



## MEMORANDUM

**TO:** Water Resources Commission

**FROM:** Racquel Rancier, Policy Manager  
Lisa Snyder, Administrative Services Division Administrator  
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**SUBJECT:** Agenda Item G, June 24, 2020  
Water Resources Commission Meeting

### **Legislative and Budget Update**

#### **I. Introduction**

This informational report provides an overview of continued efforts to prepare budget packages and legislative concept proposals for the 2021 Legislative Session.

#### **II. 2021 Legislative Concept Development**

Drafts for legislative concepts were submitted to the Department of Administrative Services (DAS) on June 5 for the 2021 Legislative Session and the Department filed five legislative concepts. Summaries of legislative concepts are included in Attachment 1. The Department has begun discussions with stakeholders about proposals for the 2021 Legislative Session; however, additional meetings are planned for the summer. Some legislative concepts will need significantly more outreach. The Department anticipates making adjustments to the legislative concepts based on stakeholder feedback and continuing to work to refine concepts. In addition, the Governor's Office must approve the legislation to move forward.

#### **III. 2021 Budget Development**

Since February, the Department has continued to refine budget package proposals based on feedback from stakeholders, the Commission and staff. The Department has frozen budget package numbers for internal pricing, and the final budget document is due July 31. In addition, given the current economic downturn, the Department has sought to reduce many of its requests. While the number of requests has been reduced, even in this current economic climate, the Department believes it is important to put forward a relatively large number of proposals to continue to communicate the significant needs within the agency, as well as locally in basins around Oregon to the Governor and Legislature as recommended by the 2016 Secretary of State's Audit.

Attachment 2 provides an overview of the current 2021 draft of budget proposals, which are listed in priority order. It is important to note that the Department found it difficult to prioritize these packages because they are all important for different reasons. The prioritization is based on the following principles:

- (1) Protecting public safety and preparing for emergencies is critical, given the Department's dam safety and water management responsibilities and the current lack of preparedness of the agency. Prepare for the impacts of drought, floods and climate change on water supplies and infrastructure.
- (2) Invest in IT systems to improve staff productivity and ability to manage water resources; the pandemic has shown that these systems have been underfunded for too long and in some cases inhibit employee productivity and decision-making. IT will become increasingly important to advance the Strategic Plan work in the current budget environment.
- (3) Maintain existing agency services and minimize reductions to the some of the core program areas.
- (4) Invest in key program areas for water management and investments in water supply solutions that provide a statewide benefit, with program areas that have been chronically underfunded ranked higher than other equally important programs.
- (5) Support local and regional efforts to address water supply challenges: these proposals are critical to local communities and the agency.

The Department welcomes feedback from the Commission on this prioritization.

#### **IV. Conclusion**

Given the significant impacts of COVID-19 on the economy statewide, there is significant uncertainty over the viability of budget packages moving forward. The Department will continue to work with stakeholders to refine legislative proposals for the 2021 legislative session, while also continuing to adjust and be mindful of the uncertainties and challenges created by COVID-19.

#### **Attachments:**

1. 2021 Potential Legislative Concepts
2. 2021 Table of Budget Proposals

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**Water Resources Department 2021 Legislative Concept Proposals as of 6/16/2020****DRAFT - Proposals are Subject to Change**Changes to Rights to Store Water – Transfers of Stored Water

*Background:* A water right is necessary to use or store water in Oregon. Rights to use water specify the place where the water is used, the type of use of the water, and the point that the water is diverted from a water source, such as a stream, reservoir, or well. If there is a desire to change one of these three components of a water use right, one must apply for a “transfer.” Similarly, rights to store water specify the location of the reservoir, the location of the dam (if applicable), the point where water is diverted (if applicable), and the purpose/use for which the water is stored. The Water Resources Department has long debated about its authority to make changes to storage rights. In light of a lack of clarity in its existing laws, prior to 2018, the Department had occasionally allowed changes in the location of reservoirs and, more commonly, processed changes in the purpose of use. Recent proposals to change the location of stored water resulted in the Department taking a closer look at its authorities. In 2018, the Department of Justice issued a memo determining that, with some exceptions, the statutes do not provide the Water Resources Department with the authority to allow changes to storage rights. Without the ability to change stored water, water right holders will not be able to manage water as necessary to meet emerging needs, opportunities, or challenges.

