

**DESCHUTES RIVER BASIN
WATER MANAGEMENT
CONVENING ASSESSMENT PROCESS**

Final Convening Report



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May 2006

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I. Overview and Introduction	1
II. Convening Assessment Process and Approach	1
III. Summary of Convening Assessment Interviews	
A. Interviewee Background, Involvement, and Interests in the Deschutes Basin.....	3
B. Major Issues, Concerns, and Challenges in the Deschutes Basin	4
C. Barriers and Obstacles to Addressing the Identified Issues and Concerns	11
D. Data and Information Needs	15
E. Potential Outcomes of Continuing with the “Status Quo”	16
IV. Convening Process Recommendations	
A. Overview and Reflections on Collaboration	16
B. Recommendations for Whether to Proceed with a Collaborative Process	17
C. Process Ideas and Suggestions from Interviewees	19
D. RESOLVE Process Design Recommendations	20
V. Summary and Conclusion	25
VI. Appendices	
A. Convening Interview Questions	26
B. List of Individuals Contacted	27
C. Process Design Diagram for the Deschutes Water Partnership	31

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I. Overview and Introduction

RESOLVE, Inc., is a neutral, private, non-profit group that provides process support to people addressing complex environmental and public policy issues. In February 2006, the Oregon Consensus Program (OCP) of the Hatfield School of Government at Portland State University asked RESOLVE to conduct an independent convening assessment of stakeholder perspectives on issues and concerns related to water management in the Deschutes River Basin. The Deschutes River Conservancy, Deschutes Water Alliance and other stakeholders in the Deschutes River Basin had requested assistance from the OCP in developing a collaborative process and finding a neutral forum for addressing water management in the Basin. The OCP is charged by the State legislature to provide neutral services to public bodies and their constituents to assist them in collaborating on public issues. The OCP initiated this convening and assessment process as the first step. Funds for the assessment were contributed by the OCP, the Deschutes River Conservancy and other members of the Deschutes Water Alliance.

The goal of the convening and assessment process was to assess the potential for initiating a collaborative, consensus-based process to address the identified issues and, if feasible, to recommend a process design. This convening and assessment phase is intended to answer the question of *whether* a collaborative process is appropriate or useful, and if the answer to the first question is “yes,” answer the question of *how* the interested parties might move forward with such a process.

RESOLVE interviewed people representing the range of perspectives on issues and concerns related to Deschutes River Basin water management. This Convening Report provides a summary of the issues, concerns, ideas, and suggestions explored in the convening assessment interview process. The report recommends that, with some initial stepwise activities, a collaborative process could be constructive in addressing water management issues in the Deschutes Basin. The report also provides RESOLVE’s proposed recommendations on how such a process might be structured for consideration by the interviewees and other interested parties.

RESOLVE would like to express its appreciation to all the interviewees who gave willingly of their time to share information and ideas and without whom this report would not be possible.

II. Convening Assessment Process and Approach

A convening process or feasibility assessment is a method to assess and potentially assist stakeholders in organizing or convening a collaborative process. An assessment provides the opportunity for stakeholders to gather information, learn about each other’s interests, better understand the varying perspectives on critical issues and concerns, test assumptions regarding the anticipated barriers or obstacles, and begin to develop a range of ideas and suggestions for addressing the identified issues and concerns.

In February 2006, RESOLVE designed the convening protocols, process, and schedule for the Deschutes River Basin Water Management Convening Assessment project. Debra Nudelman, RESOLVE Senior Mediator and Portland Office Director along with Senior Mediator Turner Odell (the conveners) spoke to representatives from the Oregon Consensus Program and the Deschutes River Conservancy and had preliminary conversations with several key stakeholders in order to understand the parties' expectations for the convening process, to identify anticipated topics to discuss during the convening interviews, and to develop an initial list of individuals to interview. Based on the input received, RESOLVE crafted a draft set of interview questions and the initial list of interviewees. The interview list was not intended to include every individual with an interest or information related to water management issues in the Deschutes Basin; rather, it was designed to obtain a cross section of the full range of perspectives related to these issues.

In early February, RESOLVE sent introductory materials to proposed interviewees describing the process, interview questions (*please see Appendix A*) and a request for scheduling information. The convening interview process took place from February through early April with individual, group, phone and/or in-person interviews. Where interviewees were not available by telephone or in person, input was solicited in the form of written responses to the interview questions. In total, RESOLVE contacted 137 people to request their input to the assessment process, and input was received from 94 individuals (*please see Appendix B*).

The conveners conducted each interview utilizing the same set of questions to provide for consistency throughout the process. The assessment process helped the conveners learn about the perspectives of interviewees, their passion for water management issues, as well as their understanding of the challenges and complexity of this subject. Every interviewee was considerate in the time and attention they provided during the interview, their preparedness for the conversation, and their willingness to be forthright, honest, engaged and constructive in their remarks.

RESOLVE was especially interested in identifying the similarities and differences of opinions on issues, looking for areas of commonality and convergence as well as areas of conflicting or polarized opinions. The process helped RESOLVE understand stakeholder interest in finding collaborative solutions to identified issues as well as the likelihood that a collaborative process could achieve success in resolving the issues.

Because of the significant history and complexity of the issues related to water management in the Deschutes Basin, interviews lasted from one to three hours. Based on interviewee suggestions, a significant number of people were added to the interview list as the process progressed. Because resources and time to complete the assessment were limited, RESOLVE was not able to interview every individual or organization that was suggested for an interview.

The convening interview process produced a significant amount of information, a rich diversity of perspectives, creative, and pragmatic insights, and thoughtful ideas and suggestions. This report represents highlights of the key issues, concerns and ideas offered during the interview process. Because it is a summary it will not include every idea raised during the interviews.

RESOLVE is providing this report to, and seeking comments from, all the interviewees both for the value of sharing this information broadly and to ensure there are no significant errors or major omissions. No confidential information has been included in this report nor are any names

attributed to statements made during the interview process. The RESOLVE team will present the results of the assessment at the upcoming Deschutes Basin Water Summit providing an opportunity for discussion of the convening report and its proposed recommendations.

III. Summary of Convening Interviews

Interviewees were thoroughly engaged throughout the interview process expressing a wide range of opinions. Some overarching themes wove their way into most of the conversations and are summarized here to provide a context for this portion of the convening report.

Most interviewees recognized that the Deschutes Basin is experiencing a period of rapid growth and associated changes in demographics and land use. Interviewees recognized that those changes had significant implications for the management of water in the basin and that there were important issues that needed to be addressed. Most people stated that some of the past efforts to address issues collaboratively had not been successful and expressed a variety of opinions about the future use or likely success of collaborative approaches. Interviewees appreciated the effort being made in the assessment process and, for the most part, were hopeful that a collaborative process might succeed at addressing some or all of the important water management issues facing the Deschutes Basin.

A. Interviewee Background, Involvement and Interests in the Deschutes Basin

RESOLVE was fortunate to have the opportunity to interview a diverse, thoughtful, and articulate group of individuals with interests, both personal and professional, in Deschutes Basin water management issues. Interviewees included federal, state and county government officials; tribal representatives; irrigation district managers and board members; soil and water conservation district board members; landowners, farmers, ranchers and other water right holders; municipal water managers; private water company executives; public utility executives, residential and destination resort developers; environmental group leaders; watershed councils, recreational interests, researchers, academics, and consultants; attorneys, legislators and policy makers.

Interviewees reflected a full range of representation in terms of time and investment in the basin. Some interviewees were born and raised in the basin, some on lands their families had lived on for generations. Others arrived 10 or 20 years ago, immersed themselves in the culture and lifestyle of Central Oregon and became community leaders. Others arrived more recently from various parts of the country bringing diverse backgrounds to the region. Still other represent people throughout the state, nation and world who use and enjoy the rivers of the Deschutes Basin as a public water resource.

The depth and breadth of experience was equally diverse in terms of occupations and expertise. For some, their chosen professions and livelihoods revolved around the Deschutes Basin and its water resources. Some interviewees were lifetime farmers and ranchers while for others agriculture was a second career. Other interviewees had expertise in hydrology, wildlife management, agriculture, water management or other areas and were employed as scientists, managers, public servants, or business owners; each with long careers and significant expertise in their fields of interest. Many others were young professionals pursuing their chosen fields with energy and commitment.

Interviewees described a variety of interests relating to the water resources of the Deschutes River Basin growing out of both their professional and personal pursuits. Many reflected an overarching

interest in the Basin's water itself – its quality, quantity and flow. Some interviewees expressed an interest in protecting the fish and wildlife that depend on the river. Other interviewee's interests focused on maintaining or enhancing recreational boating and fishing opportunities that the river provides.

Some interviewees reflected on their interest in protecting their livelihoods or jobs. Other interviewees had an economic interest in access to water to support the development of destination resorts. Some interviewees had an interest in protecting and preserving the long-standing and traditional uses of water by tribal members, farmers or ranchers.

