary.

Councilor Thompson asked if requirements of the mitigation program could be lessened since the mitigation obligation was 2,145 AF and the program had 8,825 AF, four times the amount necessary. He stated there is no shortage of water but only a shortage of the right to use the water. **Mr. Gorman** stated that some people do feel the allocation cap puts an artificial inflationary value of water rights. **Councilor Thompson** stated the City spends a great deal of money to preserve its water rights. He remarked he thought it was only a matter of time before the mitigation program was challenged.

Mr. Gorman explained there is a 200 cubic feet per second (CFS) allocation cap for the Deschutes Basin and currently there is only 2.4% of that mitigation amount available. He explained that the driver for that cap is not the ground water system but rather the Lower Deschutes River and its assumed water flows that are not always met. **Mr. Gorman** stated there are 65 pending application in the queue for pending ground water applications, 34 with final orders and those require the mitigation to be provided within five years or the application expires.

Mr. Gorman stated that monitoring of streamflow provides information as to whether the flows compare to the stream flows of the base period of 1966 to 1995. He stated the streamflow modeling takes into consideration the effects of new groundwater uses and mitigations projects and tracks the annual percent changes in streamflow. He stated OWRD continues to successfully implement the program with streamflows responding positively. He noted the Deschutes River Conservancy continues to be key to the mitigation programs success.

Councilor Thompson asked how the mitigation program affects the City and helps it to function well. **Mr. Gorman** stated the mitigation program has no affect on perfecting the City's existing water rights but is designed to accommodate growth. **Councilor Thompson** stated thee City spends a lot of time and money on water rights which are getting harder to obtain. He asserted that it does not need to be so arduous.

Manager Stein remarked that as long as Sisters is in the Deschutes Basin it will be involved with the mitigation program which appears to be doing what it was designed to do. She stated the City is almost at the end of the time, cost and energy that has been needed to bring it up to speed on its water rights management. She stated the City has the Lazy Z property that will help mitigate the water rights for Well #3 and the next challenge the City will face is determining where the City will irrigate on the Lazy Z property with wastewater and how to most effectively use the water rights acquired with the Lazy Z.

B. City Manager Update

Due to lack of time there was no City Manager update.

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The meeting was adjourned at 6:58 p.m.

Respectfully submitted,

Kathy Nelson, City Recorder

Lon Kellstrom, Mayor