

Water Resources Commission

Revenue Subcommittee

**Final Report & Recommendations –
August 2, 2012
Commission Meeting
John Roberts, Chair
Jeanne LeJeune
Ray Williams**

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- **The Context**
 - **\$55 Billion – Economic Activity of Oregon’s Natural Resource Industries**
 - **37% of Oregon’s Annual Domestic Product**
 - **550,000 jobs in water-related fields or supported by those industries**
 - **1/3 of Oregon’s Employment**
 - **12 Natural Resources Agencies Received 1% of General Fund**

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- **Background**

- **Water Resources Department charged with ensuring Oregon has water for economy and environment**
- **64% Water Resources Department funding is from General Fund**
- **+31.33% - GF investment for all state agencies over 10 years**
- **-2.5% GF investment in natural resource agencies over 10 years**
- **Revenue Sub-Committee formed by WRC – August 2010**

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- **The Context**
 - *Those who benefit should pay*
 - *Solutions should be equitable between user groups*
 - *Fees should be dedicated to the purpose for which they are collected*
 - *Logistical considerations to implement the revenue sources must be reasonable*

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- **Overview of process**

- **November 2010 - Stakeholder Meetings (30+ Orgs)**

- November 2010
 - February 2011
 - May 2011
 - September 2011
 - January 2012
 - April 2012



WRC guidance to Subcommittee and public comment

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- **What We Heard**
 - **WRD has tried too hard to maintain service levels across the board and it is not sustainable**
 - **WRD needs to market itself – it has been too quiet too long**
 - **Link WRD's Key Performance Measures to funding requirements**
 - **Make case – strong water resources program strengthens economy**
 - **Prioritize programs and match funding**
 - **29 Funding Options Suggested**

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- **Final Options Considered**
 - Annual Water Rights Management Fee
 - Annual Water Rights Acre Feet Volume Fee
 - Annual Exempt Well Fee
 - Annual Water Service Connection Fee
 - Increased Cost Recovery
 - Expand Existing Reimbursement Authority

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- **Water Rights Acre feet Volume Fee not recommended due to complexities and inadequate revenues.**
- **Exempt Well Fee and Water Service Connection Fee not recommended due to complexity and need for further study.**

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- **Subcommittee Funding Recommendations:**
 - **Annual Water Right Management Fee**
 - **Increased Cost Recovery**
 - **Expand Existing Reimbursement Authority**

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Funding Source/Base	Fee Amount	Fee Base	Total Annual Revenue	Net Annual revenue above current levels
Water Rights Management Fee	\$100 annual	60,000	\$6,000,000*	\$5,000,000
Increased Cost Recovery for Water Rights Transactions to 80% from fees	Varies	from: 50/50 to: 80/20	\$1,600,000	\$ 600,000
Expand Existing Reimbursement Authority	Varies		\$ 100,000	\$ 100,000

* First year implementation costs will be reduced after the first 12-18 months.

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- **Additional Recommendations:**
 - **Any new fees should sunset after 5 years and be re-evaluated**
 - **Any new fees must show nexus with services provided**
 - **WRD and Governor's Office to engage in further discussions**
 - **Fold selected options into a 10-year budgeting process**

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- **Summary:**

Clean, abundant water resources, available when needed, all the while protecting the environment, are absolutely critical to the future of Oregon and the robustness of our economy.

To do nothing about revenue puts the WRD's legally required programs at risk.

It is a new paradigm; the old ways will no longer work as we all struggle to revitalize our economy.

