



Oregon

Kate Brown, Governor

Water Resources Department

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MEMORANDUM

TO: Water Resources Commission

FROM: Lisa J. Snyder, Administrative Services Division Administrator
Racquel Rancier, Senior Policy Coordinator *RR*

SUBJECT: Agenda Item I, February 22, 2019
Water Resources Commission Meeting

RR for Lisa Snyder

Budget Update

I. Introduction

Staff will provide an overview of the 2019-2021 Governor's Recommended Budget (GRB) for the Water Resources Department, which includes eight budget packages totaling \$21.8 million.

II. Background

The process to develop and approve state agency budgets starts long before the Oregon Legislature convenes. The Department initiated internal discussions for 2019-2021 budget ideas in late 2017 and began soon after to share our ideas and seek feedback from stakeholders. In the early part of 2018, the Department began building its budget based on instructions provided by the Department of Administrative Services Chief Financial Office (DAS CFO). Budget development for the Department started with the agency's Current Service Level (CSL) budget, which is the current biennium Legislatively Adopted Budget with adjustments made to account for expected cost increases such as inflation, while subtracting out items such as one-time costs or programs that are being phased out.

In early Summer of 2018, the Department submitted to DAS CFO proposed additions and reductions (Policy Option Packages) to the agency's CSL. These submissions contributed to the Department's Agency Request Budget (ARB), which was published and submitted to DAS CFO in September 2018.

The next step in the process was the development of the Governor's Recommended Budget. DAS CFO considered agency ARBs, the current and projected financial position of the state, budget policies, as well as current law, and worked with the Governor to produce the GRB that reflected the priorities of her office. The GRB was released in December 2018 and serves as the starting point for budget discussions with the Legislature.

III. Discussion

As shown in Attachment 1, the Department's 2019-2021 GRB proposes both additions and subtractions from the Department's CSL. Reductions total over \$2 million, while additions include \$6.5 million in General Fund resources, as well as providing \$15.3 million in new Lottery Revenue Bond funding to fund water project grants and loans. Staff will brief the Commission on the elements of the Department's GRB during the meeting.

The Department is scheduled to present its proposed budget to the Ways and Means Subcommittee on Natural Resources at its meetings on March 4-6, 2019. Final action on the Department budget is not expected until late in the legislative session.

IV. Conclusion

The Department's 2019-2021 GRB includes investments in water that will further implementation of the 2017 Integrated Water Resources Strategy, helping the state to understand and meet water needs now and into the future. The GRB will now be considered by the Joint Committee on Ways and Means, as well as its subcommittees. Ultimately, the final budget for the Department will be set by the Oregon Legislature.

Attachment:

1. 2019-21 Governor's Recommended Budget Summary

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Oregon Water Resources Department

2019-21 Governor's Recommended Budget Summary



	2015-17 Legislatively Adopted Budget	2017-19 Legislatively Adopted Budget	2017-19 Legislatively Approved Budget (Feb Session)	2019-21 Governor's Recommended Budget
General Fund	\$ 29,622,753	\$31,483,809	\$ 32,150,986	\$38,894,484
Other Funds (including Fees)	13,469,293	12,633,833	12,922,692	13,439,807
Other Funds (Grants and Loans)	60,476,515	48,672,536	53,942,169	*46,278,251
Lottery Funds (Debt Service)	2,511,482	3,953,969	3,953,969	8,493,320
Federal Funds	1,302,403	1,879,534	1,905,917	876,734
Total Funds	\$ 107,382,446	\$98,623,681	\$ 104,875,733	\$107,982,596
Positions/Full-Time Equivalent (FTE)	164/162.58	170/167.59	170/167.59	184/177.59

*Other Funds (Grants and Loans) includes Lottery Revenue Bond proceeds in the amount of \$31 million in carry forward from the 2017-19 biennium and \$15 million in new bonding (plus the cost of issuance).