Some interviewees were focused on growth and planning with an interest in the protection of open space. Some interviewees discussed their interest in sustainability of the region by retaining the abundance of resources, including water, available to meet the needs of central Oregon communities over time. Other interviewees expressed their interest in protecting a way of life and a culture for their children and as a legacy for future generations. Whatever the specific topic, in almost every interview, people stated their interest in providing for the long-term health and stewardship of the Deschutes Basin.

Interviewees represented a diverse cross-section of basin residents and other concerned stakeholders – men and women, young and old, long time residents and relative newcomers, businessmen and public servants. Each brought their perspective to share with respect to water management issues in the Deschutes Basin. For the conveners, it was a pleasure to have so many thoughtful and articulate citizens make the significant investment of time and effort to meet with us. Interviewees shared their knowledge, their interests, their perspectives, and their passion about issues that were clearly important to them in their professional and personal capacities.

B. Major Issues, Concerns, and Challenges in the Deschutes Basin

Health and Hydrology of the Deschutes River Basin

The Health of the Deschutes River and its Tributaries. A concern shared by many of the interviewees was the long term health of the river system and the region. Concerns were expressed regarding various reaches of the river system. In the upper Deschutes some mentioned concerns with erosion, the effects of storage and low winter flows. In the middle Deschutes, the most frequently mentioned concern was flow restoration, particularly in the summertime when irrigation diversions kept instream flows low. Most participants acknowledged that recent efforts had made progress at restoring summer instream flows, but some felt that the attention to this issue reflected a “Bend-centric” view of the basin's water management issues at the expense of other equally serious ecological concerns. Some participants expressed concern that much of the increase in stream flows results from temporary leases of water rather than permanent flow restoration.

In the lower Deschutes and Crooked Rivers, there was more of a divergence of opinion about the effects on streamflows of water management and use elsewhere in the basin.. Some felt that those flows were at risk due to activities affecting groundwater flow from the upper basin to the lower basin, while others felt that concern was unwarranted and that flows were already more than adequate in the lower basin. A number of interviewees felt it was very important to include the lower basin, along with its stakeholders, in any collaborative process around water management issues.

Interviewees held mixed opinions about whether the issues and concerns about water management in the basin rose to the level of a water crisis or not, looking at the basin as a whole. Some felt that overall there was plenty of water and the only issue was really about how to get water to the right place at the right time. Others felt that water resources in the basin are limited and were more concerned that the overall sustainability of the system was at risk.

Deschutes Basin Hydrology. Although many interviewees agree that the hydrology of the Deschutes Basin is unique in many ways, there remains a significant division of opinion on how the hydrology of the Deschutes Basin actually works with respect to two aspects of the system. Many interviewees shared firmly held beliefs, while others recognized the existence and validity of other opinions and noted the need to reach an agreed-upon picture of how the basin's hydrology functions.

Some believe that the groundwater resource underlying the basin is vast and that current urban water use taps only a very small portion of the estimated annual groundwater recharge from the Cascades, providing plenty of groundwater for growth and development. Others suggested that recent science supports the opposite conclusion – that groundwater, while indeed voluminous, is nevertheless limited and will not be able to recharge at a rate sufficient to maintain unlimited groundwater withdrawals. These interviewees were concerned that some parties have created a perception that groundwater is nearly unlimited.

An additional division of opinion involves the connection between groundwater and surface water in the basin. Some interviewees characterized this aquifer as different from an aquifer such as the Ogallala, for example, in that it more closely resembles an underground river than it does an underground pool. While most interviewees acknowledge the groundwater/surface water connection, some believe that groundwater withdrawals or reductions in groundwater recharge from irrigation ditch seepage will have a significant impact on surface water flows in parts of the lower basin. Others believe the effect will be minimal. For some, there is significant distrust of the science describing the basin's hydrology, particularly the dynamics of the link between groundwater in the upper/middle basin and surface water flows in the lower basin.

Groundwater Mitigation Program. Many interviewees raised concerns about the groundwater mitigation program. Some believe that the program results in a net loss or consumption of ground water that would adversely affect the flows in the lower Deschutes and Crooked Rivers, both federally designated Wild and Scenic Rivers. Others believe that the addition of instream flows in the middle reaches of the Deschutes makes reduction in the lower Deschutes and Crooked River flows acceptable. Some believe that the program provided a way to bypass traditional rules of water law to allow the transfer of an unused or unwanted water right to a new user rather than force its passing to the next most senior water right holder whose needs are not being met. Some participants believe the program provided the only type of acceptable compromise that protects the river until more information and analysis can be done in the basin on how mitigation fits with other restoration and water management initiatives.

Some interviewees thought the mitigation program works acceptably, but favored having more options available. Other concerns related to the groundwater mitigation program included:

- The program places too much emphasis on a transaction-based approach and not enough of a focus on ecological needs and outcomes in both the middle Deschutes where surface flow

is being directed and in the lower Deschutes where groundwater impacts may or may not be manifested.

- The statutory cap for total mitigation is rapidly looming, after which mitigation will need a legislative extension or commission ruling to continue based on the reporting requirements and analysis of the program.
- There are significant reporting requirements in the groundwater mitigation rules within recent legislation that must be addressed by basin participants as well as several state agencies at various trigger points.
- The entire program sunsets in 2014.

Instream Flow Needs. A number of interviewees expressed concern about the scientific basis for the current instream water rights and designated state Scenic Waterway Act flows in the lower Deschutes. Some participants conveyed their view about the permanence of instream water rights as to any other water rights subject to the seniority of those water rights. It was suggested by some that the water rights and designated scenic waterway act flows were based on only limited scientific data or analysis regarding what is really needed in that area to support the designated uses. On the other hand, a number of interviewees thought that the data readily supported the current levels for instream flows. Still others thought that whether or not there was data sufficient for a precise determination, the instream flow numbers were within the realm of reasonable, that it was not worth the effort it would take to achieve a legal change in the numbers, and that any collaborative effort should move on to identifying mutually agreeable ways to meet the current flow requirements. Some noted that instream water rights are legal rights of equal standing to all other water rights and that if stakeholders want to assess/research the basis underlying the flow amounts protected by instream water rights, there would need to be a concurrent analysis of basis/need of irrigation and municipal water rights.

Fish. A wide range of interviewees raised issues about potential effects of the future reintroduction of anadromous fish above the Pelton Round Butte Hydro Project. The reintroduction effort could have significant impacts on the need for improved in-stream flows, riparian restoration and improved water quality.

Monitoring. Interviewees noted that there are a number of groundwater and surface water initiatives underway, but there is neither sufficient monitoring to assess the impact of those efforts, nor even a good sense of the appropriate scale for monitoring. Some interviewees suggested that the “culture of data collection” was not up to speed to answer key questions or, in some cases, even to identify the right questions to ask.

Modeling Basin Hydrology. There was concern among some interviewees that hydrological models for the basin will propagate misinformation – that people will believe the models can do more than they really can. These interviewees believed it was important to communicate clearly to the public and officials the scope and scale of the models, how they should be used, what they can reasonably accomplish, as well as the assumption and default parameters built into the models.

Water Quality in the Crooked River. According to several interviewees, water quality in the Crooked river is not good – it is warm and carries a high sediment load, making it less than ideal for salmonids that are to be re-introduced to the watershed. This creates the potential need for actions to improve water quality and accompanying concerns among area residents about how they will meet potential water quality requirements. On the other hand, interviewees commented that the

reintroduction is forcing people to focus on water management issues in the area and encouraging interest in restoration activities.

Reservoir Management. Some noted that reservoir reauthorization of federal storage projects to include fish, wildlife and instream purposes would provide an opportunity to restore streamflows in both the Crooked and Deschutes Rivers.

Legal Compliance. Some believe there are problems in the basin such as illegal water use, waste and failure by the state to cancel unused water rights that if addressed could assist in finding a resolution.

Land Use, Growth and Competing Demands For Water

Growth and Culture Change. Most interviewees agreed that the region is experiencing rapid growth in terms of both population and developed acres. Along with that growth, many interviewees noted related changes in regional demographics and economic drivers. Interviewees noted growth in residential development and in the development of destination resorts. Interviewees also noted the changing face of remaining agricultural lands as the average parcel size diminishes especially in more urbanized areas.

Interviewees identified impacts from growth related both to water management and to land use. Some believe that we have to better understand the land use implications that growth causes related to density, understand the tradeoffs of where growth will occur within existing irrigation water deliveries and the subsequent water quality and quantity tradeoffs of these land use/water use decisions. There was a perception among a number of the interviewees that urban and destination resort growth will bring demands for water that will either draw down the groundwater aquifer, and with it the Lower Deschutes and Crooked Rivers, or will drive out long-time farming interests in order to obtain their water rights.

Alternatively, many interviewees believe that urban and resort development use a small fraction of the water consumed by agriculture and an insignificant amount compared to what is available in the underlying aquifer. Some interviewees also believed that urban growth by cities will essentially consume agricultural land in its path and that there will be a loss of the open space that defines the region. Along with the growth, interviewees noted a change in culture reflecting the values of newcomers rather than the traditional culture of the tribal, agricultural, and small-town character of the region. Water management and the use of water is described as a fundamental element of culture.