*Status of Proposal:* This is a placeholder for further work with stakeholders. Currently there is no consensus on the problem, criteria that should be considered, or potential solutions among stakeholders. A solution would provide the Department with clear authority, including the process and criteria, to allow for changes in a primary storage right. The Department does not anticipate having capacity to work on this issue until later in the year. Staff will be setting up individual meetings with stakeholders to hear their perspective before scheduling a broader stakeholder meeting.

Maintaining Water Rights Transactions and Dam Safety Services: Fee Schedule

*Problem:* The Department’s current fee schedule supports staff involved in the processing of water rights. It also supports staff and engineering contracts in the Dam Safety Section. In 2009, the legislature restructured many of the Department’s fees and since then the Department has brought forward modifications to the water right transactions fee schedule every four years, based on projected cost increases. The fee schedule was last modified in 2017, and dam safety fees were added to the four-year schedule. Based on data from the Department of Administrative Services, the Department projects costs to increase by 17.39 percent for the 2021-2025 fee schedule.

Without a fee increase, the Department anticipates that it will have to decrease water right processing staff and dam safety staff. With the reductions in staff, it will take longer to process water right transactions as backlogs build, causing farmers, water providers, and others to wait longer to receive decisions on water supply proposals. A reduction in dam safety staff will pose challenges for completing inspections and evaluations of dams to protect public safety. This will also reduce the Department’s performance on Key Performance Measures #9, 10, 11, and 14, which measure the quality of customer service and timelines for processing.

*Status of Proposal:* This LC would set a fee schedule through 2025 to support water right processing and dam safety by increasing fees by approximately 17.39 percent (may vary based on rounding) averaged over the four-year period. The legislation would be effective July 1, 2021 – the start of the fiscal year. The Department is also proposing to add a fee for transfer applications that want to make a change for more than one well for parity with how fees are calculated for new water right applications. Processing water right transactions in a timely manner is essential for farmers, cities, and other water users. Ensuring dams meet safety standards is critical to protect public safety as well as the reliability of water supplies. This bill is consistent with recommended actions 7.C to ensure public safety and dam safety, 10.G to strengthen Oregon’s water quantity permitting program, and 13.B to fund water resources management at state agencies.

Stakeholders have raised initial concerns about fee increases in light of economic uncertainty brought on by COVID-19. The Department anticipates ongoing conversations with stakeholders into the 2021 legislative session to assess the situation as it unfolds.

Update Hydroelectric Fee Structure

*Background:* Annual fees for hydroelectric projects were first established in 1911 and the statutes were last updated in 1999. The annual fees are necessary to ensure that current staffing levels and funding are sufficient to fulfill the objectives of the hydroelectric programs of the Oregon Department of Environmental Quality, Oregon Department of Fish and Wildlife, and the Oregon Water Resources Department. Partner agencies are expecting shortfalls that will result in them not being able to maintain current service levels.

Currently, the hydroelectric fee structure is complicated and creates disparities between projects, and significant fee increases once a project is relicensed as shown in the table below. Many projects have not seen a fee increase since 1999, while others (large relicensed) have seen increases annually.

