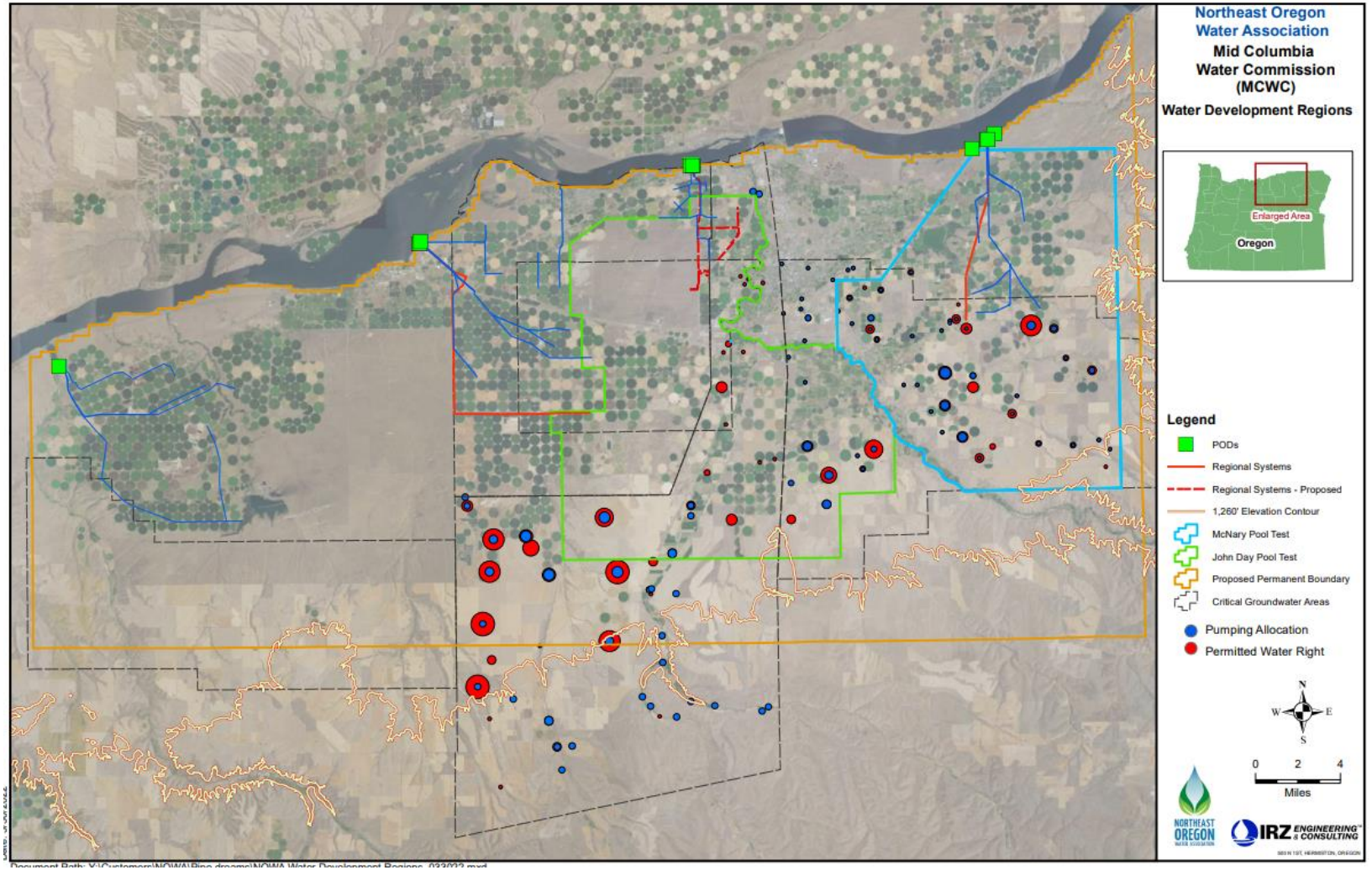
NORTHEAST OREGON WATER ASSOCIATION

LIFE DEPENDS ON WATER, WE DEPEND ON YOU.