For some, there is a central question surrounding growth as to whether the new water demands of growth will be met by reallocating existing out of stream uses of water or whether the rivers and aquifer in the region will be forced to provide water to meet these new demands.

Competing Demands for Water. Most interviewees noted that there was an increasing demand for water and water rights among a variety of new or expanding uses. This new demand was, in some sense, in competition with traditional and still dominant agricultural water use. New and expanding uses such as water for destination resorts and water for urban expansion) are all seeking water, whether it comes from surface water flows or groundwater sources. While the need for additional flows to benefit protected fish species was identified as a concern for agriculture by some interviewees,

interviewees also expressed that it is not necessary to destroy or de-water working farmland in order to achieve restoration objectives.

As some interviewees observed, there is a developing tension between the “haves” and the “have nots” of water right holders. This creates a challenging dynamic where some existing water users resent attempts to acquire agricultural water and, in their view, drive high value agricultural land out of production, while others embrace the opportunity to benefit from the transfer of their water rights and at the same time feel they have made a contribution to restoration of the Deschutes by enabling increases in instream flows.

A few interviewees raised concerns about less obvious alterations in the basin that can create additional demands for water including the impact of changing forest structure on groundwater and the unaccounted for groundwater withdrawals for exempt uses which do not require an official water right or mitigation of any kind.

Misconceptions about Urban Water Use. Some interviewees expressed concern over what they characterized as a misconception that expanding urban uses are taxing groundwater resources. These interviewees believed that groundwater resources are plentiful and will support substantial additional growth. Other interviewees believed that groundwater is a limited resource not capable of supporting unchecked growth. Still other interviewees pointed out that the conversion of land from production agriculture to suburban development actually conserves water by reducing irrigation demands and increasing water available for instream flows or other uses, including remaining agricultural users. Some interviewees mentioned that new municipal use must come from somewhere. They raised the question of whether it will be satisfied through reallocation of existing uses or new uses that reduce the sources available for the rivers of the basin. Finally, some interviewees stated that even without growth pressures, low flows and water quality issues related to historical surface water uses would exist.

Destination Resorts. A number of interviewees expressed serious concern over the accelerated growth of destination resorts. It appeared to these interviewees that the rules permitting destination resort development were being used to accomplish ordinary residential development in places where it otherwise might not be permitted. Some suggested that such developments use water quantities equivalent to an entire city and offer only limited return to the local economy. Others felt that developers of destination resorts are often from outside the region and consequently do not share common values with others in the basin regarding the value of agricultural lands and quality of life. Some interviewees expressed concern that the substantial resources and narrow focus of resort developers will make it difficult to engage them meaningfully in a collaborative process although their involvement would be important to address water management concerns. Some interviewees also felt that developers were in effect competing for water with established water purveyors and did not have to follow the same rules of engagement and public scrutiny and could essentially outbid and buy water from outlying farms rather than following an agreed-upon water purchase criteria that protects districts.

Unallocated Storage in Federally Managed Reservoirs. A number of interviewees noted the potential benefits of addressing the unallocated storage of certain reservoirs such as Prineville Reservoir. Currently, federal managers are not allowed to re-allocate storage unless it is within the statutorily established purposes of the reservoir. According to some interviewees, Prineville has built up a recreational culture and economy around the amenity of a summertime pool in the reservoir, making

them cautious about exploring re-allocation. Nevertheless, several interviewees agreed that this particular issue could have a solution with benefits for all affected parties and could make a good starting point for developing a collaborative process to address water management issues. Other reservoir-related issues identified by interviewees included the reauthorization, storage and release schedule for Wickiup Reservoir or elsewhere. This could include reauthorizing federal projects to include fish, wildlife and instream purposes as allowed under the legal authorization for these storage projects.

Agriculture

Sustainability of Agriculture. Many interviewees noted that the future of farming as a full time livelihood and viable commercial occupation in the basin appears uncertain. Several noted that, with the exception of a few individuals in the Madras area and scattered elsewhere across the basin who were actually still farming for a living, most farmers in the region are not self sufficient. While there are still a substantial number of people involved in farming activities of various sorts, most were also relying on additional sources of income.

Some interviewees noted that the shape and structure of irrigated agricultural lands have already changed substantially. They noted that irrigated land no longer consists of primarily large commercially farmed or ranched parcels, but also includes mid-sized “hobby farms” and small three to five acre suburban parcels of irrigated land that are not “farmed” in the traditional sense although they are irrigated. They also noted that in Deschutes County the majority of irrigated land is in small parcels.

Interviewees noted that as farming becomes unprofitable, the incentive increases for farmers to sell or otherwise seek alternative value from their water rights. In some cases, where irrigated parcels are small, interviewees suggested that landowners do not need or want to retain water rights they do not use. On the other hand, some interviewees felt that the demand for irrigation water rights is driving high value irrigated farmland out of production. Interviewees also noted that as the farming community shrinks and agriculture becomes fragmented, there is a risk that at some point the critical mass needed to support the infrastructure of agriculture, including the businesses that supply and/or serve the agricultural sector, will collapse.

The economic pressure to sell water rights is creating a division in the agricultural community. Some believe there is little or no future for agriculture in the basin outside of “lifestyle” or “hobby” farming, including those who are willing to accept the change and embrace the demand for their water rights. Others want to maintain the continuity or integrity of functional commercial irrigated agriculture in the basin and the associated agri-business community in Central Oregon. Still others focus on the value of agricultural land, in whatever form, in providing open space and defining the rural character of the region. At all points on the spectrum of issues feelings run strong.

Rights of Water Right Holders. Some interviewees felt very strongly about the inherent rights of water right holders to do what they want with their property, including their water rights and any canals or conveyances across their property, and that such water rights are independent from, not attached to, the land itself. Others felt that the water right system is flawed and antiquated and was hampering the ability to use water where and how it was needed most.

Sustainability of the Irrigation Districts. There were a large number of interviewees that reflected on the future role of the irrigation districts as growth in the region impacts the districts. They observed that some districts are facing urbanization within their boundaries and that many districts are struggling to remain viable entities as their patrons come under pressure to sell water rights. Fewer patrons means a loss of the districts' assessment base and therefore less fee income and sometimes higher costs for delivery. This in turn means higher fees for remaining patrons who then may feel more inclined to sell their water rights. Some interviewees noted that the loss of upstream patrons who receive the first deliveries of water can result in reduction in "amperage" – or the water volumes needed to push water down the pipe or canal for end users. In addition, the reintroduction of protected fish will impact the districts by creating greater demand for instream flows and a need for improved water quality. It was suggested by some that forcing irrigation districts to give up their patrons' water for conservation purposes will spell the end for district managers.

On the other hand, interviewees noted that new technologies and techniques were providing tools to help improve the delivery systems employed by the districts and keep the districts viable. Some interviewees suggested that considering creative solutions such as merging or restructuring the districts to make them more financially viable may be another tool to securing their future role. Other tools mentioned included retaining assessment fees to the districts even when water rights are sold or transferred to other uses such as instream flows and diversification of district income such as adding hydroelectric cogeneration capacity onto distribution systems.

Some interviewees expressed concerns about the structure and relevance of the irrigation district system. They questioned the purpose or need for the irrigation districts without significant numbers of agricultural users for them to serve. Some also raised the question that as irrigation districts are urbanized and no longer have a need for the water for the beneficial use applied for, should districts be able to retain the water or should it go back into the "pot?" Other interviewees expressed frustration that district patrons are required to pay fees to retain access to water rights that for the most part are not used while at the same time constrained from selling their water rights.

To Pipe or Not to Pipe. Many interviewees described the pros and cons of lining or piping irrigation ditches. Interviewees mentioned a number of perceived benefits of piping including that it can reduce the loss of irrigation flows to evaporation and seepage into groundwater, allow the delivery of "surplus" water saved to instream flows and to other agricultural users, and facilitate water deliveries to more remote patrons on the system. Other interviewees identified perceived problems with piping, including reduced groundwater recharge, reduced scenic/aesthetic value of ditches (and associated property values), and loss of local environmental benefits to wildlife and vegetation. Some interviewees stated that if the "saved" water were to be used for consumptive use, it would reduce flows in the lower Deschutes. Interviewees also observed that piping can be very expensive. Some interviewees suggested approaches to improve piping strategies such as working from the bottom of the system upwards to reduce needed pipe capacities.

Food Security. Some interviewees felt that the issue of the sustainability of agriculture in the region implicated a larger concern about food security. These interviewees suggested that if agriculture in the region is allowed to fail, this contributes to the nation's increased dependence on foreign suppliers.

Managing Change

Managing Change. Some participants characterized the entire group of issues surrounding growth, competing demands for water and the pressures on the agricultural community as a struggle to manage change in the region. Interviewees noted the links among each of these issues and observed them all as elements of a changing socio-economic structure in the region with water being a key integrating component. Most interviewees seemed to believe that there needs to be a better way to manage these changes and address the symptomatic issues and concerns at a systemic level.

