



OREGON WATER UTILITIES COUNCIL
Pacific Northwest Section, American Water Works Association
P.O. Box 10148, Eugene, OR 97440-2148
Office/Fax: 541-685-7385
E-mail: brad.taylor@eweb.org

I. Background

The federal storage projects in the Willamette Basin (Willamette Basin projects) consist of 13 reservoirs that store 1.64 million acre-feet of water for later use. The reservoirs are managed and operated by the U.S. Army Corps of Engineers (USACE). The U.S. Bureau of Reclamation (USBOR) issues contracts for storage space for water to be used for irrigation.

The Flood Control Acts of 1938 and 1950 authorized the USACE to construct and operate the Willamette Basin projects. Congress authorized the projects for flood control, the release of stored water for “navigation, for generation of hydroelectric power and for the several conservation uses—namely, irrigation; potable water supply; and reduction of stream pollution in the interests of public health, fish conservation and public recreation.”

The municipal water suppliers in the Willamette Basin will require additional water supply to meet the demands of population growth and economic development. The stored water in the Willamette Basin projects is one of the few remaining water supplies to meet future needs within the basin. Water is generally not available in the Willamette Basin for new water use permits due to previous allocations and restrictive rules and policies adopted by the Water Resources Commission, some of which direct new water supplies to come from the Willamette Basin projects. However, as described below, municipal and industrial use of the stored water in the Willamette Basin projects is currently not possible. Consequently, to date, none of the 1.64 million acre-feet of stored water has been used for municipal or industrial water supply.

II. Impediments to Use of Water Stored in the Willamette Basin Project

The primary impediments to the use of stored water from the Willamette Basin projects for water supply have been identified as (a) limitations in the State of Oregon water rights issued for the projects by Oregon Water Resources Department (OWRD); and (b) the fact that the storage space and associated costs for that storage space has never been “allocated” to municipal and industrial water supply use.

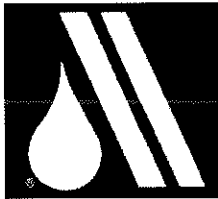
A. State of Oregon Water Rights

Despite the fact that in 1950 Congress authorized the Willamette Basin projects for multiple purposes, including “potable water supply,” four years later (in 1954), the USBOR requested a water right to store water only for irrigation purposes. As a result, the State of Oregon has issued water right certificates for the entire 1.64 million acre-feet for storage for irrigation use only.

Consequently, OWRD cannot presently issue water rights for use of this stored water for any purposes other than irrigation.

B. Allocation of Storage and Price

The USACE has not “allocated” storage in the Willamette Basin project reservoirs to particular uses. According to the USACE, the construction costs have, however, been allocated for each reservoir. None of the costs of construction were allocated to water supply use. According to its policies, the USACE would have to “reallocate” the storage in order to issue contracts for water supply use.



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III. Efforts to Access Willamette Basin Project Stored Water

Over the last several decades, state and federal agencies, and stakeholders have been actively engaged in efforts to address the diverse demands for the stored water in the Willamette Basin projects. Beginning in June 1996, the USACE began working cooperatively with the State of Oregon and stakeholders as part of the Willamette Basin Reservoir Study (Study). The congressionally authorized Study was intended to evaluate whether changes in the operation, storage and allocation of water in the Willamette Basin projects would better serve current and future water resource needs.

The Study was “put on hold” in 2000 following listing of Willamette River stocks of salmon and steelhead as threatened under the Endangered Species Act (ESA). The Study was intended to reinstate after issuance of a biological opinion. The biological opinion (Bi-Op) for the Willamette Basin projects was issued in 2008.

IV. Small Scale Reallocation and Beyond

The Study has now been reinstated and the USACE has a Federal Fiscal Year 2013 budget of approximately \$200,000. In Federal Fiscal Year 2013 the USACE will use this budget to complete a “small scale reallocation” of up to 499 acre-feet of storage to municipal and industrial purposes and to begin evaluating a larger reallocation of storage space. The USACE is currently seeking a Federal Fiscal Year 2014 budget of approximately \$450,000 for further evaluation of the demands for stored water, reservoir operations modeling, environmental review, and full scale reallocation. The project will be paid for through a federal appropriation and “cost share” provided through OWRD and local partners.

