



# Budget and Legislative Update

August 2017 Water Resources Commission Meeting

Presented by:

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# Session Snapshot

- **Sine Die: July 7**
- **2,829 measures introduced**
  - House passed 952 measures
  - Senate passed 908 measures
- **Governor has until August 18 to sign or veto**

# WRD Legislation

- **Department's legislation**
  - ✓ **HB 2295 – water right transactions and dam safety fee schedule**
  - ✓ **HB 2296 – well construction (amended)**
  - × **HB 2297 – drought task force placeholder (dead)**
  - ✓ **HB 3051 – cost-share measurement program**

# Other Water Legislation - Passed

- ✓ HB 2099 – Municipal extensions
- ✓ HB 3427 – Dam safety
- ✓ HB 2722 – Condominium Irrigation Requirements and Landscaping
- ✓ SB 56 – Cannabis Coordination
  
- ✓ Others – See Attachment 1
  - × *Note: On 8/15, the Governor line-item vetoed the Bradshaw Drop Project in HB 5006.*

# Other Water Legislation – Did Not Pass

- × HB 2027 – Relating to “water”
- × HB 2705 – Water measurement
- × HB 2706 – Water right management fee
- × HB 2707 – Groundwater study funding
- × HB 3421 – Historic-use reservoirs
  
- × HB 2485 – POD pilot program
- × HB 3053 – Water infrastructure
- × HB 3382 – Deschutes Groundwater Mitigation
  
- × Others: see attachment 2

# Statewide Legislation

- PERS
- Public records
- Debt collection
- Rulemaking practices
- Information security
- Marijuana

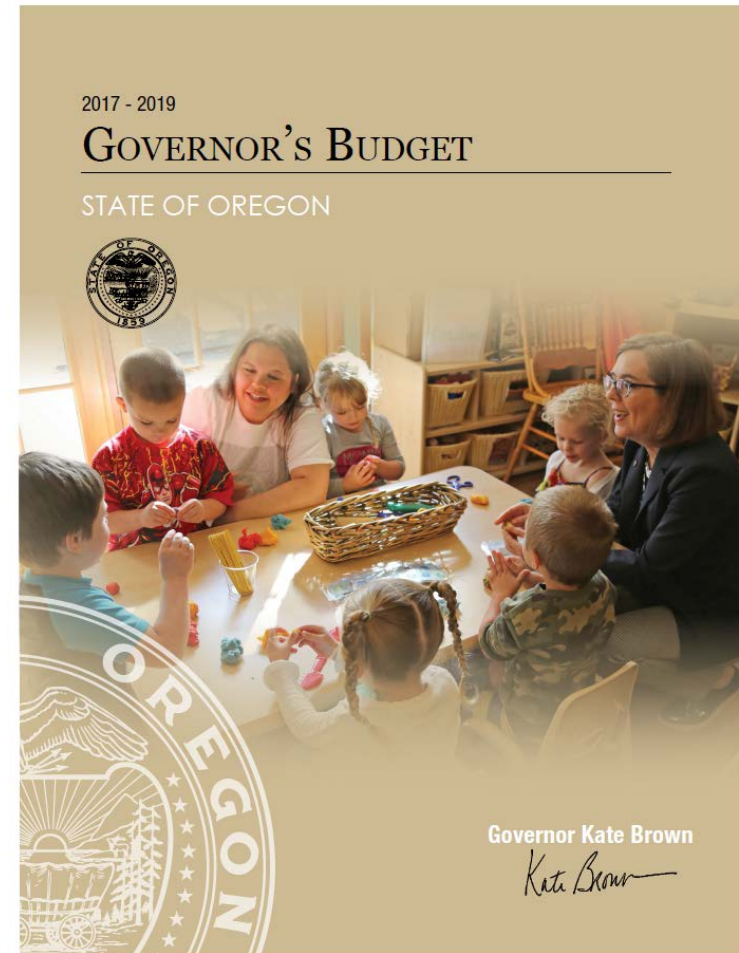


# Budget Environment

- **\$1.8 billion shortfall at start of session**
  - Health care costs
  - Pension costs
  - Voter enacted measures
- **Governor's budget proposed new revenues and reductions**

# Governor's Recommended Budget

- **Proposed WRD budget**
  - ~ \$2.5 million in reductions
  - ~ \$4.2 million in additional resources
  - ~ \$35 million in lottery bonds and debt service





# Legislative Budget Considerations

- No new general fund revenues
- Co-chair's Targeted Reductions
- Cost Containment Principles

## Legislative Fiscal Office

Oregon State Capitol  
900 Court Street NE, H-178  
Salem, OR 97301  
503-986-1828