Table 1. Fee structure for hydroelectric projects.

| <i>Project Description</i>            | <i>Large Relicensed (&gt; 123.5 THP)</i> | <i>Small Relicensed (&lt; 123.5 THP)</i> | <i>Small Not Relicensed</i>           | <i>Power Claimant Not Relicensed</i>                | <i>Very Small Not Relicensed</i> | <i>Large Not Relicensed</i> |
|---------------------------------------|--|--|---------------------------------------|---|----------------------------------|-----------------------------|
| <i>Applicable ORS related to Fees</i> | 543.078(2)(a) / OAR 690-051-0400(7)(c)   | 543.078(2)(b)                            | ORS 543.300(5) / OAR 690-051-0400(6)  | 543.710   | 543a.415(1)                      | 543A.415                    |
| <i>Fee identified in statute</i>      | \$0.405/THP in 1998 dollars              | \$50                                     | \$1 up to 25 THP, then \$0.20 per THP | \$0.30/THP 50 or less THP & \$0.28 /THP above 50THP | \$15 minimum <sup>1</sup>        | \$0.28/THP <sup>2</sup>     |
| <i>2020 Fee Notes</i>                 | \$0.605/THP in 2019 dollars              | All pay \$50                             | Same as above                         | All pay .28/THP                                     | All pay \$15*                    | All pay \$0.28/THP          |
| <i>Fees last increased</i>            | 2019                                     | 1999                                     | 1999                                  | 1999  | 1999                             | 1999                        |
| <i>Inflation Factor</i>               | Yes <sup>3</sup>                         | No                                       | No                                    | No  | No                               | No                          |
| <i>Fee Panel</i>                      | Yes – 543.085                            | No                                       | No                                    | No  | No                               | No                          |
| <i>THP Project Range</i>              | 164-591,818                              | 1-110                                    | 17-99                                 | 801-36,363  | 0-12                             | 100-550,852                 |

Fee Review Panel and Adjusting Fees for relicensed projects: A Fee Review Panel established under ORS 543.085 reviews the fees for relicensed projects once every 8 years. The panel may recommend an alteration to the fees if it finds compelling reasons and reaches unanimous consent on the new fee. The Director determines whether to adjust the fee according to the recommendation. The fee review panel has no oversight on fees for projects that have not been relicensed, and those fees can only be changed through legislation.

*Status of Proposal:* Department staff met with stakeholders in May and are scheduling another meeting with hydroelectric stakeholders in July. The Department continues to weigh options including (1) no action; (2) rulemaking to increase fees administratively, and (3) legislation. In regards to legislation, the Department is proposing to update the fee structure to simplify and equalize the fees paid by hydroelectric projects and to maintain current service levels at OWRD, ODFW and ODEQ. The current proposal under consideration includes:

- Modify the fee structure for new and relicensed projects so they are the same and simplify the fee structure based on project THP.
  - Projects less than 15 THP would pay a \$15 annual fee.
  - Projects less than 123.5 THP but larger than 15 THP would pay a \$50 annual fee.
  - For projects greater than 123.5 THP, current estimates suggest that the fee amount could need to be set to start at up to \$0.687 per THP in order to cover all projected costs of agency hydroelectric programs. Fees would include an inflation factor and be subject to review by the fee review panel.
    - The Department is continuing to evaluate the projections and intends to have further discussions with stakeholders; this fee amount is subject to change after further analysis and discussions.
- Require the Hydroelectric Fee Review Panel to meet a minimum of once every eight years.

<sup>1</sup> \$1 up to 25 THP, then \$0.20 per THP; however, must be equal to \$0.28/THP or \$15, whichever is greater.

<sup>2</sup> \$1 up to 25 THP, then \$0.20 per THP; however, must be equal to \$0.28/THP or \$15, whichever is greater.

<sup>3</sup> OAR 690-051-0400(7) (c) Fees shall be adjusted using the “GDP-IPD”, Gross Domestic Product - Implicit Price Deflator published by the U.S. Department of Commerce, Bureau of Economic Analysis in the publication *Survey of Current Business* (See Table 1.1.9 line 1.)