Ultimately, the USACE will develop a feasibility report and recommendations for a full scale reallocation of the storage in the Willamette Basin projects. Such a reallocation will likely require Congressional approval. The USACE estimates that to complete the full scale reallocation will require a federal appropriation of \$1.5 million and a \$1.5 million match.

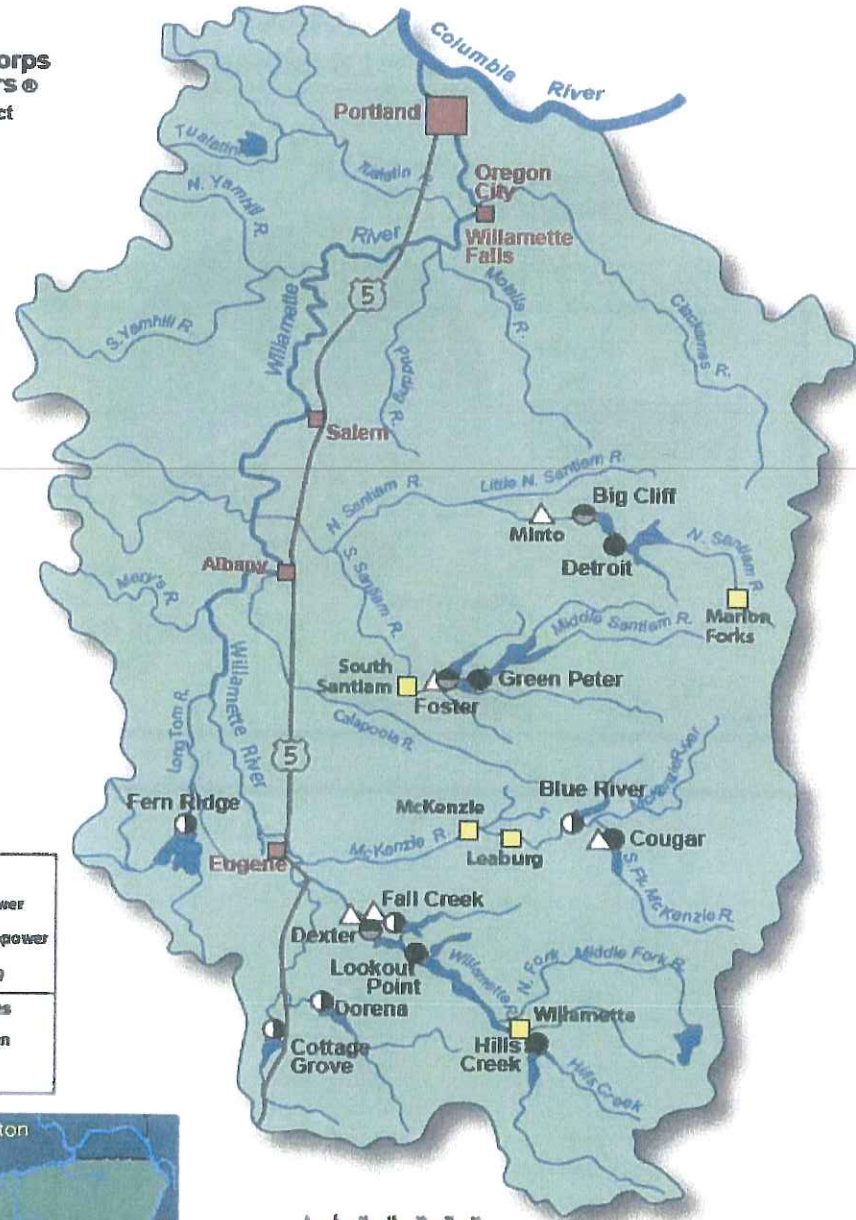
V. Conclusion

The water providers in the Willamette Basin understand that the unallocated storage in the Willamette Basin projects is likely the last “new” supply source available in the basin. As a result, they have tried several approaches to obtain access to this water. Re-initiation of the Willamette Basin Reservoir Study is promising but also requires a commitment from the state and federal government as well as basin water suppliers to actively participate. Ultimately, this reallocation process must result in a thoughtful and deliberate planning effort for the water resources in the Willamette Basin projects that will protect existing water uses and provide access to this stored water to meet Willamette Valley community water needs for the general populace, economic development, agriculture and environmental protection and restoration.