Oregon's Place on the Columbia

- Downstream State (better to be upstream with a shovel than downstream with an attorney)
  - More reliant upon upstream neighbors than they want to admit (fish production and ag production)
  - Benefits greatly from economic production upstream (Port of Portland needs the inland production)
  - Only so many areas where mainstem development can take place and where production can outpace water development cost
  - Fishery industry in Oregon is large and dependent on upstream production just like the Port of Portland needs upstream production
  - Somehow think the each area of the Columbia needs to have the same goals for fish (in reality our region is a migratory region for fish, not a spawning or rearing region. All we can do is ensure the big one's swim by and let the little one's float by)

Mid-C Region (Storage and Resiliency): Vision, Time, Incremental Gains and Patience



Compressed Basin Timeline

- 1855 Treaty with the Walla Walla, Cayuse and Umatilla Tribes (Note: CTUIR Water Rights Claim is still NOT SETTLED)
- 1916 Adjudicated decree of water rights to use waters of Umatilla River and its tributaries
- 1958 First reports of water table decline in Butter Creek area

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- 1976 OWRD designates Butter Creek a Critical Groundwater Area (remanded until 1986)
- 1976 Critical Groundwater Area designated by OWRD for Ordnance Basalt and Gravel
- 1977 Lost Lake/Depot well owners initiated project to artificially recharge shallow gravel aquifer using existing canal system
- 1986 Critical Groundwater Area designated by OWRD for Buttercreek Basalt (Governor Atiyeh forms first Groundwater Task Force in Region, great plan but no memorialized implementation)
- 1988 Umatilla Basin Project authorized and funded by Congress -- allows irrigators to exchange Umatilla River water for Columbia River water
- 1990 DEQ declares 352,000 acres in Umatilla and Morrow counties as a groundwater management area (GWMA) due to nitrate contamination (Note: groundwater quality designation uses different data set than OWRD data set regarding who is connected to who. Those data sets continue to be segregated today)
- 1991 Critical Groundwater Area designated by OWRD for Stage Gulch Basalt, Division 33 Rules (C. River moratorium) follows

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- 2004-2008 Development of the Umatilla Sub-Basin 2050 Water Management Plan
- 2008 Oregon Legislature passes SB 1069 authorizing $750 K to complete a feasibility study of the Umatilla Basin Aquifer Restoration Project (A milestone in OR water planning efforts – OR and AK w/o plan but still no clarity on how to memorialize implementation)
- 2009 Oregon legislature passes HB 3369 authorizing $2.5 million in grants and loan funding (a milestone in state water development efforts but still no emphasis on implementing regional water sustainability efforts and implementation. Just a band aid)
- 2010 - Umatilla Basin Water Commission (UBWC) forms to coordinate the implementation of the Umatilla Basin Aquifer Restoration Project and address basin wide needs
- March 2011 – Stage I of Umatilla Basin Aquifer Restoration Project Completed
- August 2013 – UBWC completes work authorized by IGA and dissolves due to finding that recharge can't fix everything, CRUST Declaration of Cooperation Signed
- August 2013 - Northeast Oregon Water Association (NOWA) forms to continue water development projects under a coordinated, comprehensive effort
- 2013 – NOWA unveils "*new*" water supply plan that takes pressures off of fish rearing tributaries of the Columbia River, improves aquifer conditions and builds the local economy (legislation to memorialize implementation and accountability from the state fails)
- 2015 – Oregon legislature approves $11 million in funding for regional Columbia River water supply projects
- 2015 – NOWA begins to do their best to implement the 2013 plan without structural foundation (including local funding and structure)