Protecting Public Safety and Groundwater Resources by Improving the Well Construction Program

*Background:* Improper well construction or abandonment can lead to groundwater contamination and waste and contribute to groundwater level declines. The Department administers programs to inspect wells, license well drillers (constructors), and set standards for constructing, abandoning, and repairing wells. The 2016 Secretary of State Audit identified a need for the Department to “enhance its well regulation efforts, including driller licensing and education, and inspections of new, abandoned, and known wells,” stating that “Limited well inspections and drilling requirements jeopardize groundwater quality.” Oregon’s 2017 Integrated Water Resources Strategy also calls for protections of groundwater through the well construction program and identifies the need for updates.

OWRD has never had resources to inspect all new wells that are constructed; as a result, well construction deficiencies for many wells are left unaddressed until a landowner or neighbor identifies a problem, or the agency seeks to collect scientific data. For this reason, it is critical for the Department to implement more practices that improve the likelihood that wells are properly constructed and to maximize its limited resources to protect public health and safety, and to preserve groundwater resources for all that rely on it for water supplies.

*Status of Proposal:* The Department is putting forward this legislative concept as a starting point for further conversations. The Department will be scheduling meetings with stakeholders in July to discuss, refine, and obtain feedback. The Department anticipates that these discussions will lead to some modifications to the current proposal. Goals of the Department’s current legislative concept are to:

1. Maximize the Department’s limited resources by improving the Department’s ability to plan its inspection workloads; efficiently conduct inspections at seal placement, when it is often most valuable; and understand where wells are being constructed across the state;
2. Increase Departmental efficiency in processing start cards and well logs;
3. Ensure that well drillers have the proper training and understanding of best practices to prevent well construction deficiencies;
4. Address well driller concerns about unlimited liability, while also balancing the need to protect well owners and the resource; and
5. Establish funding assistance to help address legacy well construction issues where doing so will protect groundwater resources for those that rely on groundwater for water supplies.

This legislation proposes a number of modifications to the existing well construction program to advance the above goals:

1. Reducing Well Construction Deficiencies through Well Constructor Training and Demonstration of Proper Well Construction practices:
  - Requires new applicants for a well drillers license to provide evidence of welding ability.
  - Requires a constructor to place an annular seal on at least two wells per biennium in the presence of an OWRD representative in order to renew a license.
  - Modifies the Continuing Education Committee to include a member who has expertise in groundwater quality, public health, or employee safety.
  - Allows the Department to charge less than \$40 for a continuing education credit.
  - Extends the continuing education program sunset date to 2030.
2. Increasing Well Inspector Efficiency, Understanding of Wells Under Construction, and the Number of Inspections Conducted at Seal Placement:
  - Requires start cards be submitted between 72 hours and 60 days before beginning work.
  - Requires approximate timeframes for beginning construction, seal placement, and completion of construction. Requires notice must be provided at least 4 hours prior to seal placement if different than provided on start card.
  - Start cards will also have an expiration date of 60 days.
3. Maximization of Limited Staff Resources and Increased Accuracy of Data: Effective July 1, 2024, requires electronic submission of all start cards and well logs as well as inclusion of well GPS coordinates on all well logs.
4. Addresses Driller Concerns Over Unlimited Liability, While Considering Limited Staff Resources and the Need to Protect Public Safety and Groundwater Supplies: Establishes a tiered liability system where driller liability is a shorter period of time for wells that have had a higher level of review by agency staff (3 years), and longer liability for wells that have not (15 years).
5. Establishes the Water Well Abandonment, Repair, and Replacement Revolving Fund to provide financial assistance for the permanent abandonment, repair, or replacement of wells that due to construction deficiencies may lead to groundwater level declines, serve as a conduit for contamination or otherwise be a detriment of public health and safety; repair or replacement of wells for water for human consumption for low income households; or in areas of declining groundwater levels, where other sources of water are not feasible.

The Department intends to discuss these proposals further with stakeholders, which will result in modification and refinement of these concepts.