The Willamette River Basin



**US Army Corps
of Engineers**
Portland District

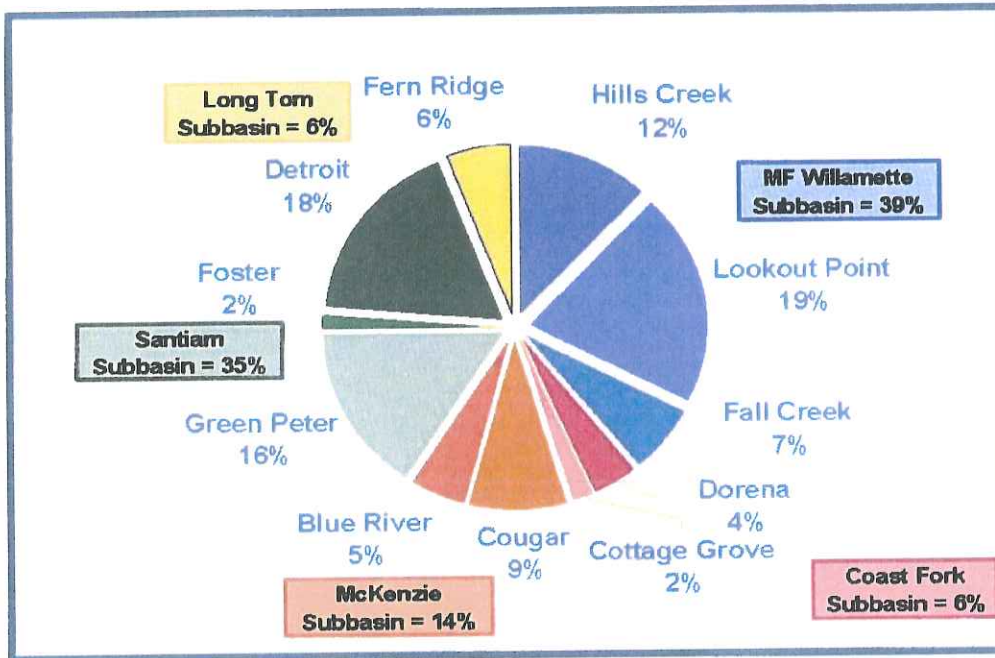


Dams	
●	With Hydropower
◐	Without Hydropower
◑	Re - Regulating
Fish Facilities	
△	Adult Collection
■	Hatchery



Willamette Conservation Storage

Total = 1.6 million Acre-feet



Strategic Planning for Use of Stored Water in Willamette River Basin Projects

Supported by a Majority of Oregon Water User Associations

Whereas, the Willamette River Basin is the most populous basin in Oregon, and

Whereas, the water resources of the Willamette River Basin are critical for economic development and environmental restoration, and

Whereas, the 1.64 million acre-feet of water stored in the 13 Willamette River Basin Projects is a critical supply of water to meet a diverse set of current and future water needs, and

Whereas, the Willamette Reservoir Study was suspended in 2000 pending the issuance of the Willamette Basin Biological Opinion, and

Whereas, the Willamette Basin Biological Opinion was issued in 2008,

Now therefore, be it resolved that the State of Oregon, U.S. Bureau of Reclamation, U.S. Army Corps of Engineers, and stakeholders should jointly undertake a thoughtful and deliberate planning effort, for water resources in the Willamette River Basin Projects, that will protect existing water uses and provide access to this stored water for economic development and environmental restoration.

Concurred with and supported by the following associations:

Association of Oregon Counties

League of Oregon Cities

Oregon Association of Nurseries

Oregon Farm Bureau Federation

Oregon Water Utility Council

Special Districts Association of Oregon



JOHN A. KITZLABER, MD
Governor

April 23, 2012

The Honorable Ron Wyden
223 Dirksen Senate Office Bldg.
Washington, D.C. 20510

Dear Senator Wyden:

I am asking for your assistance in taking advantage of a unique opportunity to address water resource needs within Oregon's Willamette Basin. With more than 70 percent of Oregon's population located in the Willamette Basin, this effort could have a profound economic, social, and environmental effect for decades to come. Your leadership in encouraging the U.S. Army Corps of Engineers (USACE) to re-engage along with stakeholders in a state/federal water resources planning effort in the Willamette Basin is critically important to this process.