Ken Rocco, Legislative Fiscal Officer  
Paul Siebert, Deputy Fiscal Officer



## Joint Committee on Ways and Means

Sen. Richard Devlin, Senate Co-Chair  
Rep. Nancy Nathanson, House Co-Chair

Sen. Betsy Johnson, Senate Co-Vice Chair  
Sen. Jackie Winters, Senate Co-Vice Chair  
Rep. Dan Rayfield, House Co-Vice Chair  
Rep. Greg Smith, House Co-Vice Chair

April 17, 2017

### Ways and Means Co-Chairs' 2017-19 Target Reduction Lists

In the weeks since the 2017-19 Co-Chairs' Existing Resources Budget Framework was released, the Co-Chairs of the Joint Committee on Ways and Means and the committee's Subcommittees have been working to identify budget actions necessary to achieve the reduction targets included in that framework. This work was necessary to be ready to balance the budget if no additional revenue for state programs and services is available this session.

What follows is a presentation of the currently proposed items that attain each program area's reduction target. In all but one instance, these lists are for the same program area categories as included in the framework document (the exception being the combination of Administration and the Legislative Branch).

# Legislatively Adopted Budget

	<b>FTE</b>	<b>Operational</b>	<b>Grants and Loans</b>	<b>Total</b>
<b>2015-17 LAB (Feb Session)</b>	<b>163.25</b>	<b>\$44.4 m</b>	<b>\$64.9 m</b>	<b>\$109.3 m</b>
<b>2017-19 CSL</b>	<b>160.59</b>	<b>\$47 m</b>	<b>\$34.6 m</b>	<b>\$81.5 m</b>
<b>Reductions</b>	<b>-</b>	<b>(\$2.3) m</b>	<b>(\$4.6) m</b>	<b>(\$6.8) m</b>
<b>Adds</b>	<b>7.00</b>	<b>\$1.3 m</b>	<b>\$22.6 m</b>	<b>\$23.9 m</b>
<b>2017-19 LAB</b>	<b>167.59</b>	<b>\$46 m</b>	<b>\$52.6 m</b>	<b>\$98.6 m</b>

Numbers may not add up due to rounding

# Legislatively Adopted Budget

- **SB 5542 – Reductions**
  - **General Fund Programs**
    - **Feasibility Study Grants – \$400k**
    - **Observation Wells – \$100k**
    - **Gaging Stations – \$50k**
  - **Personal Services – \$100k**
  - **Shifts \$50k from GF to Water Right Fees**

# Legislatively Adopted Budget

- **HB 5006 Cost Containment Reductions**
  - **10 percent travel – \$113k**
  - **Net hiring slowdown – \$1 million**



OREGON LEGISLATIVE ASSEMBLY

To: Peter Courtney, President of the Senate  
Tina Kotek, Speaker of the House

From: Representative Nancy Nathanson, Co-Chair Ways and Means  
Senator Richard Devlin, Co-Chair Ways and Means  
Representative Greg Smith, Vice Co-Chair Ways and Means  
Senator Jackie Winters, Vice Co-Chair Ways and Means  
Senator Betsy Johnson, Vice Co-Chair Ways and Means

Date: April 21, 2017

Re: Actions to curb future budget growth

Oregon is facing a \$1.6 billion budget deficit for the 2017-19 biennium. This shortfall is the result of both short- and long-term factors.

In the short-term, the cost of expanding health care accounts for most of the shortfall, while voter-enacted measures and pensions costs each account for about one-fifth.

But underlying the current deficit is a long-term, structural imbalance between existing revenue streams and the growing costs of providing programs and services to Oregonians. The structural imbalance is due to choices legislators and voters have made over many years.

Without action to contain the growing costs of state government now, the structural imbalance will cause even greater deficits in future years.

We propose the following list of actions to curb future growth in the budget, make our state government more efficient and stabilize investments in critical public services. We believe cost-containment efforts are a key step toward making sustainable, long-term investments in schools, services, and programs on which Oregonians rely.

# Legislatively Adopted Budget

- **SB 5542 / HB 5006 – Additions that Continue Service Levels**
  - **Water Rights and Dam Safety Fee Package**
  - **Dam Safety Engineer**
  - **Umatilla Field Staff**
  - **Payroll Shared Services**
  - **Planning Coordinator (LD)**

# Legislatively Adopted Budget

- **SB 5530 / HB 5006**
  - **Feasibility Study Grants – \$1.5 million**
  - **Water Project Grants and Loans – \$15 million**
  - **Direct Awards for Water Projects**
    - **City of Carlton Panther Creek Reservoir – \$2.5 million**
    - **City of Carlton Water Supply Line – \$2 million**
    - **Santiam Water Control District Mill Creek Corporate Center – \$1.2 million**

# Legislatively Adopted Budget

- **GRB Packages not included in LAB**
  - **GW Basin Study Team**
    - **5 positions, \$1.8 million GF**
  - **Reclass Packages**
  - **Field - Responsible Water Management and Distribution**
    - **5 positions, \$1 million GF**

