State of Oregon

Oregon

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MEMORANDUM

TO: Water Resources Commission

FROM: Phillip C. Ward, Director

SUBJECT: Agenda Item C, January 26, 2012
           Water Resources Commission Work Session

           Program Prioritization Discussion

I.   Introduction

Each biennium, state agencies present a list of program priorities to the Legislative Ways and
Means subcommittees as part of their formal budget hearings. This prioritized list helps agencies
and the legislature make trade-offs and informed choices as they build the state's budget. These
lists also serve as a resource in the event that agencies and the legislature have to make budget
reductions as well. Below, the Department presents the results of its 2011 program priority
exercises with stakeholders and senior staff and makes recommendations about the final list.
Commissioners will be asked to consider these inputs and staff recommendations and approve a
finalized list. This is an action item.

The results of today's discussion will inform the Department's budget building efforts over the
next few months and years.

II.   Background

The Water Resources Department has for the past several years relied on a prioritized list of 15
programs. Water Distribution, consisting of the watermaster corps, has traditionally topped the
list, followed by the other core mission areas of the agency. The original list, shown side-by-side
with the results of stakeholder and senior staff exercises, are shown in Attachment 1.

Special Instructions from the Legislature. Every program on this list is legislatively mandated
with the exception of good business practices such as public information and media services,
customer service, information technology, and sound fiscal practices. In fact, past budget
instructions have been to sort information technology (IT) and fiscal programs to the bottom of
the list, and focus on prioritizing the programs that make agencies unique.

Modifications from Previous Years. To prepare for this exercise, staff added a new program area, the Integrated Water Resources Strategy, which the legislature established in 2009. In addition, Water Rights Transfers now stands alone as a program area, broken apart from Water Resources Development and Conservation Programs. Well Construction and Dam Safety, now folded together, comprise Public Safety. Measurement programs have been re-organized to emphasize those measurements recorded and processed by the Department (Hydrologic Data Development) compared to those measured and reported by water right holders themselves (Water Use Reporting).

III.   Stakeholder Exercise

Key stakeholder groups met on October 25, 2011 to participate in a program prioritization exercise. Thirteen groups sent representatives from the water user and environmental community. The meeting began with a review of each program area and its individual components. Staff posted the names of each program area on the wall and asked participants to indicate their top three program priorities. The programs with the strongest support were moved to a portion of the board representing the "top tier." The exercise, conducted two more times, produced the next two tiers.

The group then discussed the order of programs within each tier and whether further tweaks to the order might be appropriate. The exercise was perhaps most valuable in that it confirmed the highest and lowest priorities of group members. The highest priority of the group remained the water distribution program, housing the watermaster corps. The lowest priorities of the group—putting aside IT and fiscal for the moment—were the Hydroelectric Program, followed by the Adjudication.

Components in the middle spurred discussion and disagreement as to their order. These included Water Right Permitting, Water Resource Development and Conservation, Hydrologic Data Development, Water Right Transfers, Water Use Reporting, Director's Office, Public Safety, and the Integrated Water Resources Strategy.

Comments and caveats from the group included the following:

1) Information technology involves not just off-the-shelf software and hardware. It involves data, geographic information systems, and programs that are unique to water quantity and water allocation. This program area needs stronger protections than those afforded at the bottom of the list.

2) All of the groups in the room make use of Water Right Transfers, particularly in an era where brand new water rights are difficult to come by. All participants agreed that water right transfers should move up on the list. There was no agreement about which programs should move down on the list as a result.

3) Similarly, participants noted that <u>Hydrologic Data</u> should move up on the list, given the heavy reliance that all the other programs have on this. However, the group could not agree on the items that should move down as a result.

4) Some stakeholders suggested moving <u>fee-supported programs</u> (Hydroelectric, some Public Safety, and some Water Resources Permitting) further down the list, assuming that fees could protect these programs from cuts. [Editor's note: in fact, the economy has resulted in law-offs from these programs as well.]

5) One stakeholder suggested moving <u>smaller programs</u> (Integrated Water Resources Strategy, Adjudications) further up the list, assuming that cuts in these one or two-person programs would have devastating effects. The thought was that it is easier to accept "slow-downs" than the elimination of an entire process.

IV.   Senior Staff Exercise

The Department's senior staff—more than 20 administrators and managers—convened on November 28 to undertake a similar process. The group came to consensus about which programs belong in the each of the three tiers. The group was able to incorporate suggestions from the stakeholder exercise as well.

Leaving Water Distribution in the first slot, the group proposed moving Water Right Transfers second to reflect this as an emerging and powerful for both the water user and the environmental community. Hydrologic Data Development and Public Safety rounded out the top tier, to the relief of many who see these as essential programs.

The second tier included Water Resource Development and Conservation, Water Right Permitting, the Director's Office, the Integrated Water Resources Strategy, and Water Use Reporting.

The third tier again consisted of Adjudications, Hydroelectric, and the legislatively mandated fiscal and IT functions.