THE CRUST* PROCESS: Another great plan with no capacity for success

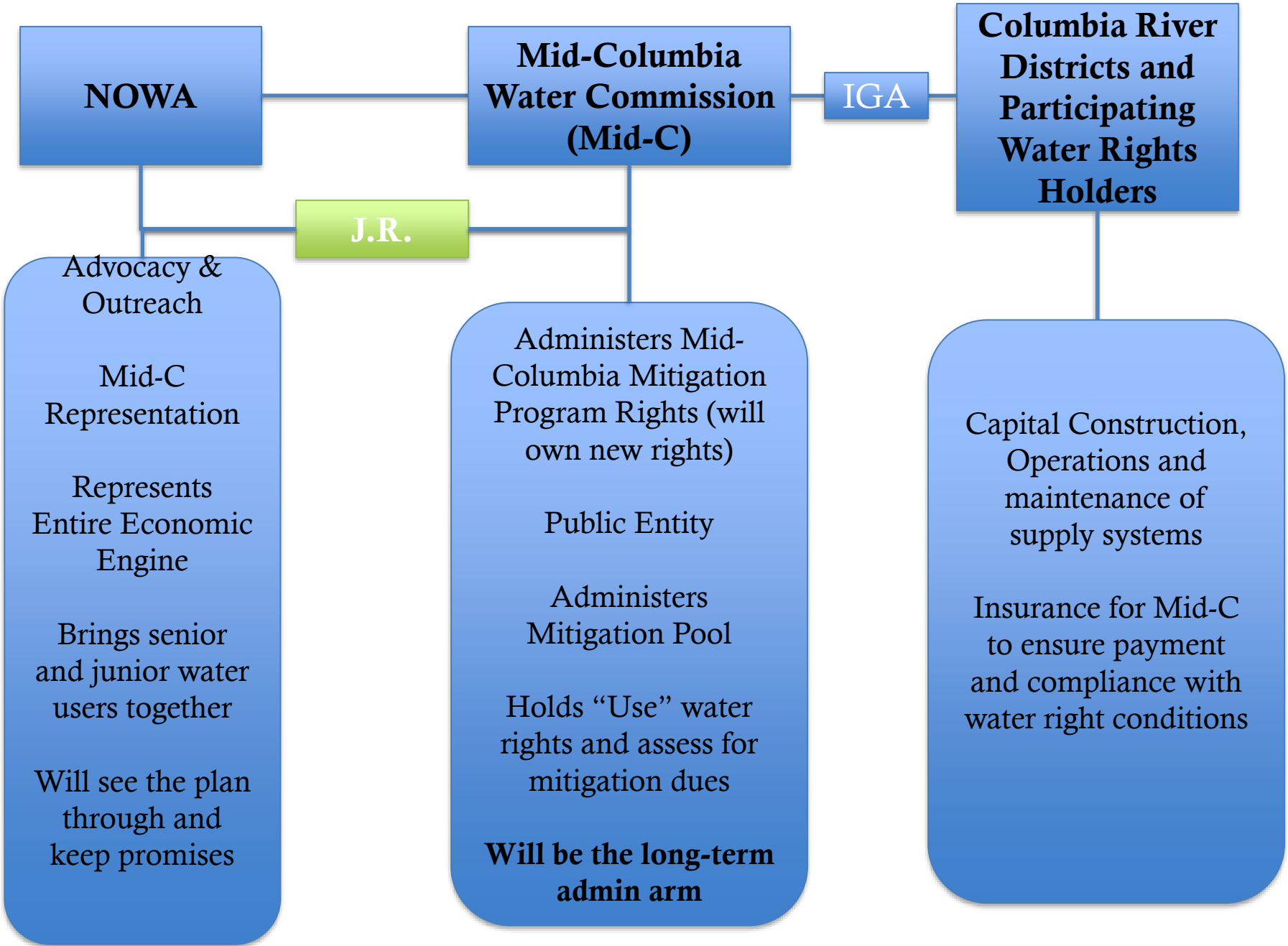
- The CRUST Basically consolidated recommendations from 4 previous plans/efforts
  - 1986 Groundwater Task Force Report
  - 1988 Umatilla Basin Plan
  - Various plans and commitments stemming from the 1988 Umatilla Basin Exchange Act (Hatfield)
  - Umatilla Sub-Basin 2050 Plan (Adopted in 2008)
- The Basin has confirmed goals:
  - We developed a list of projects and policy needs for both the short and long term
  - We developed a list of goals and a crisp list for short term and long term SUCCESS
  - We developed recommendations for structure to ensure "skin in the game and capacity to see it through"

- CRUST memorialized the above:
  - Recognized the need
  - Identified what can and can't be supported by full consensus of state interest groups (in 2012)
  - Addressed a need for clarity on how we move forward
  - Recommended a pathway for long-term accountability and maintenance of interest