Ongoing Efforts. Many interviewees acknowledged that there are a number of ongoing initiatives that are attempting to address the water management issues in the Deschutes Basin. A number of interviewees noted, however, that there seems to be a general lack of knowledge about the work that is already going on in the basin. To these interviewees it seemed that people are not communicating or coordinating with each other.

Comprehensive Water Management Plan. Several interviewees observed that there seemed to be various types of planning going on in the basin, but there was no comprehensive water management plan. If there were to be such a plan, some interviewees thought that the logical agency to oversee its implementation would be Oregon Water Resources Department. Finally, some interviewees noted that while a basin-wide water management plan is a great concept, it would require substantial culture shifts in order to implement it effectively.

C. Barriers and Obstacles to Addressing the Identified Issues and Concerns

Substantive Barriers

Opinions on Groundwater – Quantity and Availability. There was a strong division on the issue of groundwater quantity. Some interviewees believe that there is plenty of groundwater in the basin; that the basin is unique in that it has such a tremendous and productive aquifer, and that drought could never happen. Others firmly believe that the aquifer is a limited resource and that new demands on groundwater can and do have the potential to exceed the rate of groundwater recharge and have a significant effect on water tables and groundwater discharge in the Lower Deschutes and Crooked Rivers. These observers see evidence of shrinkage in the aquifer. Those who hold each perspective tend to think that the others just “don’t understand.”

Opinions on Groundwater – Hydrological Connection to Surface Water. There is also significant debate on the link between groundwater and surface water in the basin. Some interviewees suggest that reliance on what was characterized as a relatively short discussion of the subject in a United States Geological Survey report that describes the basin’s hydrology does not justify the regulatory infrastructure that has built up around it for mitigation requirements and conservation efforts. Other interviewees say they believe the connection is well established. Again, the interviewees felt that the depth of the disagreement could be a barrier to resolution of the issues.

Mistrust of Science. In general, some interviewees expressed and others observed a significant distrust of the science describing the hydrology of the basin and perhaps, in some cases, science in general.

Legal/Technical Barriers

Western Water Law. Many interviewees noted that the intricacies of western water law create challenges to developing creative solutions for water management in the basin. Some interviewees observed that Oregon Water Resources Department's decisions are subject to very narrow interpretations of law and that they have very little flexibility in what they can do. Some believe the Water Resources Department has wide discretion to "do the right thing" by Oregon's rivers and water laws but they infrequently exercise this discretion to the benefit of instream flows. Some interviewees believe that the Scenic Waterway Act impedes the transfer of water due to the statutory limitations on how and where it is measured. Some interviewees also noted the challenges to understanding water law and thus a resistance to become well-versed on the subject.

Concept of Water Right Ownership. Some interviewees suggested that there has been a change over time in the concept of a water right from a right to use water to a right to owning the water itself. That shift, some interviewees suggested, has created a conviction of entitlement among water right holders and consequently a more determined resistance to discussing any alteration of those rights.

Measure 37. Interviewees expressed a full range of opinions on Measure 37. Some indicated support for the measure's effort to allow property owners and water right owners to do what they wanted with their property. Others believe that Measure 37 has no application to water rights. Others were concerned it would lead to the breakup and development of agricultural lands. The perceived rights it confers on water right holders may be a challenge to their participation in a collaborative process.

Statutory Barriers to Federal Reservoir Reallocation. Interviewees expressed the view that limitation on agencies' authority to allocate water for purposes not currently identified by reservoir authorization, statute or in the respective agency's mission creates a barrier to re-allocation of reservoir water.

Cultural Barriers

Belief in the Untouchable Status of Agricultural Water Rights. Some interviewees observed in others or acknowledged with respect to themselves that there are many long time residents of the basin who strongly believe that water rights in the basin, along with the reservoirs and water diversion systems that deliver them, were developed by and for the benefit of farmers and ranchers and that these water rights remain for their benefit. Some interviewees held these beliefs quite strongly while others were interested in exploring the needs of other users and creative ways of providing for their needs without giving up irrigated land.

Value-Based Differences, Misconceptions and Misperceptions. Interviewees recognized that what many of the identified issues represent are differences or disagreements that are, at their core, value-based. They are value-based in the sense that they stem from sincere beliefs and ideas that are at odds with the beliefs of others rather than from a difference in the understanding of facts or likely outcomes. Some interviewees noted that these value-based differences sometimes exist at a deeper level in what they observed as misconceptions on the part of some interest groups in the basin with respect to the ideas, beliefs or values of other interest groups. It seemed to these interviewees that these misconceptions created barriers to communication. Other interviewees observed that some basin residents tended to have what the interviewees interpreted as misconceptions about the basin itself including its hydrology, history, and potential for growth that were so strongly held that they functioned more like value-based differences. In either case, interviewees suggested that these misconceptions and value based differences served as significant barriers to resolving problems in the basin.

Relationship/Communication Barriers

Distrust in General. Some interviewees acknowledged that there is a lot of distrust among various interest groups based on perceptions. Still, many interviewees thought it would be possible, although challenging, to develop a collaborative process.

Prior Experiences with Collaborative Processes. Interviewees raised concerns stemming from their experience with the groundwater mitigation collaborative process. Most of the interviewees who were participants in the groundwater process expressed frustration with the process or its outcome. Some interviewees expressed concern that their needs had not been met by the process despite efforts to communicate their issues. Other interviewees who participated in the process felt that not all of the participants were communicating their issues and objectives clearly and in good faith. In the end, these concerns led many participants to look for alternative methods to achieve their goals or compliance with the law. The collaborative process ended with no clear winners and losers. Few if any participants went away satisfied with the results or the process. Interviewees acknowledged that this experience left a negative view about collaboration and a potential reluctance to re-engage in a collaborative process. Most parties agreed in concept, however, that they would be willing to engage in a new collaborative process, provided sufficient assurances are in place to improve the likelihood of success.

Communication Styles. Some interviewees noted that various parties involved in basin water management issues have very different communication styles and that sometimes these differences make communication difficult. Some parties tend to express their issues with strong rhetoric and conviction; others are softer spoken, although equally passionate.

Several interviewees noted that it is difficult to have meaningful discussion of core disagreements in the basin because they perceive people come to meetings with a façade of openness and willingness to negotiate, but really do not fully engage in a dispute resolution process.

Non-Collaborators. The perception of some interviewees is that there are parties on all sides of the issues with strong interests who are not solution oriented and will not engage in collaboration. Interviewees also observed that some parties engage in the issues with an attitude that there have to be winners and losers and for them a collaborative solution accommodating many different needs is not possible or desirable.

Real Agendas. Some interviewees believed that other parties might not be putting the real issues on the table. In particular, they surmised that some parties may be more interested in growth rather than in water management issues. Another suggestion was that concerns for fish re-introductions were driven by a desire to put irrigation districts out of business. These interviewees felt effective collaboration would require dealing with the “real” issues.

Process Barriers

Data Availability and Credibility. Interviewees identified considerable skepticism among some parties regarding the validity of science describing the basin. This was also expressed as a general erosion of respect for science. Even interviewees generally comfortable with the existing science suggested that additional data may be needed in some areas.

Participation. Interviewees noted that a collaborative process presents challenges in terms of the ability of key parties to participate. For example, self employed individuals have to accept a loss of time or potential income in order to participate. Interviewees also noted that the representatives of some organizations and institutions may be reluctant to participate, not out of a lack of interest, but because of limited resources or because water management issues are not squarely within the mission or expertise of their organizations. Despite the challenges of individual participation, most interviewees expressed an interest and willingness to participate in a collaborative process.

Alternative Forums and Inflexible Positions. Some interviewees wondered whether certain parties would find value in coming to the table to identify comprehensive solutions if their needs were already being met elsewhere. Put another way, some interviewees worried that parties would be reluctant to “lay down their swords” and refrain from pursuing legislative or legal approaches to achieving their goals. Some interviewees expressed reluctance to give up the influence they have developed in recent years to participate in a collaborative approach where they are uncertain if other key players will stay with the process to the end. Some interviewees also believed that other parties would never agree to certain possible outcomes of a collaborative process, that they would never let go of certain positions, and that this inflexibility severely limited potential outcomes and benefits of collaboration.

Agency or Organization Turnover. Some interviewees also noted the challenges of constant changes in key individuals representing organizations or entities. Institutional turnover was identified as a significant challenge for maintaining continuity in a collaborative process.

Human and Interpersonal Barriers. Some interviewees noted that there is a general tendency to focus on the fear of loss rather than on how to meet interests and needs, which creates a barrier to problem resolution. Other potential barriers mentioned included: cognitive dissonance, fear of diversity, fear of change, fear of the costs of change, and the tendency to wait until disaster strikes. Some thought that there was a certain amount of fear with respect to Klamath that was allowing people to lose sight of ongoing successes

Type of Process. Some interviewees expressed a preference for a more organic, less structured process while others were clearly more comfortable with a more structured collaborative process. Feelings among interviewees were strong on this distinction and tended toward skepticism of what the other type of process could offer.