# Legislatively Adopted Budget

## ■ Summary

- Positions
- Reductions
- Litigation

Attachment 1



### Oregon Water Resources Department Legislative Recap 2017 Legislative Session

	2013-15 Legislatively Adopted Budget	2015-17 Legislatively Adopted Budget	2015-17 Legislatively Approved Budget (Feb Session)	2017-19 Legislatively Adopted Budget*
General Fund	\$ 26,504,946	\$ 29,622,753	\$ 31,185,564	\$31,483,809
Other Funds (Including Fees)	10,626,121	13,469,293	13,777,317	12,633,833
Other Funds (Grants and Loans)	23,920,890	60,476,515	60,476,515	**48,672,536
Lottery Funds (Debt Service)	574,025	2,511,482	2,511,482	3,953,969
Federal Funds	1,272,735	1,302,403	1,312,338	1,879,534
Total Funds	\$ 62,898,717	\$ 107,382,446	\$ 109,263,216	\$98,623,681
Full-Time Equivalent (FTE)	154.80	162.58	163.25	167.59

\*Figures are not final until audited by DAS.

\*\*Includes \$26 million carried over from 2015-2017, which is mostly committed but has not been expended. \$22.2 million in new bonding authority plus cost of issuance.

#### Water Resources Department Budget and Funding Authorizations

[SB 5542](#) - Agency Budget / [SB 5530](#) - Lottery Bonds / [HB 5006](#) - Budget Reconciliation / [HB 3470](#) - Program Change

Sustaining Current Service Levels: Water Rights Transactions and Dam Safety Fee Schedule Increase (Fee revenue \$838k)

- This package is associated with House Bill 2295, accounting for increases of 15.88%, on average, to the current fee schedule to maintain the current level of services through 2021, based on projected costs supplied by the Department of Administrative Services. *IWRS Recommended Action #7 & 13b. GRB Packages #70/100.*

Protecting the Public and Water Supplies through Dam Safety Inspections (\$123k OF & 123k FF; 1 FTE)

- Protects public safety and water storage capacity of dams through the addition of one dam safety engineer funded by federal (FF) and other funds (OF) to conduct dam inspections, assess dams' ability to pass flood flows, and review hazard ratings. *IWRS Recommended Action 7a. GRB Package #102.*

Payroll Shared Services (\$67k OF revenue)

- Authorizes Department to accept funding from Department of State Lands for payroll shared services, allowing the agencies to efficiently share payroll staff, broaden the knowledge base, establish best practices, and provide backup for staff on leave. *GRB Package #106.*

Umatilla Field Presence (\$334k GF, \$100k OF and \$434k FF; 5.0 FTE)

- Adds position authority for five positions that were previously Umatilla County personnel under supervision of OWRD: includes two assistant watermasters funded by the U.S. Bureau of Reclamation, and three positions (two assistant watermasters, one administrative assistant) previously funded by the County that will now be funded by General Fund. The County is anticipated to contribute funding to a portion of these positions. *Modified GRB Package #107.*

Helping Communities Plan for Water Needs through Place-Based Planning (\$204k CF, 1 FTE LD)

- Continues one limited duration place-based planning coordinator to pilot place-based planning and help communities identify solutions to meet their instream and out-of-stream water resources needs. *IWRS Actions # 9a. Modified GRB Package#104.*

Grants to Evaluate the Feasibility of Potential Water Projects (\$1.5 million LB, \$47k cost of issuance)

- Helps meet Oregon's water needs by providing \$1.5 million in Lottery Bonds for grants to assess the feasibility of developing water conservation, reuse or storage projects (SB 1069). *IWRS Recommended Action #13c. Modified GRB Package#109.*

Grants and Loans to Implement Water Projects (\$22.2 million LB, \$375k cost of issuance)

- Authorizes \$15 million to recapitalize the fund for Water Project Grants and Loans (SB 839) to develop water resources projects that have economic, environmental and community benefits to help meet Oregon's water needs. *IWRS Recommended Action #10a, 10b, 10c, 10e, 11b. Modified GRB Package#110.*

- Allocates \$2.5 million for the City of Carlton's Panther Creek Reservoir, \$2 million for the City of Carlton's Water Supply Line, and \$1.2 million for Santiam Water Control District's Mill Creek Corporate Center. [HB 3470](#) states that these projects aren't subject to application, scoring, or ranking requirements of the Water Project Grants and Loans program.



# Conclusion and Next Steps

- **Implementing legislation that passed**
- **Interim legislative work on items that were unaddressed**
- **2018 Session is coming!**
  - **Legislative Concepts, if any, due November 21**
- **2019 deadlines not yet set:**
  - **Key Performance Measure modifications (~April)**
  - **Legislative Concepts (~April)**
  - **Budget proposals (~May-June)**

# Questions?