- **In February, 2013 the CRUST was signed**
  - **Implementing Legislation in 2013 (SB 846) to place same level of measurables as WA Columbia River Water Management Program (Chapter 90.90 RCW) and YBIP leg (2013) FAILS**
  - **In 2015 the Umatilla Basin received $11 million to construct projects but has since struggled to implement remaining concepts of the CRUST DOC**
  - **As of 2020 only 3 of 21 members who signed CRUST still in the positions that committed to the effort (institutional capacity is gone and no legislative benchmarks established to ensure that concepts are implemented)**

*CRUST: Columbia River-Umatilla Solutions Task Force (https://orsolutions.org/osproject/crustaskforce)

*Over $1.1 million ANNUALLY to administer this program



Key CRUST Deliverables (No rate targets in CRUST DOC as at the time we didn't know how much and how best to use to fix problems)

- Develop additional water storage capacity. We need to develop both in the short and long term additional capacity for storing Columbia River water during winter months, for later use during irrigation and fish migration seasons. This strategy includes both aquifer storage and above-ground storage, primarily in Oregon. While possible joint investments in large storage sites in Washington or Idaho could become more viable over the next year, we are not recommending specific action on those options at this time.

- Improve water management. Using water more efficiently and more productively will help us get the most value in the basin from the water we have. This strategy includes greater investments in conservation practices, potential transfers of developed water rights, and improved water transaction mechanisms to move water between users and uses.

- Develop a stronger interstate approach to Columbia River water. Some options depend upon interstate agreements about protecting newly stored or conserved water as it flows through Washington or Idaho. We need the institutional capacity to develop these agreements and explore longer term opportunities for potential joint-investments in State of Washington and elsewherein new large (up to 1 million acre-feet) water storage projects. It is also important to coordinate with discussions related to the Columbia River Treaty Review.

What's Missing?

"Develop Oregon institutional capacity and staffing to pursue regional agreements and potential interstate investments in water development projects.

Summary: Oregon needs to provide staffing to implement the consensus actions describe in parts III, IV, and V of this Declaration. For 2013, a minimum of one new senior level position should be funded in the OWRD budget to begin building this capacity, and additional support is desirable.

"For the longer term, the Governor's Natural Resources office will convene a work group over the interim to detail the appropriate structure and elements of a statewide program of new water storage, conservation, utilization, and instream flow protections and augmentation. That effort will include an advisory board made up of appropriate stakeholders.

Next steps:

- Oregon 2013 Legislative session budget approval
- Develop program goals and position description.
- Structured stakeholder discussion through the Governor's Office, to develop the longer-term institutional framework for multi-use water development

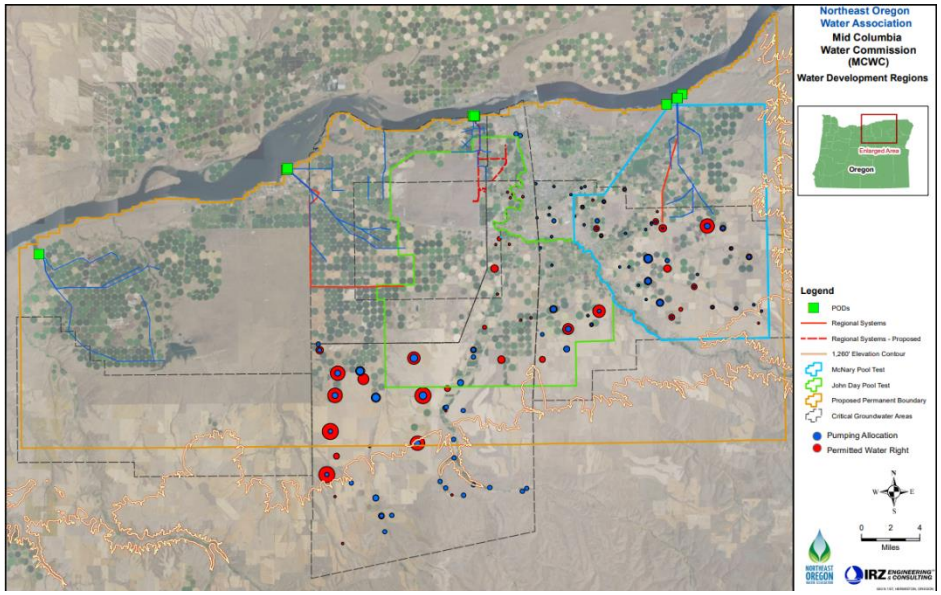
Time Frame: Short term, should be implementable this next biennium.