Lack of Agreed-Upon Outcome. A number of interviewees noted that a challenge to convening a large scale collaborative process to address Deschutes Basin water management issues was the lack of a single organizing object or outcome around which the process could be focused – i.e., a clear and identifiable outcome that would encompass all the major issues.

Potential Conveners. Some interviewees identified the Deschutes River Conservancy and/or the Deschutes Water Alliance as potential conveners of a collaborative process, or noted that these organizations may view themselves as potential conveners. There were some reservations expressed about either of them serving as conveners. Among some interviewees, there was uncertainty about the DRC’s goals or agenda. Some saw the DRC as assuming a role of “speaking for the river” in terms of its role on the DWA; however, they seemed to address that role in a narrow way. The DRC’s focus, it appeared to some interviewees, was solely on flow volumes, and not on larger issues of ecological function. These interviewees saw the DRC’s restoration objectives as limited and

much of their agenda as the same as the agenda of the municipalities. It also appeared to some interviewees that the DRC was missing on issues related to the lower basin.

There was also a concern expressed by a number of interviewees that the ongoing efforts of the DWA to address flow and water conservation issues in the basin were not as transparent or inclusive as would be desired for a truly collaborative approach. Some observers recognized that this may be partly a result of the fact that the group was originally assembled just to examine market mechanisms for water rights. Other interviewees indicated that they thought the group was willing to engage with anyone. With respect to both the DWA and the DRC, some interviewees suggested that their actions, approaches, roles or agenda with respect to basin issues could affect their ability to lead an effective and balanced process.

The Oregon Consensus Program was new to the parties, and was not generally discussed as a potential convener. Although participants recognized and appreciated the impartiality of the program associated with Portland State University and its expertise in collaborative process, it is not seen as providing the preferred local presence nor having an ongoing interest in the technical issues relating to water management in the Basin.

D. Data and Information Needs

There was significant difference of opinion on the issue of whether there is sufficient information to constructively discuss Deschutes Basin water management issues. Some interviewees suggested that there was plenty of data – that the Deschutes was one of the most studied basins in the world. They indicated that parties should make better use of the data already available.

On the other hand, some interviewees believed that there were significant data needs. Of interest to some interviewees was the need for better data in support of instream flow requirements in the lower Deschutes Basin while others believe there is sufficient instream flow data available. Others pointed out the need for better data to support the water allocated under irrigation and municipal water rights. Other interviewees pointed out more generally that there is significant data on municipal and agricultural needs, but little on ecological needs and on certain geographic areas such as the Crooked basin.

The groundwater hydrology of the basin was another area where some interviewees felt that additional study was needed. These interviewees felt that while there was considerable data on surface water flows, there was a lot left to learn about the groundwater resource and the connection between surface and groundwater flows. Along with their thoughts about the need for data and information, some interviewees expressed strongly felt beliefs about what they perceived the “truth” to be about various facets of the basin’s hydrology. Others felt that the USGS Report represented sound science, and confirmed what was found in a number of other studies dating back to the 1920’s, and that no additional study of the groundwater hydrology of the basin was needed.

A number of interviewees also felt that better use of existing models, “ground-truthing” or application of existing models in the basin as well as improved models would be helpful to more effectively understand the workings of the system and potential outcomes of various management decisions.

E. Potential Outcomes of Continuing with the “Status Quo”

Interviewees had a broad range of perspectives on possible outcomes if the basin were to continue to operate with the current status quo. Examples included:

- The basin will become another Klamath with divisive litigation determining the winners and losers on hotly debated controversies over water rights for agriculture, development, and fish and wildlife instream flows.
- Municipalities will let things get worse until there is a crisis including water service reductions or failures at which point the legislature will act to get water to people.
- There will be litigation over water and land use.
- Shrinking lot sizes will drive up demand for water.
- Development will run amok, leaving islands of sensible management.
- There will be a fight between cities and irrigation districts over Urban Growth Boundary expansions.
- The basin will see the substantial loss of viable farmland and a sustainable farming community. This will represent the loss of a farming legacy for future generations of Central Oregonians.
- It will be an example of the “tragedy of the commons.” The basin will arrive at the point of loss without forethought or action.
- Nothing really bad will happen. Agriculture will continue to change over to other uses, water will return to the Deschutes, and ground water will be more than adequate to support development.
- The rivers and streams of the basin will continue to die the death of a thousand cuts over time.
- Additional listings under the Endangered Species Act.

IV. Convening Process Recommendations

A. Overview and Reflections on Collaboration

RESOLVE’s expertise is in the design and implementation of processes that provide the greatest opportunity for diverse interests to engage in a collaborative process that may lead to resolution of complex natural resource and public policy issues. As neutrals, RESOLVE and the Oregon Consensus Program do not take positions on the substance of the issues on which we work.

RESOLVE is providing its analysis and recommendations to the parties on behalf of the Oregon Consensus Program as a proposal for whether and how to move forward with a collaborative approach. The parties can accept, reject, or modify these process recommendations. If the parties choose to move forward, there is no obligation or expectation that they will choose RESOLVE to help with implementing that process; we would of course be glad to assist if requested. The Oregon Consensus Program will work with the parties in making decisions on whether and/or how to move forward with a collaborative approach.

In assessing whether Deschutes River Basin water management issues are amenable to collaborative resolution, it is important to identify whether the key elements or characteristics are present that are likely to make collaboration productive and successful. A consensus-building, agreement-focused process is more likely to succeed if it has the following characteristics:

- Clear Objectives. The parties can agree on the overall objectives for the collaborative process (whether it be an agreement on a course of action, the identification of new options, a joint fact finding on the impacts of various options, joint projects, improved communication about interests and concerns, or another clearly articulated objective).
- Manageable Issues. The parties can agree on a manageable number of interdependent or related issues. There must also be a sufficiently well developed factual basis on which to hold a meaningful discussion and resolution of the issues.
- Identifiable Representative Parties. The parties interested in or affected by the outcome of the collaboration are readily identifiable, capable of identifying from among themselves participants that can adequately represent all affected interests, and few enough in number to allow for a manageable process. Participants are able to represent and reflect the interests of their constituencies.
- Good Faith Participation. The parties can come to the table with genuine interest in participating in good faith. They feel themselves as likely, if not more likely, to achieve their overall goals using a collaborative approach as they would through whatever alternatives are available to them.
- Adequate Resources and Time. The parties can obtain adequate resources to participate, including technical support, and there is adequate time to conduct a meaningful and well-designed process.
- Action-Forcing Deadline. There is some sort of legislative, administrative or judicial deadline or opportunity, or some other forcing mechanism requiring a decision within the foreseeable future.
- No Delay. The collaborative effort will not cause unreasonable delay.
- Implementation Mechanism. A mechanism exists to implement a consensus agreement, if one is reached.

RESOLVE considered the above elements as it analyzed the convening interview results and utilized these characteristics to assist in evaluating the feasibility of initiating a proposed collaboration as well as the capacity of the parties to complete the process successfully.

B. Recommendations for Whether to Proceed with a Collaborative Process

RESOLVE contacted approximately 140 people and conducted 94 interviews to understand diverse stakeholder perspectives on the issues and concerns related to water management in the Deschutes River Basin (*please see Appendix B*).

In assessing the results of the interview process it is not clear to RESOLVE that a collaborative process *launched immediately* would have a significant likelihood of succeeding. However, even though parties expressed challenges and concerns about collaboration, almost every interviewee stated that they would be willing to participate in a collaborative process based on their dedication, concern and interest in the long-term health and stewardship of water management in the Deschutes River Basin. As such, we are recommending proceeding in a stepwise approach with a collaborative process to address Deschutes River Basin water management issues.

RESOLVE has identified a group of essential process elements that we recommend stakeholders address early in the collaborative effort. These are the type of challenges that are often faced at the outset of any complex multi-party collaborative process. We encourage parties to discuss these topics together and develop a common understanding of how they want to structure the dialogue with each other before beginning discussion of substantive topics. In RESOLVE's experience, we know that people may be frustrated with spending time discussing process-related topics, but a willingness to do so allows parties to begin to build a foundation of understanding that will help carry the process through the more difficult substantive conversations that lie ahead. This early effort helps build a working relationship – going slow now in order to accomplish more later.

Essential Process Elements

Establishing Process Leadership. Effective leadership will be essential to keep the group functioning in an organized, constructive and productive manner. Therefore, the selection of a convening entity is important. A convening entity is the organization that agrees to take on responsibility for initiating and managing the ongoing process. Often, a convening entity is also a participant in the process, giving that entity a multi-faceted role. For example, in the recent Pelton Round Butte Hydroelectric Project Relicensing, Portland General Electric and the Confederated Tribes of Warm Springs were the convening entities as well as participants with an interest in the outcome.

Ensuring Good Faith Participation. To ensure good faith participation, all necessary parties must believe they have something to gain by participating in a collaborative process. There are a number of parties identified by interviewees that may have attractive alternatives to a collaboratively negotiated agreement as the means to accomplish their goals. It will be necessary to craft a process that will offer enough likelihood of meeting or exceeding their goals or expectations to bring them to the table willing to “lay down their swords” in the belief that a collaborative process can bring them better results than other alternatives.

