



Oregon

Theodore R. Kulongoski, Governor

Water Resources Department

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

MEMORANDUM

TO: Water Resources Commission

FROM: Tracy Louden, Administrative Services Administrator

SUBJECT: Agenda Item N, November 19, 2010
Water Resources Commission Meeting

Budget Update: 2009-11 Budget; 2011-13 Agency Request Budget

I. Issue Statement

The Department has addressed some difficult revenue shortfalls during the current 2009-11 biennium; this situation will be updated at the Commission meeting. A new revenue forecast will be available the morning of November 19, 2010 that may project a change in General Fund revenue for the 2009-11 and/or 2011-13 biennia.

II. Background and Discussion

Two primary sources of revenue for the Department are Fee revenues and the State General Fund. General Fund revenue for the state as a whole is projected to be less than originally authorized by the 2009 Legislature. The Governor, within his authority and in response to this projected shortfall, has directed agencies to make reductions in their General Fund expenditures. The Water Resources Department has reduced expenditures by \$1.6 million in General Fund, an 8% reduction from its \$21 million 2009-11 original budget. Cutbacks have occurred through salary freezes of management staff, a decrease in travel costs, a deferral of equipment purchases and a reduction of thirteen staff.

Total Other Fund Revenue for the 2009-11 Budget is \$15.3 million, which includes loan repayments, lottery bonds, charges for services to counties or other governmental agencies, and \$7.5 million in Fee revenue. The Commission received a report at its February 2010 meeting that Fee revenue would be \$700,000 less than budgeted due to recessionary economic trends. Those negative trends have continued, resulting in a current projected revenue shortfall of \$953,262.

The greatest shortfalls are occurring in Start Card and Exempt Use Well fees where there are projected decreases of 24% and 29%, respectively. These fee revenue shortfalls continue to be addressed through implementation of lower spending and a reduction of four staff.

	Legislatively Adopted Budget	Current	Difference
Start Card Fees	1,718,750	1,298,109	(420,641)
Water Right Fees	2,269,957	2,096,262	(173,695)
Well Construction Fees	92,653	97,820	5,167
Hydroelectric Fees	2,143,600	2,120,942	(22,658)
Geotech Holes	135,000	145,170	10,170
Exempt Use Wells	1,200,000	848,395	(351,605)
	7,559,960	6,606,698	(953,262)
		Projected Shortfall	-12.6%

The State Economic and Revenue Forecast that projects General Fund revenue is due the morning of November 19, 2010. Department staff will provide a quick review for the commission on November 19, though it will be limited to an overall summary of the impact on Oregon as a whole. Specific actions that may need to be taken by the Department will need to wait for directions by the Governor or the Legislature.

III. Conclusion

No formal Commission action is necessary. The Department will provide additional budgetary updates as information becomes available.

Tracy Louden
(503) 986-0920