The Willamette Basin contains 13 federal storage reservoirs that comprise the Willamette Basin Federal Storage Project. Combined, the storage reservoirs have capacity to hold 1.64 million acre feet of water that is needed for irrigation, municipal use, economic development, ecological restoration and fish recovery opportunities in Oregon.

Congress authorized the Willamette Basin Federal Storage Project for numerous uses, including irrigation, hydropower, navigation, recreation, water quality, potable water supply, and fish and wildlife purposes. However, to date, only contracts for irrigation water use have been issued. In 1996, recognizing the need for a state/federal partnership, the State of Oregon and the USACE began working cooperatively on a "Willamette Basin Reservoir Study," which was intended to evaluate changes in the operation, storage, and allocation of water in the Project to better serve current and future water resource needs. The Reservoir Study was "put on hold" in 2000 following the listing of Willamette River stocks of salmon and steelhead under the Endangered Species Act (ESA). The Reservoir Study was to be restarted after the National Marine Fisheries Service's issuance of a biological opinion. The biological opinion for the Willamette Project was issued in 2008. To date, the Reservoir Study process has not been reinitiated.

As Governor, I made funding of the Willamette Basin Reservoir Study a high priority in 1996 and a significant investment of the State's general fund budget was dedicated to this effort. Now, over fifteen years later, as Oregon finalizes its first-ever Integrated Water Resources Strategy, it is time to renew this process and discuss allocation of the Project's stored water. This effort in the Willamette is essential to meeting the Strategy's intended outcomes of integrating management of water quantity, quality, and habitat as well as the instream and extractive interests tied to them.

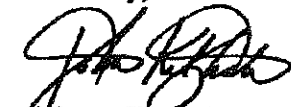
The Honorable Ron Wyden
April 23, 2012
Page 2

To this end, I am seeking your assistance on two requests. First, the USACE needs funding to continue its active advancement of the Willamette Basin Reservoir Study. A positive first step has been the allocation of \$200,000 in the President's proposed budget for the USACE to carry out a pilot "small scale reallocation study" that would inform the process for a more comprehensive allocation project in the future. I request and would appreciate your strong support of this budget item, as well as future budgetary support for the USACE's advancement of this Study process.

Second, the State of Oregon is dedicated to an integrated and coordinated approach to water resource management. To that end, active involvement by the USACE is needed. I urge you and your staff to contact the USACE and encourage them to keep the Willamette Basin Reservoir Study process and associated pilot project moving forward.

If you should need additional information please contact Oregon Water Resources Department Director Phil Ward at (503) 986-0910.

Sincerely,



John A. Kitzhaber, M.D.
Governor

JAK/BB/ns

United States Senate
WASHINGTON, DC 20510

December 16, 2011

The Honorable Jo-Ellen Darcy
Secretary of the Army
108 Army Pentagon
Washington DC 20310-0108

Dear Assistant Secretary Darcy:

As you make decisions on the Fiscal Year 2013 budget, we urge you to consider funding the U.S. Army Corps of Engineers (USACE) Willamette River Basin Review study, which was not included in the President's FY 2012 budget. Last year, the USACE estimated that it would cost \$200,000 to fund a year of this study, which is aimed at developing the best possible strategy for allocating water from Willamette River Basin reservoirs.

The USACE controls 13 reservoirs in the Willamette Basin that could be an important source for meeting Oregon's water needs over the coming decades. Beginning in 1996, the USACE began working with the State of Oregon and with stakeholder groups to perform the Willamette River Basin Reservoir study, with a goal of better understanding opportunities for utilizing this water. However, the study was put on hold in 2000, following the listing of salmon and steelhead as threatened under the Endangered Species Act (ESA). Although the study was intended to resume following the issuance of a biological opinion, the study has not received the necessary funding to pick up where it left off.