For some interviewees, the lack of trust generated by the groundwater collaborative process is a serious but not insurmountable barrier to participation in another collaborative process involving the same parties. Though wary, most were willing to engage. Interviewees requested assurance that a future collaboration would ensure that all stakeholders agree to good faith participation with the intent to work for a collective outcome. Some perceived that the dissatisfaction with past collaborative efforts may even encourage more productive involvement in this process.

Establishing Operating Principles. To make the process viable, there will need to be mutually developed, explicit and resilient operating principles. The process must provide assurance that all parties will abide by any agreed-upon process rules and that parties will not attempt unilateral efforts to sabotage or undermine the process as it proceeds or the agreement once it is reached.

Identifying Issues, Objectives and the Outcome. A significant challenge identified by interviewees related to the lack of a single organizing outcome around which the process could be focused – i.e., a clear and identifiable outcome that would encompass all the major issues. Although a comprehensive water management plan for the basin was cited as an ideal outcome there did not appear to be any clear precedent for such a plan nor any regulatory requirement to drive the process forward. Interviewees suggested that a coordinated compilation of smaller organizing focal points might be plausible. We encourage parties to discuss and potentially pursue a comprehensive outcome that could encompass

the various components so that stakeholders may effectively align and utilize limited resources. We recommend that the parties discuss and agree on the likely anticipated outcome early on in its efforts to initiate a collaborative process.

Managing Time and Resources. Finally, there are the important challenges related to acquiring necessary funding resources and staffing, creating a clear action-forcing deadline to drive the process forward, and avoiding an unwanted delay that may be caused by the collaborative effort.

These process challenges all caution against proceeding too fast, however the attitudes and determination of the interviewees suggest it is worth taking steps to create a bridge toward a well-functioning, constructive collaborative approach. There is an attitude among many interviewees that a collaborative process could succeed with the right leadership, by identifying and bringing the right parties to the table, agreeing on clear objectives and measurable outcomes, and having a well-defined and manageable set of issues for the process. Many interviewees felt that they could, with the right assurances, feel comfortable that even their most difficult counterparts were there to participate in good faith and could work together to achieve mutually beneficial outcomes.

C. Process Ideas and Suggestions from Interviewees

Interviewees offered a variety of process ideas, suggestions and potentially useful approaches that could begin to address some of the process challenges.

Many interviewees felt that collaboration is the preferred tool. They acknowledged that it is often a more difficult route, but that the results are worth it. Interviewees felt that a well thought out approach should assess common interests, test the severity of differences, and develop separate but connected processes to address key problem areas. In terms of the geographic scope of a process, there were mixed opinions. Some interviewees suggested that the basin was too big to be the subject of a single process and that it should be subdivided. Others suggested it was very important to include stakeholders from all areas of the basin.

Interviewees believed that the process would need a strong and independent leader/convener but that it was important to “keep it local.” Some believed the convener should be from within the community, not a government agency, and that whoever was leading should avoid a “Bend-centric” perspective. Some interviewees suggested that the Deschutes River Conservancy could be a convener; others thought that the Deschutes River Conservancy had the challenge of being viewed by some as narrowly focused on putting water in-stream in the middle Deschutes and not on broader basin issues.

People had various opinions about who should participate in a collaborative process. Most interviewees agreed that the collaborative should include diverse interests represented at the table. Interviewees noted the need to include both traditional water users and users with new interests in or demands for water. Some parties mentioned that an interested person or party should be involved in the process even if they were difficult to engage.

Interviewees struggled with the problem of too many people at the table and that people are already at too many tables. Many stated that a smaller group could be adequately representative and that inclusiveness could be accomplished with some sort of smaller, representative group. They emphasized that in order to be successful, the group would have to be structured very carefully. The

group would need to include carefully chosen representatives that were credible with a broad range of constituents. The representatives would have to commit to effectively communicating their constituents' needs to the group and to communicating the group's deliberations back to their constituents for decision making.

Most interviewees expressed an interest and willingness to participate in a collaborative process to address water management issues in the Deschutes Basin. Those who expressed reluctance did so not out of a lack of interest but rather from concern that they would have insufficient institutional resources to participate, that the subject matter strayed from the core of their organizational mission or expertise, or that earlier attempts were unsuccessful.

Several interviewees noted that the time was right for motivating people to participate in a collaborative process. They suggested it was important to capitalize on the current interest, momentum and potential for collaboration before the necessary parties went back into their respective corners. Interviewees suggested it may be helpful to focus on the legacy issue – what future generations stand to lose if the basin does not come together to address water management issues.

Interviewees noted an interest in better data sets and models to more effectively understand the effects of water use in the basin. Some interviewees added that education of the public and key stakeholders, including the legislature, has to be a component of a collaborative approach. Some wondered whether there was need for a “champion” to carry the message to the public and decision makers.

Interviewees made suggestions about how a collaborative process should be run. Many stated that face-to-face interaction is very important however there is also a need to avoid having too many meetings. Some participants expressed an interest in developing a unified vision; it was mentioned that a vision statement for the basin had been developed as part of the Bonneville Power Administration sub-basin planning process that could be referenced. There is a need to ensure that all parties put their litigation and legislative agendas on hold while the group works. Many interviewees felt strongly that there should be a dialogue and an action component to keep the process concrete. Interviewees suggested that people will not participate if they do not see a path to action. Finally, interviewees suggested that Prineville reservoir water storage reallocation could be a good kickoff issue if the negotiation process is open, inclusive of key interests and well structured.

D. RESOLVE Process Design Recommendations

RESOLVE recommends that with an appropriate process design, agreed-upon protocols to ensure that parties can come willingly and in good faith to the table, and agreement on a clear outcome and timeframe, an effective and constructive collaborative process could be implemented to address water management issues in the Deschutes Basin. After reviewing and synthesizing the information we collected during the convening interviews, we have developed the proposed Deschutes Water Partnership process design for stakeholder consideration (*please see Appendix C*). This process design incorporates components for small representative teams to address the variety of issues identified by stakeholders while also balancing the need for dialogue and problem-solving with action and implementation.

RESOLVE's interest is to offer a multi-faceted process design that (1) incorporates diverse stakeholder interests, (2) provides opportunity for informed dialogue and (3) establishes sufficient structure to develop, test and implement change through to measurable outcomes. We recommend that the process start with initial steps as described below. We also suggest collaborative efforts begin on a discrete, agreed-upon subset of the basin's overall issues. There appear to be many of the key elements present for a successful effort and considerable enthusiasm among potential parties to move through challenges to collaboration and make real progress towards resolution of complex water management issues in the basin.

Initial Steps and Process Components

Convener and Neutral Process Support. We recommend that the parties identify and confirm a convening entity that would agree to take a leadership role in implementing the collaborative process in a manner that is credible to all stakeholders. The convener should be an entity or organization willing to take on the long-term leadership and process support role for the collaborative effort. A convener is often an individual with sufficient charisma and credibility with all the relevant parties; however there is no one individual that was identified during the interview process that could fill that role for all interested stakeholders in the basin. An agency can be a convening entity, but again there was no one agency that was identified as appropriate or sufficiently credible during the interview process. In this case, the Deschutes River Conservancy and Deschutes Water Alliance were mentioned during the interviews as the most likely convening entities. In our view, the Deschutes Water Alliance is currently not well structured to take on a long-term leadership role as a convener, although they may be able to evolve into having a key role in the collaborative effort as described below.

The Deschutes River Conservancy may be in the best position among currently identified entities to take on the convening role for a collaborative process. Both the DRC staff and its board were identified by interviewees as potential assets for a convening role. To succeed in this context, DRC would have to clearly articulate its role as a convening entity, ensure that the process is well crafted and funded, and implement components of the collaborative efforts through a stepwise approach. The DRC would have to clearly distinguish between its own interests and agenda and its role and responsibilities on behalf of the collaborative process. It was suggested by some interviewees that a broadening of the existing DRC board may go a long way to building trust and credibility not only in their individual role, but as a potential convenor.

We recommend that the convening entity obtain the process expertise of a neutral facilitator. A neutral can partner with the convening entity to provide process support and facilitation for the collaborative group. This will help ensure that the overall process is balanced and runs smoothly, and increases the likelihood of a successful outcome. Participants and the convening entity should identify the necessary experience for potential neutral candidates and select accordingly.

The Oregon Consensus Program has played a unique role in initiating and assuring the neutrality of this assessment and also has the potential to assist in a long term collaborative process. The Oregon Consensus Program, as a part of the University system, offers a neutral forum for the process. The Program has technical assistance, process advice and limited financial resources to bring to the process. It can provide some continuity between this assessment and the convening of the process, including assistance in gathering and administering the resources needed to support the longer term process. The Oregon Consensus Program can assist the parties in selecting a mutually agreed on

neutral facilitation team to guide the process for the long term and can provide process oversight and quality control. This role might be described as a process support role for the convening entity and the parties as a whole.