Irrigation District Pilot Project

*Background:* In 2003, the Legislative Assembly authorized a pilot project allowing three irrigation districts to make annual place of use changes to water rights within their legal boundaries without making application to the Water Resources Department for a temporary transfer.

Between the 2003 and 2007 legislative sessions, only a small number of transfers were completed and there was insufficient data to assess the pilot. The program was extended in 2007, providing an additional two years for the three districts to test the approach. After showing some success, in 2009, the program was extended to June 30, 2016 and expanded to include 15 districts. In 2015, Senate Bill 267 made some adjustments to the program, extended the sunset to January 2, 2022, and required a report to the Legislature by January 31, 2021.

The pilot project is intended to provide increased flexibility for irrigation districts to temporarily change the place of use of water rights without reducing protections for existing water users. To temporarily change the place of use of water rights under the pilot program, districts are required to satisfy standard water right transfer criteria and maintain records. This includes ensuring that there is no injury to other water rights or an expansion of the authorized irrigated acres.

*Status of Proposal:* Current information shows the pilot program is providing the districts with more management flexibility, while also ensuring that other water users are protected. The Department is recommending continuation of the pilot program to further assess its implementation. The Department proposes to extend the program to January 2, 2030.

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DRAFT 6/15/2020 Packages were informed by the Integrated Water Resources Strategy and the Department's Strategic Plan. Packages will be modified and refined; this draft is for the purposes of discussion and feedback. Positions are priced at 21 months (0.88 FTE) unless stated otherwise. All costs are General Fund unless stated otherwise.

| # | Title/IWRS  | Issue Description   | Estimated Costs   |
|---|---|---|---|
| 1 | <p><b>Protecting Public Safety and Water Supplies:</b> Resiliency to Dam Failure, Droughts, Floods, Climate Change, and Other Hazards</p> <p><i>IWRS Actions 5.A, 5.B, 5.5A, 5.5B, 5.5C, 7.C, 8.C, 13.B</i></p> | <p>This package proposes to increase understanding of dam deficiencies to protect public safety and water supplies, improve agency preparedness for emergencies, improve statewide resiliency to natural hazards and climate change, and address employee health and safety. This package includes resources to: (1) Conduct assessments on high and significant hazard dams to determine vulnerability to floods, earthquakes, internal erosion, landslides, structural deterioration, and debris, which will help to prioritize dams for repair and funding, as well as for further analysis. (2) Develop an Oregon specific flood methodology for evaluating risks to dams, given new information about climate change and extreme rainfall events in the Pacific Northwest. (3) Contract out for engineering analyses on dams that have been identified to be at risk of failure to determine specific actions to address risks, or conduct more detailed engineering analyses. (4) Fund a Resiliency and Public Information Coordinator who would: provide coordination, planning and outreach on earthquakes, drought, floods, climate change, and dam failures; update, implement, test, and execute the Department's Continuity of Operations Plan per Statewide Policy 107-001-010; improving the Department's ability to keep the public and media informed during drought and dam safety