Budget Needs: Funding for positions"

A fix to the contentious areas of SB 846 and failing to attempt to get approval is one of our biggest failures in this effort to date

Local Definition of Success (2013 OBC):

- USE OF:
  - 150,000 (500 cfs) – Acre-Feet (500 CFS = .0025% of average daily flow, or .004% at low flow) of Columbia River water.
    - Negotiated down to 180 cfs for first phase due to mitigation water right totals
- AND:
  - Infrastructure penetrating our four critical groundwater areas
    - Three Projects to facilitate a fix!
- WHICH WILL:
  - Give large and small acreage owners a chance to make a difference
  - Encourage innovation and entrepreneurship
  - Generate billions in economic activity and thousands of local and regional jobs (all sectors)
  - Take pressures off of over-appropriated groundwater and Columbia River tributaries
  - Guarantee commitment to and access to future long-term main-stem projects
  - Build a customer base for regional partnerships in NE Oregon to aid fish, farms and families



A ***Simple*** Columbia River Compare and Contrast Since 2006

- Washington
  - Legislated Office of Columbia River (RCW 90.90)
  - Legislated Yakima Basin Integrated Plan (RCW 90.38)
  - Leveraging non-federal resources into major capital projects
  - Managing water more effectively and wholeistically
  - Becoming drought RESILIENT in areas where sustainability is possible
    - Pursuing Projects to become resilient to climate change (groundwater recharge and flow augmentation storage)
  - Looking to the future and holding agencies and basins accountable through budget
- Oregon
  - Developed "Water Resources Strategy" provided defense for increased state budgets
  - Developed a "Drought Task Force" provided some recommendations
  - Passed statewide grant funding programs
  - Tried and failed to lift a 100 year water vision
  - Still studying the past and lacking structural accountability or regional benchmarks
  - Local Plans with no State Implementation Commitment

Promises NOWA Made and Remains Committed too:

- Private Business will Pay its fair share
  - The first two projects (not counting time value of money) breakdown to the following
    - East and West costs = $94 Million ($11 million public/$83 million private)
    - 9% public/91% private investment
    - **Over $94 million in non-federal in-kind match WASTED**
- Projects will facilitate measurable economic return
  - The new Port of Morrow Economic Impact Analysis is out (Now over $2 Billion annually and growing)!
  - Over $600 million in new plant investments in the last year alone
- Projects will facilitate tangible environmental and public benefit (note for discussion here)
  - Basalt Savings, groundwater recovery and Banking
  - Fish Screens
  - C. Basin Mitigation/fishery enhancement
  - Support CTUIR tribal water rights settlement

All of this is coordinated at the local level There is NO structural foundation if NOWA dissolves. LET THIS SINK IN!

The Regional Plan

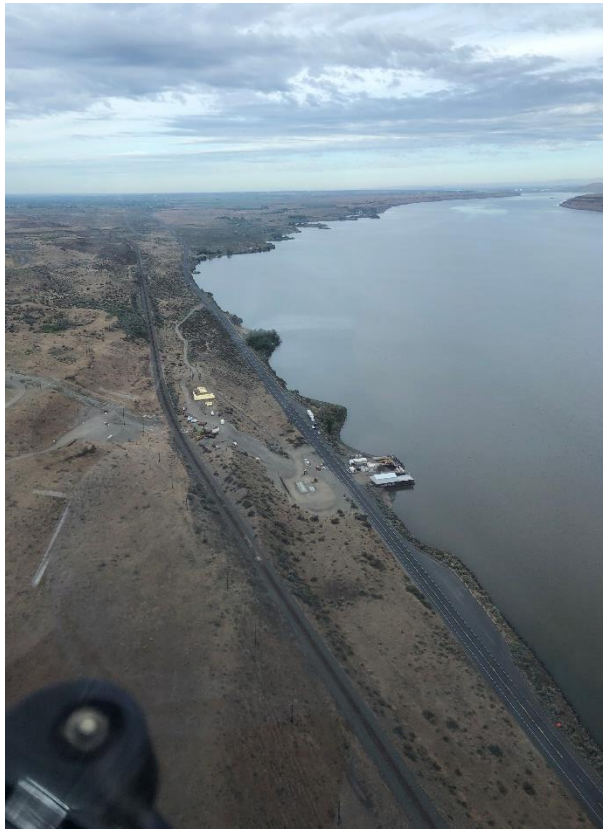
Step #1 (2015): Mitigated Water rights and all three infrastructure pronects, and memorialized structure to implement multi-biennial effort

