



Oregon

Kate Brown, Governor

Water Resources Department

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MEMORANDUM

TO: Water Resources Commission

FROM: Tracy Louden, Administrator

SUBJECT: Agenda Item J, March 13, 2015
Water Resources Commission Meeting

Budget Update

I. Issue Statement and Background

The Department submitted its 2015-17 Agency Request Budget in July 2014. This proposal included requests for twenty budget packages totaling \$44.2 million. Subsequently, the Governor published his recommended budget for presentation to the legislature, which includes eight budget packages totaling \$55.8 million. Staff will provide an overview of the Governor's Recommended Budget.

II. Discussion

As shown in the first chart, The Department's current service level or "base" budget for 2015-17 totals \$53.7 million, composed of \$28.4 million General Fund (GF), \$3.4 million Lottery Funds for Debt Service, \$20.7 million Other Funds, and \$1.3 million Federal Funds.

The Governor's Recommended Budget includes \$55.8 million in additional resources implement the Integrated Water Resources Strategy by investing in integrated water resources development, strengthening core functions of the Department and helping communities address water-related challenges. The investments in integrated water resources development are primarily for grants and loans, which are reflected here as "Other Funds" and consist of Lottery and General Obligation Bond proceeds.

<i>(In Millions of dollars)</i>	2015-17 Base	2015-17 w/Pkgs
General Fund	28.4	30.9
Lottery Funds Debt Service	3.4	4.4
Other Funds	20.7	70.7
Other Funds Debt Service	0	2.2
Federal Funds	1.3	1.3

The tables below summarize the budget packages included in the Governor’s Recommended Budget. Attachment 1 provides a more detailed summary of each package.

		FTE	Funding	
<u>Integrated Water Resources Program - Meeting Oregon's Water Needs</u>				
Pkg 106	Funding Feasibility Studies	.75	2,288,690	GF for staff and Lottery Bonds for Grants
Pkg 113	Funding Water Supply Projects	1.00	18,725,297	GF for staff and Lottery Bonds for Grants
Pkg 115	Supporting Project Development and Place-Based Planning	6.00	2,038,897	GF for staff and Lottery Bonds for Grants
Pkg 120	Facilitating Water Development Loans	-	31,721,865	General Obligation Bonds for Loans

Strengthening Our Core Functions and Supporting Communities in Addressing Water Challenges

Pkg 101	Klamath Coordination and Water Right Special Projects	2.00	427,133	General Fund
Pkg 104	Data and Water Management in the Klamath Basin	1.00	191,822	General Fund
Pkg 105	Establishing a Regional Solutions Community Liaison	1.00	206,664	General Fund
Pkg 110	Monitoring Coordinator for Efficient Data Sharing and Management	1.00	211,067	General Fund

These eight packages total \$2.6 million General Fund, \$1 million in additional Lottery Funds to pay debt service, \$50 million in Other Funds for Grants and Loans, and \$2.2 million in Other Funds to pay for debt service. There are 12.75 full-time equivalent (FTE) proposed to be added to the Department’s position count bringing the total to 167.58 FTE.

III. Conclusion

The Governor’s Recommended Budget (GRB) includes investments in water that will grow our economy and lift up rural Oregon to create healthy ecosystems and communities, while furthering implementation of the state’s 2012 Integrated Water Resources Strategy (IWRS). The largest investments are to aid in the development of water resources statewide to meet instream and out-of-stream needs as part of an Integrated Water Resources Program. Other investments focus on strengthening the Department’s core functions and supporting communities, such as the Klamath Basin, in solving and managing water-related challenges.

Tracy Loudon, Administrator
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Attachment: 2015-17 Governor’s Recommended Budget Summary

Oregon Water Resources Department

2015-17 Governor's Recommended Budget and Legislation



The Governor's Recommended Budget (GRB) includes investments in water that will grow our economy and lift up rural Oregon to create healthy ecosystems and communities, while furthering implementation of the state's 2012 Integrated Water Resources Strategy (IWRS). The largest investments are to aid in the development of water resources statewide to meet instream and out-of-stream needs as part of an Integrated Water Resources Program. Other investments focus on strengthening the Department's core functions such as data collection and water right processing, while also supporting communities, such as the Klamath Basin, in solving and managing water-related challenges.

