



# Oregon

John A. Kitzhaber, MD, Governor

## Water Resources Department

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### MEMORANDUM

TO: Water Resources Commission

FROM: Tracy Louden, Administrative Services Administrator

SUBJECT: Agenda Item G, February 7, 2013  
Water Resources Commission Meeting

### Budget Update: 2013-15 Governor's Balanced Budget

#### I. Issue Statement

The Department submitted a 2013-15 Agency Request Budget in July 2012. The Governor selected Program Funding Teams to review budget requests and offer advice on investments that focused on 10 year outcomes. In general, the Program Funding Teams looked favorably upon the Department's proposed budget. The Office of Economic Analysis published a revenue forecast in November that capped the resources available for the Governor to propose to the Legislature, as a result, the state's General Fund budget will be increasing from the current \$13.7 billion to an estimated \$15.4 billion. The majority of the resource increase will be used to cover increasing costs for providing current levels of state services; though the Governor has proposed some modest new investments in the Water Resources Department.

#### II. Background and Discussion

The Department proposed to the Governor a budget that continues implementation of the Integrated Water Resources Strategy. Although the Governor was unable to fund the entire budget request, a robust list of initiatives that did receive funding remains (see column 5 of the table below).

	IWRS		Agency Request	Governor's Budget	
			Total	Total	FTE
101-Water-Use Reporting Program	2b	GF	175,000	174,363	1.00
102-Instream Protections	3a, 11b	GF	368,129	366,856	2.00
103-Re-Institute the Measurement Cost Share Fund	2b	GF	50,000	40,000	-
104-Placed Based Planning - Template Development	9a	GF	250,000	-	-
105-Groundwater Data Collection and Integration	1b, 1c	GF	1,415,646	-	-
106-Surface Water Data Collection and Integration		GF	1,116,225	-	-
107-Metolius Modeling		GF	100,000	-	-
108-Water Right Management Fee	13b	OF	2,000,000	1,996,342	7.00
201-Implement IWRS	13a	GF	209,773	209,004	1.00
202-Conduct Basin Groundwater Investigations	1a	GF	250,000	250,000	-
203-Field Services (Wallowa & Klamath)	2c, 10	GF	343,430	342,333	1.83

			<b>Agency Request</b>	<b>Governor's Budget</b>	
204-Water Supply Development Program	10e	Mix	23,597,488	11,605,532	2.00
205-Water Development Loan Fund-Umatilla Project	10b	OF	11,061,191	11,061,191	-
206-Feasibility Study Grants	13c	Mix	1,301,385	992,489	0.50
207-Update Water Right Certificates with contact info	2d	OF	370,402	369,117	2.00
208-Extend Water Transaction Fee Schedule	13b	OF	1,000,000	996,211	7.00
209-Limited Duration Asst. Watermaster		OF	167,632	167,080	1.00
<b>Total Policy Packages</b>			<b>43,776,301</b>	<b>28,570,518</b>	<b>25.33</b>
091-Statewide Administrative Savings		Mix		(192,773)	
092-PERS Taxation Policy		Mix		(72,980)	
093-Other PERS Adjustments		Mix		(58,314)	
<b>Total Statewide Packages</b>				<b>(324,067)</b>	
<b>Total Governor's Budget</b>				<b>65,971,911</b>	<b>159.42</b>

The Department's budget is reduced by the three statewide packages:

091- Statewide Administrative Savings: This package was included in all agency budgets as a placeholder for administrative efficiencies to be found in Finance, IT, HR, Accounting, Payroll, and Procurement activities. The Improving Government subcommittee of the Enterprise Leadership Team will be identifying proposed efficiencies or changes in the delivery of service to meet the funding level in the Governor's budget, and will work with individual agencies on the impact to their budget, along with reinvestment opportunities.

092-PERS Taxation Policy & 093-Other PERS Adjustments: These packages support policy changes that reduce the cost of the retirement program for state agencies. The changes include 1) a provision that non-resident retirees will no longer receive the tax relief benefit; and 2) a proposal to reduce annual cost of living adjustments.

A more complete discussion of packages included in the Governor's Budget is included in the attached "one pager".

### III. Conclusion

No formal Commission action is necessary. The Department will provide additional budgetary updates as information becomes available.

Attachment: Governor's Recommended Budget Briefer

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# Oregon Water Resources Department

## 2013-15 Governor's Recommended Budget

### 2013-15 Governor's Recommended Budget (Preliminary Analysis Dated 12-21-12)

	2011-13 Legislatively Adopted Budget	2013-15 Governor's Balanced Budget
General Fund	\$ 20,614,684	\$ 25,109,984
Other Funds, including fees	10,403,841	13,146,316
Other Funds (grants and loans)	18,758,324	24,816,940
Lottery Fund (Debt Service)	706,751	1,623,026
Federal Funds	1,195,479	1,275,645
<b>Total Funds</b>	<b>\$ 51,679, 079</b>	<b>\$ 65,971,911</b>
Full-Time Equivalent (FTE)	144.59	159.42

### 2013-15 Significant Changes

**Pkg #101 – Reinstate Water-Use Reporting Program (1 FTE; \$175K in General Fund)**

**Related to Integrated Water Resources Strategy Recommended Action #2b**

A significant input in the understanding of Oregon's water resources is measuring and reporting the amount of surface water and groundwater diverted for beneficial use. This re-instates the Department's water-use reporting position, necessary to fulfill statutory responsibilities and provide technical assistance to water users.