Comments and caveats from the group included the following:

1) <u>Participants took a near-term approach.</u> Believing that Oregon's economic situation will be relatively short-term, participants advocated for the protection of water, data, and technical skills that are in the greatest jeopardy today. That said, other programs, such as Adjudications, are extremely important for the long-term legal and physical health of the state's water resources. Participants voiced the view that programs falling to the bottom of the list are not unimportant. They are long term commitments that the Department must continue to fulfill but would be harmed less by reduced activity in the near-term.

2) <u>Fiscal and IT Programs</u>, although remaining unranked, are critical for continued operations.

V. Alternatives

The Commission may consider the following alternatives with regard to the budget priority list.

1. Adopt Column #3, resulting from the Nov. 28 Exercise, as the Program Priority List.
2. Adopt another Column as the Program Priority List.
3. Create a new Column as the Program Priority List.
4. Not adopt any Program Priority List and direct the Department to further evaluate the issues.

VI. Recommendations

The Director recommends that the Water Resources Commission adopt Column #3 in Attachment 1 as the Water Resources Department's Program Priority list.

The Water Resources Department, having a dual mission in both economic development as well as environmental protections, must strike a balance with its program priorities as well. The programs identified in the top tier of Column #3 are shaded white. These are core programs that support both the needs of water users and the environment, and they involve data and skills unique to the Water Resources Department. These must not be lost.

The second tier of programs are shaded gray and represent areas where Oregon plays a leadership role among Western States. These programs provide funding and technical resources that allow local communities to make progress in water management as well.

The third tier of programs are shaded white again. These forward-looking and long-standing programs require continued investment as well.

Attachment 1: Side-by-Side Budget Priorities

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FTE	Column 1: Original	Column 2: Stakeholders – Oct.	Column 3: Senior Staff – Nov. 28
35	**A-Water Distribution** – field investigations, surveys, distribution of water according to rights of record, and protection of senior water rights, both instream and out-of-stream. Staff = watermaster corps in regional and field offices.	**A-Water Distribution** – field investigations, surveys, distribution of water according to rights of record, and protection of senior water rights, both instream and out-of-stream. Staff = watermaster corps in regional and field offices.	**A-Water Distribution** – field investigations, surveys, distribution of water according to rights of record, and protection of senior water rights, both instream and out-of-stream. Staff = watermaster corps in regional and field offices.
11	**B-Water Right Transfers** – processing requests for changes (i.e., leases, allocations of conserved water or transfers). Transfers can include a change in place of use, type of use, or point of diversion. Both regular and expedited processes are available. Staff = transfer staff, field water right techs	**C-Water Right Permitting** – water right records and research, processing of new water right applications, permit extensions, certificates, and limited licenses. Both regular and expedited processes are available. Staff = permit & certificate writers, and protest coordinators.	**B-Water Right Transfers** – processing requests for changes (i.e., leases, allocations of conserved water or transfers). Transfers can include a change in place of use, type of use, or point of diversion. Both regular and expedited processes are available. Staff = transfer staff, field water right techs
20	**C-Water Right Permitting** – water right records and research, processing of new water right applications, permit extensions, certificates, and limited licenses. Both regular and expedited processes are available. Staff = permit & certificate writers, and protest coordinators.	**H-Water Resource Development and Conservation**– Includes WRD's programs to "increase water supplies," such as water conservation and efficiency, built storage, water re-use, and grant and loan programs for such water development projects. Staff = State Engineer, Allocation of Conserved Water, WMCP, Oregon Plan for Salmon and Watershed (Oregon Plan), and Water Development Loan Fund staff.	**F-Hydrologic Data Development** – measuring the physical water resources of the state, including streamflow (surface water), water levels in wells (groundwater), and reservoir elevations. (storage). Next level of analysis includes development of groundwater studies, groundwater-surface water interaction, surface water analysis, and water availability models. Staff = hydrographers, hydrotechs, hydrologists, and hydrogeologists
2	**D-Adjudication** – confirming water right claims, with the goal of legally protecting these rights in the field. Staff = adjudications staff	**F-Hydrologic Data Development** – measuring the physical water resources of the state, including streamflow (surface water), water levels in wells (groundwater), and reservoir elevations. (storage). Next level of analysis includes development of groundwater studies, groundwater-surface water interaction, surface water analysis, and water availability models. Staff = hydrographers, hydrotechs, hydrologists, etc.	**E-Public Safety in Water-Related Infrastructure** – dam safety and well construction programs, start card program, development of well construction standards, well driller licensing, general enforcement. Well protections include prevention of waste, contamination, and loss of artesian pressure. Staff = dam safety inspectors, well inspectors, and enforcement staff