	2011-13 Legislatively Adopted Budget	2013-15 Legislatively Adopted Budget	2015-17 Governor's Recommended Budget
General Fund	\$ 20,614,684	\$ 26,504,946	\$ 30,908,571
Other Funds, including fees	10,403,841	10,626,121	\$ 11,300,665
Other Funds (grants and loans)	18,758,324	23,920,890	\$ 59,383,827
Lottery Fund (Debt Service)	706,751	574,025	\$ 6,620,003
Federal Funds	1,195,479	1,272,735	\$ 1,302,403
Total Funds	\$ 51,679, 079	\$ 62,898,717	\$ 109,515,469
Full-Time Equivalent (FTE)	144.59	154.80	167.58

(Preliminary Analysis Dated 12-10-14)

Integrated Water Resources Program – Meeting Oregon's Water Needs

Pkg #106 – Funding Feasibility Studies (.75 FTE; \$140K General Fund & \$2M Lottery Bonds) **IWRS Recommended Actions # 10A, 10B, 10C, 13C**

Communities often find it difficult to secure funding to study the feasibility of developing water conservation, reuse, or storage projects. The Department currently has \$750,000 in its base budget to provide grant funding for such studies. This package would add an additional \$2 million for SB 1069 (2008) feasibility study grants, and add staffing capacity (currently at .25 FTE) to administer and oversee the grant program. Add \$150,000 for cost of issuance and debt service.

Pkg #113 – Funding Water Supply Projects (1 FTE; \$187K General Fund & \$17.25M Lottery Bonds) **IWRS Recommended Actions # 3A, 5B, 10A, 10B, 10C, 10E, and 11B**

Water is essential for economic growth, environmental health, and the welfare of all Oregonians. The state needs to continue to provide support for water resources supply projects in order to meet Oregon's current and future instream and out-of-stream water needs. Recapitalizes the Water Supply Development Account (established by SB 839 in 2013) and the Water Supply Fund. This includes \$17.25 million for grants and loans for water projects, as well as a position to administer and oversee grants and loans. Add \$1.3 million for cost of issuance and debt service.

Pkg #115 – Supporting Project Development & Place-Based Planning (6 FTE; \$1.2M General Fund & \$750K Lottery Bonds) **IWRS Recommended Actions # 3A, 5B, 9A, 9B, 9C, 10A, 10B, 10C, 10E, and 11B**

This package would allow the state to proactively work with communities to identify, evaluate and develop water resources solutions to meet instream and out-of-stream needs. This request would expand the water supply team, adding a water supply project manager, water supply engineer, finance analyst, water supply technical coordinator, and two place-based planning coordinators. This package also includes \$750,000 for grants to help communities voluntarily develop place-based integrated water resources plans to identify how they will meet their current and future instream and out-of-stream water needs. Add \$56,000 for cost of issuance and debt service.

Pkg #120 – Facilitating Water Development Loans (\$30M General Obligation Bonds) **IWRS Recommended Actions #3A, 5B, 10A, 10B, 10C, 10E, and 11B**

Recapitalizes the Water Development Loan Fund using dedicated General Obligation Bonds for the purposes of financing water development projects. Funds are only issued after project(s) are identified and an agreement is signed for repayment by the borrower(s). Add \$1.7 million for cost of issuance and debt service.

**Strengthening Our Core Functions and
Supporting Communities in Addressing Water Challenges**

**Pkg #101 – Klamath Coordination and Water Right Special Projects (2 FTE; 427k General Fund)
IWRS Recommended Actions # 9C, 10 and 13B**

A Klamath coordinator will focus on the day-to-day needs to implement the Klamath settlements. One water right specialist will focus on processing Klamath leases and transfers due to implementation of settlement agreements, as well as working on other key water right transactions needs, including addressing backlogs related to extensions, claims of beneficial use, and certificate issuance.

**Pkg #104 – Data and Water Management in the Klamath Basin (1 FTE; 192k General Fund)
IWRS Recommended Actions # 1B, 13B**

As a result of the completion of the administrative phase of the Klamath adjudication, as well as the water settlements, a significant increase in data collection and processing has been necessary to provide timely information to manage water in the basin. One hydrotech will monitor water conditions in the basin.

**Pkg #105 – Establishing a Regional Solutions Community Liaison (1 FTE; 207k General Fund)
IWRS Recommended Actions # 1C, 9B, and 9C**

Adds one position to increase Department capacity to participate in Regional Solutions activities and support communities in resolving water-related issues. This position will serve as a liaison to Regional Solutions teams, providing technical guidance, data, and permitting assistance.

**Pkg #110 – Monitoring Coordinator for Efficient Data Sharing and Management (1 FTE; 211k General Fund)
IWRS Recommended Actions # 1B and 1C**

Adding a monitoring coordinator will allow the Department to coordinate inter-agency collaborative water quantity and quality monitoring efforts, fill data gaps, and make improvements to how we gather, process and share data and information. This position would assess water resource data needs and provide data quality assurance in working with local, state, federal, and tribal governments, as well as non-governmental entities and other partners.

Water Resources Department Budget Legislation

HB 5042 – Water Resources Department Budget Bill

Appropriates monies from the General Fund for the Department. Includes funds from fees, lottery bonds, lottery funds, federal funds, and contracts for services.

HB 5005 – General Obligation Bonds

Establishes amounts authorized for issuance of General Obligation Bonds, including \$30 million for the Water Development Loan Program.

HB 5030 – Lottery Bonds

Authorizes issuance of Lottery Bonds, including \$20 million for water resources planning, feasibility studies, and projects.

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