**Pkg #102 – Instream Protections (2 FTE; \$367K in General Fund)**

**Related to Integrated Water Resources Strategy Recommended Action #3a, #11b**

These positions will partner with the Oregon Department of Fish and Wildlife to determine and secure additional instream flows to support instream needs.

**Pkg #103 – Re-Capitalize the Measurement Cost Share Fund (\$40K in General Fund)**

**Related to Integrated Water Resources Strategy Recommended Action #2b**

Staff continues to implement the Water Resources Commission's "2000 Measurement Strategy," requiring measurement devices on significant points of diversion in high priority watersheds. The cost to install appropriate measurement devices can be significant; cost share dollars are critical to this program's success.

**Pkg #108 – Water Right Management Fee (7 FTE for implementation; \$1,996K in Fees)**

**Related to Integrated Water Resources Strategy Recommended Action #13b**

The state's Integrated Water Resources Strategy identifies core field and scientific functions that need improvement and investment. These functions include work by the Department's watermaster corps and scientific corps, measuring, protecting, and allocating water for Oregon's water right holders. With Senate Bill 217, the Water Resources Commission and Department propose an annual fee on each water right of record to help invest in these areas.

## 2013-15 Significant Changes for WRD, continued

### **Pkg #201 – Implement Oregon’s Integrated Water Resources Strategy (1 FTE; \$209K in GF)**

#### **Related to Integrated Water Resources Strategy Recommended Action #13a**

This effort requires one senior staff to implement and coordinate Oregon’s 2012-2017 Integrated Water Resources Strategy. Responsibilities include negotiation with federal partners for stored water and creation of a template for use in integrated water resources management planning at the local level.

### **Pkg #202 – Conduct Basin Groundwater Investigations (\$250K in General Fund)**

#### **Related to Integrated Water Resources Strategy Recommended Action #1a**

These investigations are critical for understanding the relationship between surface water and groundwater, and determining the location and characteristics of groundwater. This information is an important input for economic development and streamflow protection in each basin. Cost-share with the US Geological Survey.

### **Pkg #203 – Build Field Services Capacity (1.83 FTE; \$342K in General Fund)**

#### **Related to Integrated Water Resources Strategy Recommended Action #2c,10**

Provides a watermaster for Wallowa County where there currently is none and an assistant watermaster in Klamath County to help with the increased workload in the wake of the Klamath Adjudication.

### **Pkg #204 – Water Supply Development Program (2 FTE in GF; \$10 Million in Bonds)**

#### **Related to Integrated Water Resources Strategy Recommended Action #10e**

This package makes funding available for the State to pursue water supply development opportunities, potentially partnering with the state of Washington, the Federal Government, and others. Staff roles in the development of this program include engineering, water right / legal, and fiscal responsibilities. Calculate additional debt service at approximately \$900K.

### **Pkg #205 – Water Development Loan Fund – Umatilla Project (\$10 Million in Bonds)**

#### **Related to Integrated Water Resources Strategy Recommended Action #10b**

Umatilla Water Commission may request that the Department provide a loan of up to \$10 million from the Water Development Loan Fund. Funding would come from bond issuance with repayment occurring over 30 years by the Umatilla Water Commission. Calculate additional debt service at approximately \$700K.

### **Pkg #206 – Feasibility Study Grants (0.5 FTE in Other Funds; \$750K in Bonds)**

#### **Related to Integrated Water Resources Strategy Recommended Action #13c**

It can be difficult to find funding for the feasibility study stage of project development. In previous sessions (2008 and 2011), the Oregon Legislature granted \$2 million to Oregon communities to study the feasibility of water conservation, reuse, and storage projects. Debt service is approximately \$140K. Requires cost match.

### **Pkg #207 – Update Water Right Certificates with Contact Information (2 FTE; \$369K in Fees)**

#### **Related to Integrated Water Resources Strategy Recommended Action #2d**

With House Bill 2257, the Department is seeking authority to change the name on a water right certificate, for water right holders who request such a service. Such a change would involve a fee to pay for the required staff time.

### **Pkg #208 – Extend Water Transaction Fee Schedule (\$996K in Fees)**

#### **Related to Integrated Water Resources Strategy Recommended Action #13b**

The Department’s fee schedule for water right transactions is scheduled to sunset in 2013. With House Bill 2259, the Department seeks to remove the sunset and to adjust a number of fees to reflect the increased cost of doing business. These actions would retain seven permitting positions.

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