FTE	Column 1: Original	Column 2: Stakeholders – Oct.	Column 3: Senior Staff – Nov. 28
13	**E-Public Safety in Water-Related Infrastructure** – dam safety and well construction programs, start card program, development of well construction standards, well driller licensing, general enforcement. Well protections include prevention of waste, contamination, and loss of artesian pressure. Staff = dam safety inspectors, well inspectors, and enforcement staff	**B-Water Right Transfers** – processing requests for changes (i.e., leases, allocations of conserved water or transfers). Transfers can include a change in place of use, type of use, or point of diversion. Both regular and expedited processes are available. Staff = transfer staff, field water right techs	**H-Water Resource Development and Conservation**– Includes WRD's programs to "increase water supplies," such as water conservation and efficiency, built storage, water re-use, and grant and loan programs for such water development projects. Staff = State Engineer, Allocation of Conserved Water, WMCP, Oregon Plan for Salmon and Watershed (Oregon Plan), and Water Development Loan Fund staff.
22	**F-Hydrologic Data Development** – measuring the physical water resources of the state, including streamflow (surface water), water levels in wells (groundwater), and reservoir elevations. (storage). Next level of analysis includes development of groundwater studies, groundwater-surface water interaction, surface water analysis, and water availability models. Staff = hydrographers, hydrotechs, hydrologists, and hydrogeologists	**G-Water-Use Reporting** – Reporting water diverted and used. Public entities and those with permit conditions are subject to public reporting requirements. Staff = water use reporting specialist (de-funded).	**C-Water Right Permitting** – water right records and research, processing of new water right applications, permit extensions, certificates, and limited licenses. Both regular and expedited processes are available. Staff = permit & certificate writers, and protest coordinators.
0	**G-Water-Use Reporting** – Reporting water diverted and used. Public entities and those with permit conditions are subject to public reporting requirements. Staff = water use reporting specialist (de-funded).	**I-Director's Office** – Policy and legal oversight, public records requests, public information / media, tribal and intergovernmental relations, staffing the Water Resources Commission, coordinating with the Oregon Legislature, rule-making, public hearings, special projects.	**I-Director's Office** – Policy and legal oversight, public records requests, public information / media, tribal and intergovernmental relations, staffing the Water Resources Commission, coordinating with the Oregon Legislature, rule-making, public hearings, special projects.
7	**H-Water Resource Development and Conservation**– Includes WRD's programs to "increase water supplies," such as water conservation and efficiency, built storage, water re-use, and grant and loan programs for such water development projects. Staff = State Engineer, Allocation of Conserved Water, WMCP,	**E-Public Safety in Water-Related Infrastructure** – dam safety and well construction programs, start card program, development of well construction standards, well driller licensing, general enforcement. Well protections include prevention of waste, contamination, and loss of artesian pressure. Staff = dam safety inspectors, well	**J-IWRS** – Development of an Integrated Water Resources Strategy.

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	Oregon Plan for Salmon and Watershed (Oregon Plan), and Water Development Loan Fund staff.	inspectors, and enforcement staff	
6	**I-Director's Office** – Policy and legal oversight, public records requests, public information / media, tribal and intergovernmental relations, staffing the Water Resources Commission, coordinating with the Oregon Legislature, rule-making, public hearings, special projects.	**J-IWRS** – Development of an Integrated Water Resources Strategy.	**G-Water-Use Reporting** – Reporting water diverted and used. Public entities and those with permit conditions are subject to public reporting requirements. Staff = water use reporting specialist (de-funded).
2	**J-IWRS** – Development of an Integrated Water Resources Strategy.	**K-Hydroelectric Program** – Coordinating agency for project re-authorization and FERC licensing, review of non-FERC applications.	**D-Adjudication** – confirming water right claims, with the goal of legally protecting these rights in the field. Staff = adjudications staff
3	**K-Hydroelectric Program** – Coordinating agency for project re-authorization and FERC licensing, review of non-FERC applications.	**D-Adjudication** – confirming water right claims, with the goal of legally protecting these rights in the field. Staff = adjudications staff	**K-Hydroelectric Program** – Coordinating agency for project re-authorization and FERC licensing, review of non-FERC applications.
11	**L-Fiscal** – Accounting, Budgeting, Human Resources, Support Services, Contracts, Facilities, front counter assistance. Includes fixed S&S costs.	**L-Fiscal** – Accounting, Budgeting, Human Resources, Support Services, Contracts, Facilities, front counter assistance. Includes fixed S&S costs.	**L-Fiscal** – Accounting, Budgeting, Human Resources, Support Services, Contracts, Facilities, front counter assistance. Includes fixed S&S costs.
13	**M-Information Systems** – System administration (information technology, application developers, webmaster, risk management and firewalls, and business continuity), including water right information management and Geographic Information Systems (GIS) mapping.	**M-Information Systems** – System administration (information technology, application developers, webmaster, risk management and firewalls, and business continuity), including water right information management and Geographic Information Systems (GIS) mapping.	**M-Information Systems** – System administration (information technology, application developers, webmaster, risk management and firewalls, and business continuity), including water right information management and Geographic Information Systems (GIS) mapping.