The requested funds for 2013 are needed for a small-scale pilot study to reallocate 499 acre-feet of water from two reservoirs of the Coast Fork Willamette River sub-basin. Findings from this pilot study will be invaluable for moving forward with the larger Willamette River Basin Review, which will help us devise the best strategy for meeting our growing water needs while protecting endangered species.

The Willamette River Basin Review has brought together a wide range of stakeholder groups, including state and local governments, agricultural groups, environmental groups, water utilities, and water control districts. All have asserted the importance of this project for water use planning in Oregon. As the Review moves forward, there will likely be differences of opinion among stakeholders on how the water should be allocated. However, it is for that very reason that a pilot study is so crucial for better anticipating the costs and other challenges associated with future large-scale reallocations.

We fully appreciate the challenge of putting together a budget during this current fiscal climate and want to thank you in advance for any help you can provide. Please let me know if we or members of our staff can answer any questions or provide additional information.

Sincerely,

Handwritten signature of Jeffrey A. Merkley in blue ink, written over a horizontal line.

Jeffrey A. Merkley
United States Senator

Handwritten signature of Ron Wyden in black ink, written over a horizontal line.

Ron Wyden
United States Senator

JOHN A. KITZHABER, MD
GOVERNOR



April 9, 2012

Colonel John W. Eisenhauer, P.E.
U.S. Army Corps of Engineers District Office
1125 NW Couch Street
Portland, OR 97209

Re.: Willamette Basin Federal Storage Project

Dear Colonel Eisenhauer,

As you know, water stored in the Willamette Basin Federal Storage Project is essential to meeting future needs for irrigation, municipal water supply, economic development, ecological restoration and species recovery in Oregon's most populated river basin.

Recognizing the importance of this resource, starting in 1996, the State of Oregon, through the Oregon Water Resources Department (OWRD) and the U.S. Army Corps of Engineers (USACE) began working cooperatively to develop a coordinated water resource plan for the use of stored water in the basin. Under the "Willamette Basin Reservoir Study," the USACE and OWRD worked together with a broad group of stakeholders to evaluate changes in the operation, storage, and allocation of water in the Project to better serve current and future water resource needs.

The Reservoir Study, however, was "put on hold" in 2000 following the listing of Willamette River populations of salmon and steelhead as threatened under the Endangered Species Act (ESA), until the issuance of a related biological opinion from the National Marine Fisheries Service (NMFS). Although NMFS issued the biological opinion for the Willamette Project in 2008, the dialogue begun with the Reservoir Study has not been reinitiated. The time is ripe to begin these efforts anew.

As an Action Agency under the 2008 Biological Opinion, I understand that the USACE must take steps to protect water instream for protection and recovery of important fish resources. While I support efforts needed to protect and recover ESA-listed species, the potential actions required to fulfill this obligation raise a number of questions for the State of Oregon and stakeholders in the Willamette Basin. These questions include:

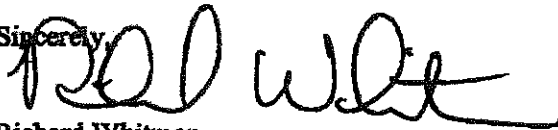
- How much of the 1.64 million acre feet of water stored in the Willamette River Basin Project is needed to implement the Biological Opinion and on?
- How will the "remaining" stored water be allocated among competing uses?
- How will the stored water that is released and protected in-stream impact existing water rights?

The State of Oregon seeks a deliberate dialogue in an inclusive state/federal/stakeholder setting to resolve these and other questions before the USACE undertakes long term actions to address the Biological Opinion requirements referenced above. We ask that you integrate such a stakeholder dialogue into your process for defining and implementing Biological Opinion actions. I propose that we renew this process now, by reinitiating the Willamette Basin Reservoir Study process and its Executive Committee. A good first step in this effort would be implementation of the "small scale reallocation study" that is currently funded in the President's budget. This study would inform the process for a more comprehensive allocation project in the future.

The State is currently undertaking the final development stages of the first-ever Integrated Water Resources Strategy for Oregon. Sound planning for water resources that integrates water quantity, quality, and habitat as well as the variety of instream and extractive interests tied to these values in the Willamette Basin is a key element of this Strategy.