Vision for the Basin. Many interviewees stated that a unified vision for the basin is needed, although there was concern that it be accomplished in a concise manner to ensure the focus stays on action. RESOLVE suggests that the overall approach will be more cohesive if stakeholders create and adopt a vision that helps build a common understanding of interests, hopes and expectations for Deschutes Basin water management as well as clear relevance to the action oriented elements of the collaborative approach. Participants in the collaborative effort can learn about each other's vision for the future and strive for consensus on either some or all components of a short, medium and long-term vision. The approach for generating this vision could be large or small, simple or complex. It could involve a large public brainstorming process or a smaller representative group perhaps followed by a public vetting of the work product.

Core Team. RESOLVE recommends the creation of a small (approximately 15 individuals) steering committee group. This "Core Team" would consist of a broadly representative and balanced group of stakeholders. It would take on a leadership role and act on behalf of, and be accountable to, all represented interests in the Deschutes Basin. RESOLVE recommends that Core Team tasks would include adopting a vision for water management in the basin including long-term stewardship and protection, acting as a forum for resolving difficult issues relevant to water management in the basin, offering a comprehensive overview of Deschutes Basin water management issues and activities, ensuring the consistency of ongoing conservation and restoration efforts with overall basin goals, acting as a venue where stakeholders could assess whether efforts were aligned or in conflict with other activities, and overseeing proposed implementation efforts.

Openness and transparency will be essential characteristics of the Core Team – allowing all stakeholders in the basin to understand its composition, vision and goals, decision-making process, with measurable outcomes and implementation strategies. Such a group would meet perhaps quarterly in a public setting where anyone could attend, observe and comment, as needed.

The Core Team could be created through a nomination process conducted by the convening entity. Alternatively, the team could be developed as an expansion of the Deschutes Water Alliance. If the DWA provides the genesis for the Core Team, we would encourage the DWA to further its efforts to expand membership, provide for balanced representation, review and confirm the scope and credibility of its methodology for addressing issues, and provide an agreed-upon approach that provides for openness and transparency of process.

We recommend the Core Team recruit members that will provide a representative composition. Proposed members should be able to articulate the diverse interests of their own constituents - not just express their own opinion. They should be credible to a variety of stakeholders, be able to communicate effectively with both their own constituencies and with other stakeholders as needed, be willing to consider the interests of others as well as their own interests, be able to move beyond positional negotiation towards achieving results that benefit all parties, and be available to attend scheduled meetings and conduct agreed upon between-meeting tasks over the course of the process.

We recommend that stakeholder groups confer within their membership and nominate one person to represent their interests on the Core Team using the above criteria or characteristics. We suggest the following proposed categories of representation:

- Agriculture and Ranching Interests
- Water Right Holders/Landowners
- Recreation Interests
- Soil and Water Conservation Districts
- Municipal/Private Water Providers
- Conservation Non-Governmental Organizations (rivers/water/fish)
- Federal Agencies
- Convenor (with opportunity for dual role of participant)
- Irrigation Districts
- Utilities
- Oregon Department of Fish and Wildlife
- Oregon Department of Water Resources
- Development Interests
- Tribal Interests
- Land Use Non-Governmental Organizations

Science Advisory Team. There is considerable divergence of opinion surrounding the relevant science or data regarding a number of issues in the basin. We recommend that Core Team members work with the convening entity to form a Science Advisory Team. It will be important to select a group of experts that have credibility with the diverse interests and stakeholders. This will involve identifying and soliciting acceptable Science Team members, identifying resources to support the team's process, and outlining and agreeing on the roles, responsibilities, and process by which the team will function.

Once the team is assembled, the Science Advisory Team can help various Partnership teams address identified information needs or answer key questions to assist a group in its problem-solving efforts. The team would be available to help identify, gather, and analyze the data or information needed to make effective and credible policy decisions. A team that can assess the information, clearly delineate what is known and not known, provide impartial answers to key questions, and will be critical to allowing progress in the collaborative process.

Ad Hoc Issue Resolution Teams. As the Partnership moves from visioning toward resolution of specific issues, we recommend creating teams tasked with addressing the identified issues. In the diagram at Appendix C, we call these "Ad Hoc Issue Resolution Teams." These teams could be formed by the Core Team and would be composed of a small, representative group of stakeholders with a specific interest or expertise related to the issue. These issue resolution teams will allow the Partnership to move forward on an issue-by-issue basis toward developing a more comprehensive approach for water management in the basin. Once an issue team has completed its work, it could present its proposed resolution to the Core Team for wider discussion and endorsement.

Legal and Legislative Team. Stakeholders emphasized the need to address legal or legislative issues that impede the ability of a collaborative to implement comprehensive solutions. RESOLVE recommends that the Convener and Core Team work together to create a "Legal and Legislative Team." This team would be available to develop comprehensive consensus-based options that could be offered to the legislature with unified support from stakeholders and agreed-upon application to water management issues in the Deschutes Basin. RESOLVE recommends that this be a small workgroup of approximately five to six expert members. Its membership could consist of individuals with particular expertise in relevant legal issues and state/federal legislative process. The Legal and Legislative Team would undertake specific tasks presented by the Core Team.

Implementation and Action Components. We learned during the interview process that stakeholders in the Deschutes Basin are action oriented. We propose a key element of the collaborative effort could be on-the-ground or pilot-based components that provide a consolidated approach for continuing the work that is already being done in the basin. Pilot projects would maintain a link with the collaborative process through the Core Team which will help integrate on-the-ground projects with the overall partnership collaborative effort. This allows progress to occur while simultaneously ensuring that action components are aligned with the policy components. Examples of implementation projects that can be brought within the scope of the collaborative effort include agricultural conservation projects, water banking, municipal water conservation policies and habitat restoration projects. We also suggest developing a mechanism so that groundwater mitigation compliance efforts inform or are integrated with the overall collaborative effort.

Public Outreach and Education. Finally, most interviewees mentioned the rapid growth and changing demographics of the region including the arrival of a significant number of newcomers from areas of water scarcity who do not understand the unique nature of the Deschutes River Basin, its hydrology, or the effects of their own or other's water use. We recommend that the Core Team help initiate some type of ongoing public outreach and education program to provide information-sharing opportunities and to supplement and disseminate the efforts of the collaborative process. This could include a range of activities including workshops, roundtables, newsletters, links to websites, and other methods to offering easily understood, credible information to the public about water management in the basin.

For the greatest likelihood of success we encourage the efforts of the Deschutes Water Partnership to provide for scheduled and noticed meetings, participation that is inclusive and representative of all those with a significant interest in the outcome, those who have ability to prevent or enable implementation of the outcome; a well-defined and agreed-upon set of operating principles with recognized incentives for compliance and consequences for non-compliance, a process that clearly defines how decisions will be made; and assurances that representatives will provide for communication to and from their constituents and who will share information with the group.

Stepwise Approach for Issue Resolution

RESOLVE recommends that this comprehensive collaborative effort be implemented through incremental steps to provide an opportunity to build trust and credibility between diverse and often polarized interests. More specifically, we suggest the parties identify an initial issue area or areas to work on that have a fairly high likelihood of success. Initiating a negotiation effort around a single issue area will help the parties build experience using collaboration effectively on issues that are important to the overall water management topic but are not as complex or comprehensive as trying to address all of the water management issues in the Deschutes Basin at the same time.

An initial issue parties identified in the convening and assessment interviews relates to the possibility of reallocating storage in the Prineville Reservoir through a collaborative problem-solving effort that could satisfy various interests in the basin. Key stakeholders could hold a series of meetings to address the questions of whether (1) storage water in the Prineville Reservoir could be reallocated in a way that benefits the river basin ecology and has the support of the affected stakeholders and communities and (2) if there is a mutually acceptable approach for storage reallocation, and what legal mechanisms are needed to make the reallocation possible.

After working through an initial collaborative problem solving effort, the group may be ready to move on to more challenging or comprehensive issues. Topics identified in the convening report that appear to be of a higher priority to stakeholders include:

- Protection and restoration of flows in rivers and tributaries
- Agricultural water conservation efforts
- Urbanization of irrigation districts
- Growth and water demand

Process Resources

Finally, a critical role for both the convener and the Core Team will be to identify and secure adequate financial and intellectual resources to support the Deschutes Water Partnership's collaborative efforts over the long term. Some possible sources for information or support that were identified during the interview process include:

- International Waters Learning Exchange and Resources Network (www.iwlearn.net)
- Global Environmental Facility (GEF) (<http://www.gefweb.org>)
- Pacific Institute (<http://www.pacinst.org>)
- TwinBasin (www.twinbasin.org)
- OSU Institute for Water and Watersheds (www.water.oregonstate.edu)

We recommend that the convener begin to research and contact other regional, national, and international entities that may be able to offer direct support or help the Partnership access other potential sources of support for its efforts.

V. Summary and Conclusion

In conclusion, the Deschutes River Basin Water Management Convening Report summarizes the highlights of an informative and productive convening interview process. Participants were forthright about their hopes and expectations as well as their concerns. Parties provided their ideas, insights, wisdom, and a wealth of information.