- Facilitates economic benefit
- Facilitates environmental benefit
- Facilitates social benefit if protections are established to prevent speculation and splinter efforts
- Facilitates permanent program and buy-in from land base

Step #2: Basalt Relief/Bank/Recharge Testing (Basin had to fight hard to get this started in 2019)

Step #3: Permanent Mitigation Program and, hopefully, a functioning basalt savings and banking program

Note) This is a multi-biennial effort that requires structure and investment to see through. Local buy-in and structure has been established through significant local effort.

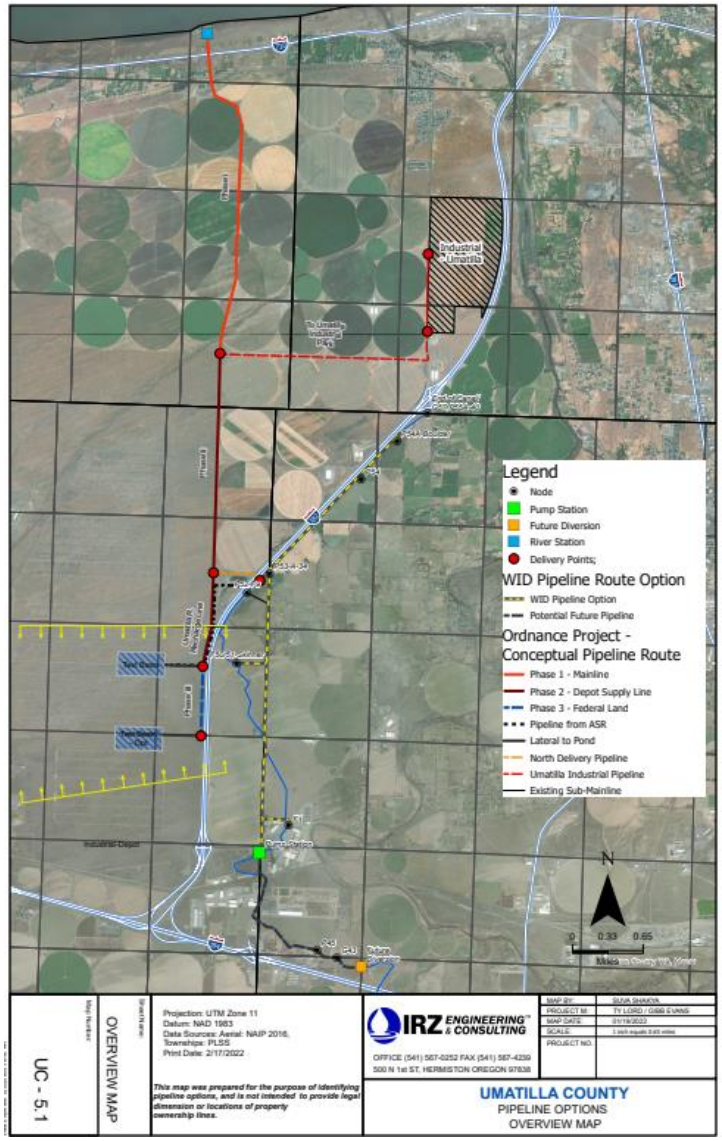




East and West Projects Complete:
West: Completed in April, 2020 for >$31 million
East: Completed in October, 2020 for >$54 Million

Total public funding for both projects: $11 Million

Ordnance Project Remains

Try to find a project with more benefits!



