



# Oregon

John A. Kitzhaber, MD, 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 Loudon, Administrative Services Administrator

SUBJECT: Agenda Item I, January 27, 2012  
Water Resources Commission Meeting

#### **Budget Update – 2011-13 Biennium**

#### **I. Issue Statement and Background**

The 2011 Legislature approved a \$51.7 million budget for the 2011-13 Biennium which included \$20.6 million in General Fund and \$7.7 million in Other Fund fees. The General Fund budget incorporated across-the-board reductions, including a \$735,468 for the second year of the biennium. At the time the Legislature crafted the budget, these reductions had the potential to be added back in February 2012; that add-back appears unlikely now. The Other Fund fees have also experienced additional revenue reductions, which have resulted in management actions – lay-offs – to reduce the number of active staff in those program areas.

#### **II. Discussion**

The December 2011 revenue forecast indicated a potentially reduced ending balance available to the Legislature for 2011-13. Another revenue forecast will be available January 26, 2012, which will be used to update the Commission. This revenue forecast will be the one used by the February 2012 Legislative Session to determine funding levels for the remainder of the biennium. Anticipating reduced revenue, all state agencies were asked to develop a list of reduction options for the Legislature during the Fall of 2011, amounting to 10.5 percent of total General Fund budgets. This list was provided to the Legislative Fiscal Office and the Commission in late November. Staff will provide a brief overview of the General Fund revenue forecast at the time of the Commission meeting.

Other Fund Fee revenue has also experienced projected reductions, compared to early projections, for the 2011-13 biennium. The Legislatively Adopted Budget included \$7.7 million in Other Fund Fees. The Department is now projecting that the revenue is likely to be just over \$7 million, a reduction of \$700,000. To address this revenue shortfall, the Department implemented a layoff process in December and January that resulted in four positions being vacated and left vacant, likely for the remainder of the biennium. Specific revenue changes are listed below.

Type of Fee	2011-13 Legislatively Adopted Budget	As of November 2011	
Start Card	1,300,000	1,225,000	
GeoTech Holes	135,000	221,300	
Exempt Use Wells	1,000,000	809,300	
Water Rights	2,096,262	1,626,005	
Well Construction	85,000	75,000	
Hydroelectric Fees	3,080,721	3,080,721	
	<u>\$7,696,983</u>	<u>\$7,037,326</u>	(659,657)

### III. Summary

The Department approached the 2011-13 with a conservative resource management strategy that anticipated the need for reductions during the biennium. Where possible, the Department has taken actions that minimize the potential for long-term staff reductions and that retain functionality in core service areas. Actions to date include closing of the Grants Pass regional office, postponement of Groundwater Studies and Information Technology initiatives, holding of vacancies for a period of time prior to recruitment, and the notification to staff of layoffs during January 2012.

Tracy Loudon, Administrator  
(503) 986-0920