

**74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5050-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Garrard
Carrier – Senate: Sen. Nelson**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 16 – 4 – 1

House – Yeas: D. Edwards, Galizio, Garrard, Nathanson, Nolan, Shields

– Nays: Hanna, Jenson, Morgan

– Exc:

Senate – Yeas: Bates, Devlin, Gordly, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett

– Nays: Carter

– Exc: Winters

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Reviewed By: Paul Siebert, Legislative Fiscal Office

Meeting Date: 4/6/07

Agency

Water Resources Department

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Biennium

2007-09

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters

Senator Kurt Schrader, Co-Chair

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields

Representative Mary Nolan, Co-Chair

Senator Richard Devlin, Natural Resources Subcommittee Chair

Budget Summary*

	2005-07		2007-09		Percentage Committee
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	Change from Governor's Budget
General Funds	21,282,467	24,290,985	24,098,431	-192,554	-0.8%
Other Funds	6,683,565	7,029,645	7,029,645	0	0.0%
Other Funds Non-Limited	0	1	1	0	0.0%
Other Funds Non-Limited Debt Service	1,521,457	0	0	0	0.0%
Federal Funds	1,146,313	1,176,003	1,176,003	0	0.0%
Total	\$ 30,633,802	\$ 32,496,634	\$ 32,304,080	\$ -192,554	-0.6%

Position Summary

Authorized Positions	140	149	149	0
Full-time Equivalent (FTE) Positions	138.00	147.00	146.60	-0.40

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Water Resources Department is funded with General Fund, Other Funds and Federal Funds. General Fund provides the majority of the funding. Other Funds come from fees for services, such as processing water rights and water rights transfers, water well Start Cards, and non-federal hydroelectric relicensing. Fees were adjusted in separate bills (House Bill 2101 and House Bill 5051).

Summary of Subcommittee Action

The Water Resources Department administers laws governing surface and groundwater resources. The goal is to balance use of the state's water among current and future generations of Oregonians. The Department processes transfers of water rights, permits, certificates, and water rights applications, administers hydroelectric relicensing, inspects construction and maintenance of wells and dams, provides technical information and analysis on surface water and groundwater availability, adjudicates pre-1909 and federal reserved water rights, and negotiates Native American reserved water rights. The Joint Subcommittee approved a budget of \$32,304,080 total funds (\$24,098,431 General Fund, \$7,029,645 Other Funds, \$1 Other Funds nonlimited, and \$1,176,003 Federal Funds) and 146.60 full-time equivalent positions. The Total Funds budget is 13.8 percent greater than the 2007-09 Essential Budget Level.

Administrative Services Division

This program provides fiscal, human resource, and business support services for daily operation of the Department. In addition, the Division provides management oversight for the Water Development Loan Fund and contract assistance to the Oregon Watershed Enhancement Board (OWEB). The Joint Subcommittee approved a total funds budget of \$3,456,116 and 10.42 full-time equivalent positions. It approved the base and essential budget level packages without modification.

Package 101: Fiscal Manager was added. This package establishes a permanent position to act as fiscal manager for the department. Prior to the 2005-07 biennium, the department had a position for this function, but that position was eliminated as part of General Fund reductions. This has left the agency with no one to back up the Administrative Services Director for budget functions, particularly implementation and monitoring execution of the agency's Legislatively Approved Budget.

The Joint Subcommittee approved package 111: Reimbursement Authority. This package restores a position added in the 2005-07 biennium to provide oversight of contracted services under the department's reimbursement authority. Beginning in 2003, the Department was authorized to contract work when an applicant was willing to pay more to receive expedited service. This option was intended to streamline some of the regulatory process and continued through the 2005-07 biennium. The position is permanent.

Package 802: Ways and Means Co-Chair 2% Reprioritization was added. This package reduces non-protected Service and Supplies accounts for efficiency savings and as part of the two percent reprioritization.

Field Services Division

This program processes water right transfers and permit amendment applications, provides planning assistance, inspects the construction and maintenance of wells and dams, and provides technical information on surface water and groundwater availability. The Subcommittee approved a total funds budget of \$11,937,480 and 68.30 full-time equivalent positions. It approved the base and essential budget level packages without modification.