We look forward to continuing to work with you and your staff. If you should need additional information please contact Oregon Water Resources Department Director Phil Ward at (503) 986-0910.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Whitman". The signature is fluid and cursive, written over the word "Sincerely,".

Richard Whitman,
Governor's Natural Resource Policy Director

cc: Oregon Congressional Delegation
Kevin Brice, USACE



Oregon

John A. Kitzhaber, MD, Governor

Water Resources Department
North Mall Office Building
725 Summer Street NE, Suite A
Salem, OR 97301-1271
503-986-0900
FAX 503-986-0904

**Resolution Supporting Water Storage and Allocation
in the Willamette River Reservoir System**

Adopted by the Oregon Water Resources Commission

Whereas, the Willamette Valley, 11,478 square miles in area, constitutes 12 percent of the landmass in the state of Oregon; and

Whereas, the counties of the Willamette Valley are home to 2.6 million people, representing 70 percent of the population of the state of Oregon; and

Whereas, the Willamette Valley is among the most fertile agricultural areas of the world, with more than 170 varieties of agricultural crops grown and sold; and

Whereas, the Willamette River is home to 60 species of fish, requiring flows to support life-cycle and biological processes throughout the year; and

Whereas, abundant and reliable water supply is critical for all of these inhabitants to grow and flourish; and

Whereas, the natural delivery of water, through precipitation and run-off, occurs primarily during the winter months in Oregon, outside times of peak municipal and agricultural demand; and

Whereas, water right certificates issued to the U.S. Bureau of Reclamation allocate all the stored water available for contract in the Willamette River Reservoir System for irrigation only;

Whereas, other beneficial uses need access to this water as well.

Be It Resolved by the Oregon Water Resources Commission:

That the storage of water in the Willamette River Reservoir System, owned and operated by the U.S. Army Corps of Engineers, represents a critical source of current and future water supply for instream and out-of-stream needs. The Water Resources Commission strongly supports ongoing efforts by the State of Oregon, federal partners, and local stakeholders to work together to re-allocate the water stored in these reservoirs and to develop a means by which to contract for such water.

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Signed by John Jackson, Water Resources Commission Chair

March 1, 2012



Oregon

John A. Kitzhaber, MD, Governor

Water Resources Department
North Mall Office Building
725 Summer Street NE, Suite A
Salem, OR 97301-1271
503-986-0900
FAX 503-986-0904

MEMORANDUM

TO: Water Resources Commission

FROM: Tom Paul, Deputy Director

SUBJECT: Agenda Item I, February 8, 2013
Water Resources Commission

Update on Willamette Basin Reservoir Study

I. Introduction

This is the fifth update to the Commission on the Willamette Basin Reservoir Study since the release of the 2008 Willamette Biological Opinion (BiOp). The U.S. Army Corps of Engineers (Corps) and the Oregon Water Resources Department (Department) are partners in a general investigation of the reservoirs operated by the Corps in the Willamette Basin. The Willamette Basin Reservoir Study began in 1996 under a cooperative cost-share agreement with the Corps. Funds for the Study were provided by the Federal Government, the State of Oregon, and more than 60 cities, special districts, organizations and commercial and industrial firms. The Study was placed on hold to allow for a federal consultation process related to several fish species listed under the Endangered Species Act (ESA).

Funding for a Small-Scale Reallocation Study has been included in the President's FY2013 Budget, and work is already underway. This Study, which focuses on the reallocation of up to 499 acre-feet of storage for municipal and industrial uses, will help reinitiate and inform the process for the larger-scale Willamette Basin Reservoir Study, planned for 2014 and beyond. The Corps and the Department are in the process of finalizing tasks and costs for the 2013 workplan.

II. Background

The thirteen federal reservoirs in the middle and upper Willamette Basin were authorized for construction beginning in the late 1930s. The dams were built from 1941 to 1969 (Fern Ridge Dam was rebuilt in 2005). The Willamette Project provides important benefits of flood damage reduction, navigation, hydropower, irrigation, water supply, flow augmentation for pollution abatement and improved fishery conditions, and recreation. The U.S. Bureau of Reclamation (Reclamation), the federal agency authorized to issue stored water contracts for irrigation, filed applications for water rights in 1954 and 1968. Subsequent water right certificates have been issued to authorize the storage of more than 1.6 million acre-feet for irrigation uses only. Less than 5 percent of the total storage is currently under contract for irrigation. Recreational use at many of the reservoirs is significant. Releases of water from the reservoirs provide instream benefits for fish, wildlife, navigation and water quality.

