



Oregon

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Water Resources Department

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MEMORANDUM

TO: Water Resources Commission

FROM: Tracy Louden, Administrator

SUBJECT: Agenda Item K, November 16, 2012
Water Resources Commission Meeting

2013-15 Budget Update

I. Issue Statement and Background

The 2011-13 biennium is now in its second half and the Department is operating within the constraints of the resources available. The Department has addressed a number of challenges this biennium which include reduced fee revenues, restricted position management, and General Fund reductions.

II. Discussion

The 2011 Legislature established a budget for the Department for the 2011-13 biennium that eliminated two positions, an Information System Manager and a procurement specialist, and made more than \$2 million in additional reductions. These actions to reduce the General Fund operational budget for 2011-13 included:

- Eliminate \$47,468 in costs associated with projected price increases for supplies.
- Across-the-board reduction to all agencies of 6.5% for supplies and services amounting to \$291,782 for Water Resources.
- Across-the-board reduction of 3.5% of total General Fund for all agencies to be managed by the individual agencies totaling \$735,468 for Water Resources.
- Staff compensation reductions for all state agencies, amounting to \$954,888 for Water Resources. This included the statewide closure of offices during furlough days 10 times during the biennium.

The Department has also struggled with a changing Other Fund fee revenue forecast as the economy has experienced a continued slow recovery. The Legislatively Adopted Budget included \$7.7 million in Other Fund Fees. The Department projected less coming in during the first part of the biennium and that continues to be true; the Department is now projecting that the biennial revenue is likely to be just at \$7.1 million, a reduction of \$600,000. The primary impact of this revenue shortfall has already been addressed by the Department through the layoff of three staff in December 2011, and not filling eight positions that became vacant during the biennium. To address performance and service expectations, managers have redirected staff and adjusted assignments accordingly.

Type of Fee	2011-13 Legislatively Adopted Budget	As of September 2012	
Start Card	1,300,000	1,066,447	
GeoTech Holes	135,000	199,956	
Exempt Use Wells	1,000,000	798,686	
Water Rights	2,096,262	1,864,652	
Well Construction	85,000	86,029	
Hydroelectric Fees	3,080,721	3,080,721	
	<u>\$7,696,983</u>	<u>7,096,491</u>	(600,492)

III. Conclusion

Maintaining core services has been challenging with the significant reductions in resources this biennium. We believe that management decisions have successfully minimized the effect on our customers. Further reductions are not anticipated for this biennium and service levels are projected to remain stable through June 2013. A revenue forecast is scheduled for November 20, 2012 which will provide the department with additional information related to the accuracy of current projections.

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