incidents; coordinate on Natural Hazards Mitigation Plan updates, work associated with the Climate Adaptation Framework, and other inter-agency efforts that promote resiliency to natural hazards and climate change; coordinate work on the Governor's Climate Executive Order. (5) Fund a Training and Safety Specialist position to assist with developing, implementing and maintaining a comprehensive training and development program for managers and staff and support statewide initiatives. This position would also be dedicated to helping implement an agency safety program in order to comply with ORS 654.010, the Governor's EO on Employee Wellness, and Oregon OSHA regulations.</p> | <p><b>Total Costs – \$2.0m GF</b></p> <p>2 PE1 Engineers \$600k<br/>Flood methodology \$400k<br/>Dam Analyses \$600k</p> <p>1 NRS4 Resiliency and Public Information Coordinator \$220k</p> <p>1 Training and Safety Coordinator \$180k</p> |
| 2 | <p><b>Strategic Modernization of IT Systems and Tools:</b> Improving Productivity and Decision-Making</p> <p><i>IWRS Actions 1.B, 1.C, 2.B, 13.B</i></p>  | <p>WRD's 2019-24 Strategic Plan identified modernization as a key agency priority. Data is foundational for decisions made by the agency as well as water users and the public on everything including allocation, distribution, planning, and water-use measurement and reporting. Functional and accessible data systems are essential to improving our efficiency and serving the public. Field staff need tools to reduce the time associated with collecting and entering data, and to make it more accessible while they are in the field. Water users would benefit from a more user-friendly water use reporting database, while improvements could lead to efficiency for staff tasked with conducting quality control. Queries of the Department's data for use by agency staff, or planning purposes is often not accessible without IT or technical staff processing, distilling, and then interpreting the data. This package will allow the Department to be able to assess and document business needs, analyze current data relationships, create technical and business documentation for project proposals, normalize data schemas for the agency, modernize our data entry capabilities and monitor the health of current and future databases. These will be critical for the agency to support disaster recovery, information security, and improving data systems for staff. This package will also support a migration to the State Data Center to leverage improved system performance, monitoring, and security. This package also includes a position to modernize and maintain the retention of records in a manner that is searchable and easily accessed by staff for decision-making and public records requests.</p>   | <p><b>Total Costs - \$825k GF</b></p> <p>State Data Center Charge - \$225k</p> <p>1 ISS6 Systems Analyst \$205k</p> <p>1 ISS7 Database Administrator \$215k</p> <p>1 OPA1 Records Retention Coordinator \$180k</p>                          |
| 3 | <p><b>Fund Legal Expenses to Prevent Service Impacts</b></p> <p><i>IWRS Action 13.B</i></p>   | <p>In recent years, the Water Resources Department has experienced a rise in Department of Justice (DOJ) costs. The projected shortfall for the 2019- 21 biennium is \$801,980 as of March 2020 projections. There is a need to adjust the Department's budget given the sustained increased costs that have continued to exceed the Department's base budget. This package proposes to address the increased Department of Justice costs, including rate increases, through an additional allocation of \$800k in General Fund to prevent impacts to other agency services and programs.</p>   | <p><b>Total Costs - \$800k</b></p> <p>\$800k legal expenses</p>   |