Water Resources Department Policy Option Packages

Package 101 – Place Based Planning Community Support – Provides \$750k for supporting current planning groups in Harney-Malheur Lake, Lower John Day, Mid-Coast, and Upper Grande Ronde, as well as conducting an evaluation of the place-based approach to water planning. Continues existing NRS 4 planning coordinator (\$230k). Total: \$979,950 General Fund; 1 position. *IWRS Recommended Action: 9.A*

Package 102 – Groundwater Data, Management, and Protection – Increases the state's understanding of water supplies by allowing the Department to conduct one additional groundwater study at a time, while also preparing other basins for study and conducting more timely groundwater right reviews. The next basin intended for study is the Walla Walla Subbasin. Adds nine positions: OPA 3 public engagement coordinator, NRS 3 well construction specialist, NRS 3 hydrogeologist, NRS 4 hydrogeologist, NRS 3 hydrogeologist groundwater reviewer, NRS 4 hydrologist, ISS 6 database application developer, NRS 2 hydrographer, and a NRS 3 hydrographer. Provides cost-share funding for groundwater study (\$300k), geologic mapping (\$100k), and observation wells (\$400k). Total: \$2,837,027 General Fund; 9 positions. *IWRS Recommended Actions: 1.A and 1.B*

Package 104 – Protecting the Public Through Dam Safety – Increases the State's understanding of the safety and condition of dams. Funds assessments of dams and a dam safety task force (\$500k). Provides funding to develop a business case analysis of the need for investment in water infrastructure (\$100k). Includes projected revenue from a fee for review of new dams and modifications to existing dams, as proposed in the Department's Legislative Concept. Total: \$600,000 General Fund; \$46,975 Fee Revenue. *IWRS Recommended Action: 7.C*

Package 105 – Addressing Increasing Legal Expenses – Adds additional resources to assist the Department in addressing ongoing legal costs, primarily driven by increased litigation in the Klamath Basin. Total: \$1,000,000 General Fund.

Package 106 – Supporting Water Management in the Field – Adds two watermasters (Willamette and Crooked River) and two regional assistant watermasters (East Region and South Central Region) to support timely water management and distribution. Total: \$754,248 General Fund; 4 positions. *IWRS Recommended Actions: 10.F, 2.B, and 1.B*

Package 107 – Investing in Projects to Meet Water Needs – Provides \$15 million in Lottery Revenue Bond proceeds, plus \$278k for cost of issuance, to provide grants and loans for water supply projects to meet instream and out-of-stream water needs. Total: \$15,278,251 Lottery Revenue Bonds. *IWRS Recommended Actions: 10.E, 10.A, 10.B, 10.C, 3.A, 11.B, and 13.E.*

Package 112 – Continuing Payroll Shared Services – Makes permanent an existing shared services payroll accounting technician who is a member of the team that provides payroll and benefit services to over 500 staff in six different agencies. Total: \$146,808 Other Funds; 1 position.

Package 113 – Supporting Agency Functions – Adds an internal auditor in the Director's Office to help the Department identify opportunities for improvement on a continuous basis and to comply with requirements for internal auditing under OAR 125-700-0125(1)(c). Total: \$183,351 General Fund and Other Fund; 1 position.

Water Resources Department Budget Reductions

Package 090 – Reductions – Removes a water right data tech and a water right extension/adjudication processor, and also inadvertently reduces a NRS2 field water right tech – Oregon Plan position (- \$497k, 2FTE). Reduces standard inflation for non-protected accounts (\$134k), and increases vacancy savings targets (\$724k). Reduces base budget funding for Feasibility Study Grants by \$205k (leaving ~\$200k), Water Use Measurement Cost Share by \$9k (leaving ~\$94k), Gaging Stations by \$97k (leaving ~\$100k), and Observation Wells by \$100k (leaving ~ \$270k). Total Reduction: \$1,765,953 General Fund, 2 positions.

Package 091 – Statewide Adjustments for DAS Charges – Includes changes made for Department of Administrative Services (DAS) charges and the DAS Pricelist in the Governor’s Recommended Budget. Total Reduction: \$256,752 General Fund, \$61,290 Other Fund.

Package 092 – Statewide Department of Justice Adjustment – Includes changes made to the Department of Justice Attorney General rate in the Governor’s Recommended Budget. Total Reduction: \$57,417 General Fund, \$4,873 Other Fund.

For additional information contact:

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