Water management in the Deschutes Basin is a complex topic that deserves serious, dedicated attention and requires a complex set of process recommendations. People care deeply about these issues and are dedicated to identifying and implementing long-term solutions that improve and protect the resource for future generations. Stakeholders are interested in participating in a collaborative process designed to achieve meaningful results in an inclusive manner. We hope that this Convening Report will provide useful process recommendations to assist stakeholders in designing and implementing a collaborative approach that results in enduring agreements and outcomes.

APPENDIX A
DESCHUTES RIVER BASIN
WATER MANAGEMENT CONVENING PROCESS

Convening Interview Questions

Introduction: We are senior mediators with RESOLVE, Inc., a neutral, private, non-profit group that assists people in addressing complex environmental and public policy issues.

Goal/Purpose: We have been hired by the Oregon Consensus Program of the Hatfield School of Government at Portland State University in cooperation with the Deschutes River Conservancy to interview a number of people that represent the range of perspectives on issues and concerns related to water management in the Deschutes River Basin. Our goal in interviewing these stakeholders is to assess the potential opportunity for initiating a collaborative or consensus process to address those issues and to recommend a design for such a process. This interview process is confidential and we will not attribute comments made by individuals. At the conclusion of the interview process, we will summarize the discussions and provide recommendations on whether and how to move forward with some form of a collaborative/consensus process.

Questions:

1. Could you tell us about your background, your involvement and interest with respect to water management the Deschutes River Basin?
2. What are your interests with respect to water management in the Deschutes Basin? What do you perceive as the major issues, challenges and topics that need to be addressed in the Deschutes Basin over the short, medium and longer-term and why?
3. What are the barriers/obstacles to addressing the identified issues and concerns? How might they be overcome?
4. What approach or process would be most useful in addressing the above topics and why? What would *not* be a useful or acceptable approach and why?
5. What do you think would happen if the “status quo” continued and some sort of collaborative process and/or consensus process was not initiated? Are there any “fears/worst case scenarios” that should be considered?
6. If there were the interest and recommendation to initiate a collaborative process, who would need to participate? What is the critical mass needed to initiate a process? Would you want to participate and if so, in what way? Who else do you think needs to be involved and why?
7. Do you think there are information/data gaps and if so, what are the important, credible sources of information, people and resources you think should be utilized and considered?
8. Is there anyone else you think we should be interviewing and why?
9. Do you have any questions for us?
10. Do we have your correct phone, fax, address, etc.? What is your preferred method of contact (phone/fax/email/mail)?

APPENDIX B
DESCHUTES RIVER BASIN
WATER MANAGEMENT CONVENING PROCESS

List of Individuals Contacted¹

Counties

- Crook County (Mike Lunn, Mike McCabe, Scott Cooper)
- Deschutes County (Peter Gutowsky, Bev Clarno, Dennis Luke)
- Jefferson County (Bill Bellamy, Mary Zemke, Walter Ponsford)

Development Interests

- Bill Smith Properties (Bill Smith)
- Brooks Resources (Mike Hollern)
- Pennbrook Company (Don Bauhofer)
- Oregon Homebuilders Association (Gretchen Palmer)
- Eagle Crest (Jerry Andres)
- Thornburgh (Kameron De Lashmutt)
- Pahlisch Homes (Dennis Pahlisch)
- W&H Pacific (Tom Walker)

Federal Agencies

- Bureau of Reclamation (Ron Eggers)
- Environmental Protection Agency (Mary Lou Soccia)
- Natural Resources Conservation Service (Jeff Goebel, Merlin Berg, Todd Peplin)
- United States Department of Agriculture Forest Service (Leslie Weldon, Bill Anthony)
- United States Fish and Wildlife Service (Nancy Gilbert, Peter Lickwar)
- United States Geological Survey (Marshall Gannett)
- Bureau of Land Management (Michelle McSwain, Barron Bail)
- National Oceanic and Atmospheric Administration (Scott Carlon, Scott Hoefler)

Irrigation Districts

- Central Oregon Irrigation District (Steven Johnson)
- Ochoco Irrigation District (Russell Rhoden)
- Swalley Irrigation District (Jan Lee, Gary Blake)
- Three Sisters Irrigation District (Marc Thalacker)
- Tumalo Irrigation District (Elmer McDaniels)
- North Unit Irrigation District (Bob Ringerling, Phil Fine)
- Arnold Irrigation District (Shawn Gerdes)

¹ Includes stakeholders who were invited, interviewed, or provided written feedback during the convening assessment process; people who provided background information and resources; and people who were contacted to ensure they were aware of the process.

Landowners/Agriculture/Ranching Interests

- Alan Russell
- Gary Harris
- Nancy Knoche
- Bob and Sharon Evans
- Connie and Doc Hatfield
- Doug Breese
- Water for Life (Matt Cyrus, Rex Barber)
- Oregon Farm Bureau (Bob Friend, Len Knott)
- Oregon Cattlemen's Association (Tom Norton, Doug Dunn, Bob Baker)
- Deschutes River Ranch (Gary Blake)

Municipal and Private Water Providers

- City of Bend (Ken Fuller, Mike Miller, Tom Hickmann, Patrick Griffiths)
- City of Redmond (Chris Doty, Pat Dorning)
- City of Sisters (Eileen Stein)
- City of Prineville (Jerry Brummer)
- City of Madras (Mike Morgan)
- Deschutes Valley Water (Ed Pugh)
- Avion Water Company (Jan Wick)
- Roats Water System, Inc. (Bill Roats, Casey Roats)

Non-Governmental Organizations

- American Rivers (Brett Swift)
- Oregon Trout (Joe Whitworth, Brett Brownscombe)
- Trout Unlimited (Tom Wolf)
- WaterWatch (John DeVoe, Kimberley Priestley)
- The Nature Conservancy (Leslie Bach)
- Deschutes River Conservancy (Tod Heisler)
- National Fish and Wildlife Foundation (Andrew Purkey)
- Oregon Water Trust (Fritz Paulus)
- 1000 Friends of Oregon (Carol Macbeth)
- Deschutes Basin Land Trust (Brad Chalfant)
- Wy'East Research Conservation and Development Area (Merlin Berg, Patricia Gainsforth)
- Central Oregon Intergovernmental Council (Andrew Spreadborough)

Oregon State Agencies

- Department of Environmental Quality (Dick Nichols, Bonnie Lamb)
- Department of Fish and Wildlife (Clair Kunkel, Chip Dale, Steve Marx)
- Water Resources Department (Kyle Gorman, Jeremy Giffin)
- Watershed Enhancement Board (Rick Craiger, Ken Bierly)
- Department of Agriculture Natural Resources Division (Ellen Hammond)
- Department of State Lands (Nancy Pustis, Nicole Navas, Eric Metz, Kevin Herkamp)
- Department of Land Conservation and Development (Mark Radabaugh)
- Department of Parks and Recreation
- Governor's Natural Resources Office (Mike Carrier)

Political/Legislative

- Ben Westlund (State Senator, District 27 Deschutes County)

Recreational Interests

- Deschutes Canyon Fly Shop (John Smeraglio)
- Central Oregon Flyfishers Association (Herb Blank, Carl Sanders)
- Sun Country Tours, Inc. (Dennis Oliphant)
- Paddlers of Central Oregon (Tracy Bowerman)

Research, Education, & Policy

- Oregon State University Extension (Tim Deboodt)
- Oregon State University Corvallis (Gail Achterman, Thayne Dutson)

Soil and Water Conservation Districts

- Crook County Soil and Water Conservation District (Bill Sigman)
- Deschutes Soil and Water Conservation District (Patricia Gainsforth, Elwin Ross)
- Jefferson County Soil and Water Conservation District (Lloyd Forman)

Tribal Interests (The Confederated Tribes of the Warm Springs Reservation of Oregon)

- CTWS - Tribal Council Secretary-Treasurer (Charles "Jody" Calica)
- CTWS - Water Control Board Chair (Roy Spino)
- CTWS - Warm Springs Power Enterprises (Jim Manion)
- CTWS - Natural Resources (Robert Brunoe, Deepak Sehgal)
- Tribal Attorney (Jim Noteboom)

Utilities

- Portland General Electric (Julie Keil)

Water Business Interests

- John Short (Deschutes Irrigation LLC)

Watershed Councils

- Crook County Watershed Council (Jason Dedrick)
- Upper Deschutes Watershed Council (Ryan Houston)

Engineering Services

- Newton Consultants (David Newton)
- CH2M Hill (Adam Sussman)
- Main Water Consulting (Bob Main)

Flow Modeling Group

- Bureau of Reclamation (Leslie Stillwater)
- Deschutes River Conservancy (Bruce Aylward)
- Oregon Water Resources Department (Jonathan LaMarche, Ken Lite)
- University of Idaho (Gary Johnson)
- United States Geological Survey (Marshall Gannett)
- Natural Resources Consulting Engineering (Matt Carney, Wold Mesghinna)

Natural Resources Conflict Resolution

- Bob Chadwick (Consensus Associates)

Policy Background

- Neil Bryant
- Martha Pagel

APPENDIX C

**Process Design Diagram for the
Deschutes Water Partnership**

