



# Oregon

Theodore R. Kulongoski, Governor

## Water Resources Department

North Mall Office Building  
725 Summer Street NE, Suite A  
Salem, OR 97301-1266  
503-986-0900  
FAX 503-986-0904

### MEMORANDUM

TO: Water Resources Commission

FROM: Tracy Loudon, Administrative Services Administrator

SUBJECT: Agenda Item A, September 10, 2009  
Water Resources Commission Meeting

#### Budget Update – 2009-11 Biennium

#### I. Issue Statement and Background

The 2009 Legislature approved a budget for the 2009-11 Biennium in the amount of \$46 million dollars, a 32% increase over the 2007-09 Legislatively Approved Budget. Most of this increase is for “pass through” funding that will go to communities in the form of grants or loans to address water resource issues. Other increases will fund implementation of legislation passed in 2009. This budget also includes a number of reductions. The Legislature reduced the Department’s General Fund by \$6.2 million, increased Other Funds by \$3.3 million in new/increased fees and package requests, and added Lottery and General Obligation Bond funding of \$14.0 million.

#### II. Discussion

Changes that occurred in the budget discussions since our last update focus primarily on General Fund Reductions and Other Fund fees. Here is a brief summary:

#### Reductions

	June 2009 Update	Legislatively Approved
<u>General Fund Adjustments</u>		
Attorney General Savings	(\$50,000)	(50,000)
Water Measurement Technician - Salem Based	(\$126,821)	(126,821)
Water Use Reporting	(\$146,237)	(146,237)
Water Measurement Technician - Field Based	(\$156,962)	(156,962)
Information Tech Application Development	(\$231,042)	(231,042)
Oregon Plan for Salmon and Watersheds (2 positions)	(\$312,323)	(312,323)
Klamath Adjudication		(200,000)
Water Measurement Equipment		(100,000)
Groundwater Studies (leaves \$75,000 in budget)		(50,000)
Water Development Loan Fund Ending Balance		(300,000)
Fee increases to backfill General Fund	(2,768,900)	(2,034,743)
<b>Subtotal</b>	<b>(3,792,285)</b>	<b>(3,708,128)</b>

There was also a reduction to the Department's budget in the amount of \$1,189,285 to reflect lower charges from other state agencies. As part of the effort to balance the state budget, the Legislature reduced state services between state agencies and lowered the cost of doing business.

### **Additions**

Fees that are meant to replace General Fund came from two bills: SB 788 – Exempt Use Wells and Cost Recovery and HB 2232 – Geotech Holes.

- SB 788 provided additional revenue of \$1.2 million in Exempt Use Well fees. The Department will use \$213,978 for implementation, leaving \$985,372 for General Fund backfill.
- SB 788 also provided \$987,102 in additional revenue from fees that support 50% cost recovery in Department transactions, such as Water Right, Transfer, and Certificate issuances.
- HB 2232 provided \$135,000 additional revenue in GeoTech Hole fees. The Department will use \$72,731 for implementation, leaving \$62,269 for General Fund backfill.

A number of packages that were developed with input from the Commission in 2008 were approved for the Department that either continue existing limited duration positions or provide priority services for Water Right Transfers/Certificates. These packages, along with some minor adjustments, totaled \$792,747 in Other and Federal Funds.

There was significant legislation in HB 3369 and related funding bills SB 5535 and HB 5054 that added funding for General Obligation Bonds and Lottery Funded Bonds in the amount of \$13,946,036. Funding is provided to:

- Provide \$10 million for the Water Development Fund to loan moneys for a Columbia River Basin project.
- Fund a grant for \$2.5 million to develop a Umatilla Basin critical ground water storage project.
- Fund two staff to develop an integrated State Water Resources Strategy with \$283,000.
- Place \$500,000 in the Water Conservation, Reuse and Storage Grant Program (SB 1069).
- Operate the Loan and Grant programs mentioned above in the amount of \$217,000.
- Pay for Lottery Bond issuance and debt service costs in the amount of \$446,036.

### **III. Summary**

The Legislature addressed a significant revenue shortfall for the 2009-11 biennium by reducing current spending levels by \$1.4 million (including reduction of six staff), shifting \$0.3 million ending balances to the General Fund, and increasing Other Fund revenues by \$2 million. In addition, the Legislature has directed the Department to implement significant legislation through HB 3369.