Under the 1996 Feasibility Cost Sharing Agreement, the Corps and the Department established five goals for the Willamette Reservoir Study (see below). The estimated cost of the study at that time was \$3 million.

- Authorize a full range of beneficial uses (including anadromous fishery and water quality needs, municipal and industrial water supply, recreation).
- Develop an operational agreement for low-flow years.
- Determine appropriate institutional arrangements.
- Investigate options to improve reservoir refill and reduce downstream erosion during reservoir drawdown.
- Address municipal and industrial water demands and constraints.

III. Discussion

The Department and Corps continue to maintain a strong relationship. Since the last update to the Commission in January 2012, the Department and Corps have held several meetings, including three meetings with municipal, agricultural, and conservation stakeholders to discuss the Small-Scale Reallocation Study.

Some of the participants involved in the stakeholder meetings have met with state legislators, staff at Corps Headquarters, and with members of the Oregon Congressional delegation, advocating for funding to enable the Corps and Department to complete both studies.

Since 2000, there have been changes in federal law and litigation that impact the 1996 Feasibility Cost Sharing Agreement between the Corps and the Department. The Agreement was recently amended by the agencies to reflect these changes.

The focus of the 2013 workplan is on the Small-Scale Reallocation Study, although many of the tasks will inform the larger Willamette Reservoir Study. The estimated total cost for 2013 is \$400,000, with costs split evenly between the Corps and the Department.

2013 Workplan Tasks:

1. Modeling Reservoir Operations
2. Data Collection*
3. System Pricing* (i.e. determining the cost of stored water)
4. Environmental Assessment
5. Dam Safety Review and Write-Up
6. Update Feasibility Cost Sharing Agreement*
7. Issue Paper for System Pricing*
8. Coordination/Administrative Duties*
9. Report on the Small-Scale Reallocation

** These tasks inform both the Small-Scale Reallocation Study and the Willamette Reservoir Study.*

Updated demand information, including potential diversion locations, is needed. This information will be used to prepare the Small-Scale Reallocation report, which will also include project data, water supply

needs analysis, cost of storage analysis, the environmental assessment, and a recommendation from the Corps District Commander.

The Department and the Corps are currently working to better understand the relationship between the actions being taken under the BiOp and products that would apply to the Willamette Basin Reservoir Study and other actions of the Department. Some of the tasks originally developed to achieve the five study goals may be more appropriately addressed under the BiOp.

The Department, Corps, Reclamation, and basin stakeholders have been discussing the WaterSMART Basin Study Program as a potential opportunity to analyze demands, particularly agricultural demands, in the Willamette Basin. The Department submitted a letter of interest to Reclamation in mid-January, in hopes that such a study could fill data needs and further efforts under the Willamette Basin Reservoir Study.

During the next few months, the Department and the Corps (in cooperation with stakeholders) will be designing the workplan for 2014 and beyond. The Study partners plan to take advantage of existing information, where possible, and utilize modeling efforts completed under the 2008 BiOP, which should result in additional cost savings and efficiencies.

IV. Conclusion

Although the Willamette Basin represents only 14 percent of the land area in the state, it is the heart of the state's economy and home to more than 70 percent of Oregon residents. Improving access to built storage, including water stored behind federal dams to serve a full range of beneficial uses, is a recommended action of the Integrated Water Resources Strategy (Recommended Action 10B). Completing the Willamette Basin Reservoir Study will help the state achieve the broader goal of meeting Oregon's instream and out-of-stream needs, today and in the future.

V. Recommendation

This is an informational item, no action is needed.

Attachment 1: The Willamette River Basin: Project Facilities Map

Attachment 2: Willamette Conservation Storage: Percent of Conservation Storage by project

Tom Paul
503-986-0882

Alyssa Mucken
503-986-0911

