



Oregon

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MEMORANDUM

TO: Water Resources Commission (WRC)

FROM: WRC's Revenue Enhancement Subcommittee
(Commissioners John Roberts, Ray Williams, Jeanne LeJeune)

SUBJECT: Agenda Item J, February 18, 2011
Water Resources Commission Meeting

Water Resources Commission Revenue Enhancement Subcommittee Report

I. Introduction

The Revenue Enhancement Subcommittee has continued its work to identify potential revenue options for the Oregon Water Resources Department in order to maintain a viable department over the long term, as Oregon works to recover from the current economic conditions. This Subcommittee's work began at the Commission's August 27, 2010 meeting.

II. Discussion

At the November 19, 2010 Commission meeting the Subcommittee provided the Commission with a briefing on the values that were developed, a listing of seven options that were identified, and a report on the Subcommittee's meeting with 25 stakeholders on November 17th, resulting in an additional 21 options brought forward.

Since that meeting the Subcommittee has worked with staff to analyze these 28 options. Options were initially narrowed to four. The "final 4" options (in no particular order) are: 1.) Water Right Management Fee, 2.) increasing cost recovery on water rights transactions, 3.) expanding the Reimbursement Authority Program, and 4.) indexing current fees to the annual inflation rate. The Subcommittee has added a fifth option – a one time Exempt-Use Wells Registration Fee which warrants further consideration.

Much further work needs to be done in order to bring well thought out specific recommendations to the Commission that meet our values, are cost-effective and fair and add to the diversity of revenue sources for the Department. The Subcommittee is committed to taking a long term perspective and continuing its work. We have very much appreciated the ideas and input from

all of the stakeholders and will continue an open and transparent process. The staff has worked hard to analyze options and assist the Subcommittee and we value their work.

III. Action Item

Therefore the Revenue Enhancement Subcommittee of the Water Resources Commission recommends the following Resolution for adoption by the Water Resources Commission:

While the Oregon Water Resources Commission fully supports the Governor's proposed 2011-2013 budget for the Water Resources Department, it recommends continuing development of five funding options to reduce the Department's long term dependence on the State's general fund for the majority of its operating funds. The five funding opportunities include:

1. A Water Right Management Fee
2. Increasing cost recovery on water right transactions
3. Expanding the current Reimbursement Authority Program
4. Indexing current fees to the annual inflation rate
5. One time Exempt-Use Wells Registration Fee

Implementation will require a specific management plan and will depend upon the Department's future financial needs and Legislative and Governor's Office approval.

With the Commission's approval of this Resolution, the Subcommittee will continue its work and provide a status report at the next Commission meeting in May. The ultimate goal is to bring forth specific Water Resource Department funding recommendations to the stakeholders, the WRC, the Governor's Office and the Legislature at an appropriate time and manner.

Our goal continues to be working toward a healthy and viable Department that is able to continue its mission and legally mandated responsibilities.