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| 4  | <b>Maintain Water Right &amp; Dam Safety Services</b><br><i>IWRS Action 13.B</i>  | This package will contain fee revenues if a legislative concept moves forward on water right transactions and dam safety fees. Refer to legislative concepts.   | \$564,594 Increase in revenue  |
| 5  | <b>Maintain Hydroelectric Services at Agencies</b><br><i>IWRS Action 13.B</i>   | This package will contain fee revenues if a legislative concept moves forward on hydroelectric fees. Refer to legislative concepts.   | \$1,287,004 Increase in revenue  |
| 6  | <b>Essential Agency Fiscal and Contracting Support</b><br><i>IWRS Action 13.B</i>   | The Department's budget has almost quadrupled since the 2009-11 biennium without an increase to the fiscal staff who handle the daily financial work. This package proposes to address foundational support for agency programs by adding a position to assist with budget development and execution, associated with the tracking and monitoring of increased investments in our programs as well as increased statewide reporting and tracking required by the Department of Administrative Services. In addition, this package includes funding for an existing position Procurement and Contracts position that has no underlying funding source.   | <b>Total Costs - \$425k GF</b><br>1 Fiscal Analyst 3 \$210k<br>1 Procurement and Contract Specialist 3 \$215k  |
| 7  | <b>Protect Groundwater Supplies and Public Health: Ensuring Proper Well Construction</b><br><i>IWRS Actions 7.A, 11.E, 12.A</i> | Institute approach to do a comprehensive review of well log reports and increase ability to inspect wells to address well construction deficiencies timelier.<br>Includes \$100k to begin a program to provide financial assistance for the permanent abandonment, repair, or replacement of wells that due to construction deficiencies may lead to groundwater level declines, serve as a conduit for contamination or otherwise be a detriment to public health and safety; repair or replacement of wells for water for human consumption for low income households; or in areas of declining groundwater levels, where other sources of water are not feasible.  | <b>Total Costs – \$680k GF</b><br>Well Abandonment, Repair, Replacement Funds - \$100k<br>2 NRS2 GF Well Log Reviewers \$375k<br>1 NRS3 Well Specialist \$205k |
| 8  | <b>Fund Planning, Feasibility Studies &amp; Projects</b><br><i>IWRS Actions 9.A, 10.E, 13.C, 13.D, 13.E</i>                     | Makes permanent a full-time planning coordinator position that has been critical to supporting the planning groups and will continue to be needed as they develop a plan and shift to implementation. The position will also implement any recommendations of the water resources planning assessment underway, which include an evaluation of place-based integrated water resources planning. This assessment seeks to determine how best the Department can support water planning. Proposes \$500k in Lottery Revenue Bond proceeds for Feasibility Study Grants. Requests \$20m in Lottery Revenue Bond proceeds to recapitalize the Water Project Grants and Loans funding opportunity. These grants help investigate and implement instream and out-of-stream water supply solutions.  | <b>Total Costs - \$20.73m LRB/GF</b><br>Lottery Revenue Bond Proceeds - \$20.5m<br>1 NRS 4 Planning Coordinator \$230k GF                                      |
| 9  | <b>Timely Water Management and Distribution</b><br><i>IWRS Actions 1.B, 2.B, 10.F, 13.B</i>                                     | The Field Services Division (FSD) is unable to provide timely complaint response, find and address illegal uses, and collect necessary surface water and groundwater data. Field positions also provide technical assistance and outreach to water users on permit reporting and measurement requirements, as well as increasing water measurement in the state. This package requests resources to continue the modernization of the FSD, started in 2019, furthering implementation of actions recommended in the 2016 Secretary of State Audit. Some watermaster positions require a reclassification due to job duties related to water management complexity, program size, and an increased job responsibility. This package will enhance the FSD capacity with 5 NRS 4 watermaster positions, which will free up 5 NRS 3 watermaster positions. The 5 NRS 3 watermaster positions will be downgraded to assistant watermasters resulting in additional field capacity in each region to assist with complaints, measurement, data collection, and regulation and distribution. The cost-savings from the downgrades will be used to fund the reclassification of three NRS 3 watermasters up to NRS 4. No new watermaster districts will be created as a result of these changes. One Deputy Division Administrator is proposed to support both staff and management, project work in complex basins, and staff training to ensure consistent interpretation and implementation of laws around Oregon. | <b>Total Costs - \$1.28m GF</b><br>5 NRS4 Watermasters<br>1 PEME Deputy Division Administrator   |
| 10 | <b>Foundational Data for Groundwater Studies</b>  | Essential components of a groundwater basin study include collection and analysis of groundwater level data, geologic mapping, aquifer characterization, and development of a groundwater budget. This package continues work to further the state's understanding of groundwater resources by investing in foundational data inputs for groundwater basin studies and Department decision making.  | <b>Total Costs - \$2m GF</b><br>Statewide ET: \$300k for 1 biennium  |



