



Oregon

Kate Brown, Governor

Water Resources Department

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MEMORANDUM

TO: Water Resources Commission

FROM: Racquel Rancier, Senior Policy Coordinator *RR*

SUBJECT: Agenda Item I, September 11, 2015
Water Resources Commission Meeting

Legislative Wrap-Up

I. Introduction

The 78th Legislative Assembly adjourned sine die on July 6, 2015. During this agenda item, staff will provide a summary of the legislative session, including the status of key legislation related to the Department's activities.

II. Background

By the close of the 2015 Legislative Session, 2,799 measures had been introduced, with the House of Representatives passing a total of 1,079 measures and the Senate passing 1,003. Staff tracked over 300 bills, many of which were of broad applicability to state agency business, or contained broad "relating to" clauses. A small subset of bills were specifically related to water policy.

Information for all measures can be found on the Oregon Legislature's website, (www.oregonlegislature.gov), including bill versions, amendments, video recordings of committee meetings, fiscal analyses, and written testimony.

III. Department and Governor's Office Policy Legislation

The Department had five bills and the Governor's office introduced two water-related bills.

Five of these bills were successful:

- SB 266 – *Place-Based Integrated Water Resources Planning*
- SB 267 – *Extending Irrigation District Pilot Project Allowing Temporary Transfers within Boundaries*
- SB 264 – *Participation in the Joint Management Entity for the Upper Klamath Basin Comprehensive Agreement*
- SB 206 – *Temporary Transfers and Leases of Determined Claims in the Klamath Basin*
- HB 2400 – *SB 839 Clean-Up Extending Timelines and Closing Seasonally Varying Flow Loophole*

The two Department bills that did not pass the Legislature included:

- SB 265 – *Fulfilling State Commitments in the Klamath Basin Restoration Agreement*
- SB 268 – *Water Resources Department Funding Task Force*

IV. Legislation Introduced by Others

During the May 2015 report to the Commission, staff reported on select legislation relevant to the Department's activities that was still active after the second chamber deadline. Below is an update on the status of those bills:

Legislation that Passed

- HB 3315 – *Requires ODFW to charge agencies for services performed on fee-related programs*
- SB 306 – *Allows the Department to inspect and provide technical assistance on levees*
- SB 319 – *Removes Department from permitting of ocean wave energy projects except when project is in an estuary in which the bed and banks are not owned by the state.*

Legislation in Committee Upon Adjournment

- SB 712 – *Municipal Extensions and Fish Persistence*
- HB 3169 – *Statewide Aquifer Study and Domestic Well Loan Program*
- SB 952 – *Task Force on Funding State Natural Resource Agencies*

A more detailed recap of the bills and budget proposals that passed the 2015 Oregon Legislature is included in Attachment 1.

V. Conclusion

As a result of the bipartisan efforts of legislators and a diverse coalition of stakeholders, support from the Governor, as well as previous work undertaken as part of the Integrated Water Resources Strategy, the 2015 Legislative Session resulted in furthering policies and investments to help address Oregon's water resources challenges.

As the 2015 Legislative Session closes, timelines have already been set for the 2016 Legislative Session. Requests for legislative concepts are due to Legislative Counsel no later than November 24. Legislators may have two measures drafted, committees may have three measures drafted, and the executive branch may have five measures drafted.

Attachment 1: Summary of 2015 Legislative Session

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Oregon Water Resources Department Legislative Recap

2015-17 Legislatively Adopted Budget



The Legislatively Adopted Budget (LAB) includes investments in water that will grow our economy and lift up rural Oregon to create healthy ecosystems and communities, while furthering implementation of Oregon's 2012 Integrated Water Resources Strategy (IWRS). The largest investments are to aid in the development of water resources to meet instream and out-of-stream needs, and help address water-related challenges. Other investments focus on strengthening the Department's core functions such as data collection and water right processing.

	2011-13 Legislatively Adopted Budget	2013-15 Legislatively Adopted Budget	2015-17 Legislatively Adopted Budget*
General Fund	\$ 20,614,684	\$ 26,504,946	\$ 29,622,753
Other Funds, including fees	10,403,841	10,626,121	13,469,293
Other Funds for grants and loans	18,758,324	23,920,890	60,476,515
Lottery Fund (Debt Service)	706,751	574,025	2,511,482
Federal Funds	1,195,479	1,272,735	1,302,403
Total Funds	\$ 51,679, 079	\$ 62,898,717	\$ 107,382,446
Full-Time Equivalent (FTE)	144.59	154.80	162.58

*General Fund includes \$773,716 grant funds for Feasibility Studies. Other Funds for grants and loans includes \$9,476,515 of SB 839 carryforward from 2013-15.

New Staffing Resources

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. Adds new positions to the Department's budget as outlined below:

- Pkg #101 – Water Right Special Projects (1 FTE; \$164k Limited Duration General Fund)**
One water application processor 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. *IWRS Recommended Actions #9C, 10 and 13B*
- Pkg #103 – Groundwater Data Management (1 FTE; \$215k General Fund & Other Fund)**
Adds one Chief Groundwater Technology Scientist that will be responsible for establishing procedures and methods to capture and process data using rigorous scientific standards, overhauling data organization, and formatting. *IWRS Recommended Action #1C*
- Pkg #104 – Data and Water Management in the Klamath Basin (1 FTE; \$192k General Fund)**
A significant increase in data collection and processing has been necessary to provide timely information to manage water in the basin, as a result of water settlements and the completion of the administrative phase of the Klamath adjudication. Adds one hydrologic technician to monitor water conditions in the basin. *IWRS Recommended Actions #1B and 13B*
- Pkg #105 – Place-Based Planning Coordinator (1 Limited Duration FTE; \$207k General Fund)**
Adds one limited duration position to increase Department capacity for initial place-based planning implementation. *IWRS Recommended Actions # 9A and 9B*
- Pkg #106 – SB 1069 Grant Administration Capacity (1 Limited Duration FTE; \$139k General Fund)**
Adds an additional 0.75 limited duration FTE to the Department's existing permanent 0.25 FTE for grant administration to expand the administrative capacity of the Water Conservation, Reuse and Storage Grant program that was established in 2008 by Senate Bill 1069. *IWRS Recommended Action #13C*
- Pkg #115 – Supporting Project Development & Place-Based Planning (3 FTE; \$615k General Fund)**
Allows the state to proactively work with communities to identify, evaluate and develop water resources solutions to meet instream and out-of-stream water needs by adding an engineer and two place-based planning coordinators to the water supply team, with the option to use one coordinator for grant administration. *IWRS Recommended Actions # 3A, 5B, 9, 10, and 11B*

Integrated Water Resources Development Bonding for Loans and Grants

HB 5005 – General Obligation and Lottery Bond Limits

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

HB 5030 – Lottery Bonds Allocation

Provides for deposit of lottery bonds authorized in HB 5005 into specified accounts, including \$20 million for water resources planning, feasibility studies, and projects.

HB 5507 – Bond Expenditure Limitation

Established expenditure limitation for bonds.

Summary of new bonding:

- **Place-Based Planning Grants** – \$750,000 for grants to communities to 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 \$16,496 for cost of issuance.*
- **Feasibility Study Grants (SB 1069)** – \$2.0 M for grants to pay for costs of feasibility studies for water conservation, reuse or storage projects. *Add \$47,477 for cost of issuance.*
- **Umatilla Water Supply Grants** – \$11.0 M for grants or contracts to pay for water supply projects in the Umatilla basin. *Add \$241,942 for cost of issuance.*
- **Mosier Well Grants** – \$1.0 M for grants to repair, replace, or remediate water wells in the Mosier Creek area. *Add \$21,995 for cost of issuance.*
- **Water Supply Development Loans and Grants** – \$6.25 M to recapitalize the Water Supply Development Account (SB 839) to make grants and loans for water resources projects that provide environmental, economic, and social benefits. *Add \$112,979 for cost of issuance.*
- **Water Development Loans** – \$30 M to recapitalize 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.*

IWRS Recommended Actions #3A, 5B, 7A, 9A, 10, and 11B

Oregon Water Resources Department

Summary of 2015 Legislation



Water Resources Department Bills

- **SB 266 – Place-Based Integrated Water Resources Planning**
Authorizes the Department to provide grants to assist communities in developing place-based integrated water resources plans to help understand their instream and out-of-stream water needs and identify solutions to meet those needs. Sunsets July 1, 2019. *IWRS Recommended Actions # 9A*
- **SB 267 – Extending Irrigation District Pilot Project Allowing Temporary Transfers within Boundaries**
Extends the irrigation district pilot program, which allows districts to change the place of use of water rights within district boundaries for one season without applying for a transfer. Adds public notice requirements. Sunsets January 2, 2022.
- **SB 264 – Implementation of the Upper Klamath Basin Comprehensive Agreement**
Authorizes the Department to participate as a voting member of the Joint Management Entity, which is responsible for administration of certain provisions of the 2014 Upper Klamath Basin Comprehensive Agreement. *IWRS Recommended Actions # 2C and 9C*

Other Related Legislation

- **SB 206 – Temporary Transfers and Leases of Determined Claims in the Klamath Basin Adjudication**
Authorizes transfers and leases of determined claims in the Klamath Basin. Sunsets January 2, 2026. Allows transfers or leases entered into before sunset to continue through term.
- **HB 2400 – SB 839 Clean-up Bill**
Clarifies that the Department may condition existing water right permits for seasonally varying flows for certain storage projects funded by the SB 839 Water Supply Development Account. Modifies deadlines for bill implementation.
- **SB 319 – Consolidating Agency Wave Energy Permitting**
Designates Department of State Lands as the lead agency for regulating wave energy projects through its removal-fill and proprietary leasing responsibilities. Removes requirement that wave energy projects undergo Water Resources Department hydroelectric permit and licensing, except in certain instances in estuaries.
- **SB 306 – Levee Technical Assistance**
Provides Department with authority to assist communities with levee inspections. Provision of assistance subject to funding availability. Authorizes Infrastructure Finance Authority to provide loans to certain entities for levees.
- **HB 3315 – Oregon Department of Fish and Wildlife Recouping Costs of Services**
Requires ODFW to track and estimate cost of staff time spent on performing services for other agencies' fee-related programs, such as consultation on water right transactions. Authorizes ODFW to charge agency for costs of services beginning on July 1, 2019. Directs ODFW to develop rules by January 1, 2016. Requires ODFW to report twice (Jan. 2017 and Jan. 2019) to legislature on permits, state agencies, statutes and rules for which it performs services; explain how its participation contributes to the protection of fish and wildlife; and options that could reduce ODFW's participation in permit review.
- **HB 3400 – Modifications to Recreational and Medical Marijuana Laws**
Modifies Measure 91 (legalizing recreational marijuana) and Medical Marijuana laws. Establishes task force on Environmental Best Practices to study the use of electricity and water by, and the agricultural practices associated with, the growing of cannabis. Task force required to report on marijuana water use and will include a member of the Department. Report due September 15, 2016.

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