Cities, counties, irrigation districts, industry, environment, reservoir optimization, recharge and <u>sustainable</u> redevelopment of an old army depot that will be co-owned by the CTUIR and local government

- $16.9 million (2019 #'s)
  - Forecasting $16.9 million for just Phase I in 2022
  - Received $6 million in 2021
- Recharge Testing
  - Seeking Federal Funding for $2.5 million for recharge basin
  - Seeking a program to fund recharge "testing"
- The most versatile, multi-beneficial water project in the region (and potentially state)

Construction start: 2023

Project Cost Detail (The Mitigation Co-Investment Match is READY)

Project Component	State Funding	Local Funding	Total
Components Deemed "Qualifiable Expenses" under OWRD Grant (Project Mainlines and Pumpstations)			
Pump station and mainline Construction (West)	4,000,000	27,348,662	31,348,662
Pump station and mainline construction (East)	7,000,000	37,877,802	44,877,802
Components that are tied to project but not qualifiable expenses under the budget approved by OWRD			
Additional legal and technical costs (East)		$1,861,402	$1,861,402
Mitigation water rights negotiation and management		$150,000 annually ($750,000 over 5 years)	$750,000
Private cost of getting water to cut-off lands (Laterals and distribution lines)		$38,150,000	$38,150,000
Annual Administrative Costs and 30 year straight cost (not counting project O&M)			
Water rights mapping, administrative costs and reporting (mitigation water rights only)[1]		$600,000*30 years = $18,000,000	$18,000,000
Mitigation Cost (First 180 CFS)[2]		+/- $900,000 Annually	$27,000,000
Totals			
	State	**Local**	
Grand Total: $161,987,886	**$11,000,000 (7%)**	**$150,987,866 (93%)**	
Capital Costs: $116,237,886[3]	**$11,000,000 (9%)**	**$105,237,886 (91%)**	
Mitigation and Mitigation Water Rights Management	**0 (0%)**	**$45,750,000 (100%)**	

[1] This cost excludes annual transfer costs and reporting costs associated with existing water rights in the Basin (Critical Groundwater reporting, POD reporting, temporary and permanent transfers, future water bank reporting, etc.)

[2] Note: The Umatilla Basin needs 500 cfs (168,000 acre-feet) to fulfill its goals of basalt stabilization and sustained land base/environmental improvement

[3] NOTE: This total does not include the third and still outstanding project (The Central Project/Ordnance Project) which totals $16 million

Mid-C Conclusions and Needs in General

1) States have sovereign jurisdiction over their water supplies.

2) in Oregon, new summertime withdrawal out of the Columbia requires bucket for bucket mitigation for 169 days but Oregon lacks adequate mitigation supplies and projects to meet the mid-Columbia irrigation needs

3). 150,000 acre-feet of mitigation, combined with aquifer recharge and groundwater banking systems, is needed to satisfy long term food production, water sustainability and climate resiliency goals in the Umatilla Basin.

4) irrigated ag Production in the mid-Columbia region of Oregon is a major food security benefit to the nation and generates billions in business activity annually for the state and nation.

5) By utilizing mitigated water, the region can ensure maximized food and economic production while also minimizing impacts and/or take of ESA listed Columbia River fish species

Needs:

1) The mid-Columbia region needs federal assistance to secure 150,000 acre-feet of mitigation water through investments in Canada and or Washington.

2) we are requesting that federal agencies be tasked with proving a report of feasible mitigation project/acquisition alternatives and a cost/benefit analysis of mitigation alternatives by 2025.

3) we request creation of a Columbia River mitigation co-investment fund to be utilized for federal co-investment in mitigation projects that enhance fisheries while also generating water supplies for food production and drought resiliency in the Pacific Northwest.

TIME For Action

- We Need an Interstate Approach and Interstate Co-Investment
  - Our Target for Mid-Columbia Permanent Fix: 150,000 acre-feet
  - Bi-State, Bi-Sovereign and International interest in Columbia River mainstem requires executive/legislative level coordination
  - CRUST II (Funded in 2021 Session)
    - Co-Investments with upstream states or a purchase of 1 million acre-feet of non-treaty storage from Canada for mitigation/flow augmentation in US
  - Intent of SB 846 (2013) is still needed in the Mid-Columbia region of Oregon
    - Utilize Washington RCW 90.90 and 90.38 as legal models for discussion
    - Need regional deliverables for DEQ, OWRD and ODFW to work on <u>together</u> and report on relating to progress and next steps.

- WE NEED TO GET SERIOUS ABOUT RECHARGE
  - Need a dedicated funding program and federal match funding for:
    - Due diligence and site investigation
    - Construction
    - Operations, maintenance and monitoring over 5-year testing license

NORTHEAST OREGON WATER ASSOCIATION

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