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|    | <i>IWRS Actions 1.A, 1.B, 2.A, 2.B</i>  | Development of a groundwater budget and collection of baseline groundwater data are critical for the Department to understand whether a basin is overallocated and identify where groundwater studies need to be prioritized. This package develops a groundwater budget for each basin in Oregon and expands baseline water level and water use data collection. This will shorten the timeframe for completion of future basin studies by two or more years, allow for prioritization of the basins, and prevent further overallocation. Specifically, this package includes: (1) Enter into a cooperative, cost-match agreement with the USGS to produce and publish a groundwater budget for all major hydrologic basins in Oregon. The resulting data and report will include modern water budgets for each basin. (2) A key part of each basin's water budget is the consumptive uses of surface and groundwater. Contract for a peer-reviewed statewide consumptive water use report. (3) Additional staff that will prepare basins in Oregon for basin studies by establishing a comprehensive groundwater level monitoring network, and improving groundwater use estimates. | Basin recharge study:<br>\$300k per biennium for 3 biennia<br>1 PEM D Asst. GW Section Manager \$235k<br>1 NRS 4 baseflow hydrologist \$222k<br>2 NRS 3 hydrogeologists \$420k<br>3 NRS 2 field hydrogeologists \$558k |
| 11 | <b>Complex Water Issues: Deschutes &amp; other basins</b><br><br><i>IWRS Action 9.B, 9.C, 13.C</i>                                  | As Oregon's groundwater and surface water resources become fully appropriated, the State is seeing an increased need to help communities resolve complex water management issues in basins across the state, including the Deschutes, Harney, and Walla Walla basins. In resolving these issues, the Department frequently needs to coordinate data requests from individuals working to identify water management solutions; ensure all interested parties, elected officials and the public are continuously updated on meetings and efforts; and respond to requests to clarify the Department's statutes, rules, and policies. The Deschutes basin in particular has signaled an interest in having the Department work to resolve water challenges. This package includes one position that will work with parties involved in complex water management issues in the Deschutes basin, as well as other basins, to assist in developing solutions. In addition to staff, package includes \$200k in contract dollars for consultants and facilitators.   | <b>Total Costs - \$410k GF</b><br>Facilitation Funds \$200k<br>1 NRS5 Basin Coordinator \$210k   |
| 14 | <b>Harney Conservation Reserve Enhancement Program: Reducing Groundwater Use</b><br><i>IWRS Actions 2.B, 10.A, 10.D, 11.E, 13.B</i> | One position to support implementation of various groundwater management projects in the Harney Basin, specifically to support implementation of a Conservation Reserve Enhancement Program (CREP) for groundwater irrigated lands in the area. This position will monitor and estimate groundwater use using various remote sensing and field methods and collect groundwater levels in order to assess the effectiveness of a CREP program and future groundwater management activities in the region. This position will support the watermaster to monitor compliance with groundwater reduction programs. This package also contains \$500k in state cost-match for the program.   | <b>Total Costs - \$703k GF</b><br>Cost Match \$500k<br>1 NRS3 Field Hydrologist \$203k   |
| 13 | <b>Willamette Basin Reallocation Pre-Implementation</b><br><br><i>IWRS Action 9.B, 10.B</i>   | This package involves work to prepare for implementation of the reallocation of reservoir water for municipal/industrial, agricultural irrigation, and fish and wildlife purposes. The Army Corps of Engineers continues to proceed with the Willamette Reallocation work. The Oregon Water Resources Department and Oregon Department of Fish will need to engage in a multi-year effort that will require several staff positions to coordinate basin activities, facilitate meetings, provide technical analyses, develop instream flow targets, manage contested case processes for minimum perennial flow conversions, and shepherd any necessary law changes. The agencies will also need to undertake a significant stakeholder engagement and outreach program, so that the public is kept apprised and has input on changes in reservoir and streamflow management in the basin. Includes \$100k for consultants and facilitators.   | <b>Total Costs - \$310k GF</b><br>Facilitation Funds \$100k<br>1 NRS5 Basin Coordinator \$210k   |
| 14 | <b>Complying with Internal Audit Requirement</b>  | The Department met the criteria in 1(c) of Oregon Administrative Rule 125-700-0125 as of Fiscal Year 2016, requiring an internal auditing function (ORS 184.360). The Department received a waiver for fiscal years 2015 through 2021, while exploring options for meeting this requirement. This is proposed as a shared position with another state agency.   | <b>Total Costs – \$215k GF/OF</b><br>Internal Auditor 3 \$108k GF / \$108K OF  |