Package 090: Analyst Adjustments was approved; this adds \$1 of Other Funds non-limited expenditure authority to receive donations to purchase equipment. In 2003, the department received authority to accept these donations, but received no additional non-limited expenditure authority to purchase equipment. The department has been able to use an existing Other Funds non-limited expenditure authority in the Water Development Loan Program instead. The Water Development Loan Program is basically inactive, so this package trues up the budget by moving the expenditure authority to this program where the expenditures would occur.

The Joint Subcommittee approved package 131 : Streamflow Data Collection & Processing. This package continues a limited duration position in the east region. The position existed in both the 2003-05 and 2005-07 biennia and functions as a hydro technician. Duties include operating and maintaining stream flow data collection stations and initial record processing. It is entirely federally funded and was continued as limited duration due to concerns over the continued availability of the federal funding.

Package 132: Water Rights Transfers was approved. This package continues two positions to process water rights transfers and makes them permanent. The Department had two limited-duration positions for this function in the 2003-05 and 2005-07 biennia. As Oregon develops and most water is appropriated, demand for transfers of water rights has increased. These factors, along with budget reductions in the last decade, have resulted in a backlog. This package is financed with Other Funds from water right transfer application fee increases contained in HB 2101.

The Joint Subcommittee approved package 133: Restoration of Field Staff. This package continues a position to review water management and conservation plans, process requests to allocate conserved water, and process requests for instream leases. The position was limited-duration in the 2003-05 and 2005-07 biennia; this package makes it permanent. Limited water supplies have increased the need to conserve water, so municipal water providers will have to develop water management and conservation plans. This has increased workload, as has the number of requests for conserved water allocation and instream leases. This package is funded with fees collected from the filing of the plans, conserved water allocation requests and instream leases.

Package 134: Maintain LD staff in South Central Region was approved. This package continues a limited duration position to act as assistant water master in the south central region office. The package continues the position as limited duration. The position manages and regulates water to satisfy senior water rights. It also collects hydrologic data. It is financed with Other Funds from counties. The position was continued as limited duration because of concerns the county funding was a stable source of revenue.

The Joint Subcommittee approved 137: Groundwater Registrations. This package continues a limited duration position added in the 2005-07 biennium to process groundwater registrations. The package also includes position related Services and Supplies. House Bill 2123 (2005) allowed a process to modify pre-1955 groundwater uses and permitted the Water Resources Commission to set fees by rule for water rights transactions. The revenue from this fee paid for the position and this is expected to continue in the 2007-09 biennium. As water resources become more fully allocated across the state, modifications to existing uses have become more important to sustain and develop Oregon's economy. This package depends on HB 5051 that ratifies the fees set last interim. HB 5051 was subsequently passed without amendment by the Subcommittee.

Package 303: Restore field capabilities was approved with modifications to Personal Services and Services and Supplies. This package would restore field staff capacity lost in the past 15 years through local and state budget reductions and increased workload. The five positions established in this package are permanent and one each will be assigned to each of the Department's five regions. The positions would act as assistant watermasters. These positions would address needs for accurate streamflow and groundwater data and increased customer contacts. The modifications are to reduce the number of months on each new position by one month, which reflects a more realistic hiring schedule, and to eliminate the first six months of PERS costs for each position because new employees are not eligible for PERS in their first six months on the job.

The Joint Subcommittee approved package 304: Real time monitoring and use measurement. This package adds \$100,000 to maintain and replace stream flow data gathering equipment. Budget reductions have limited the department's ability to sustain stream gauging stations. Of the total added, \$70,000 would be used for the Department's measuring devices. The remaining \$30,000 will be deposited in the Water Measurement Cost Share Program Revolving Fund for loans to purchase and install water measuring instruments on private water diversion points in high-priority areas. Loan repayments would be used to make additional future loans.

Package 306: Groundwater management & conservation was approved without modification. This package reclassifies a position in the Grants Pass office based on increased responsibilities. This adjustment does not affect total expenditures in the 2007-09 biennium.

Package 802: Ways and Means Co-Chair 2% Reprioritization was added. This package reduces non-protected Service and Supplies accounts for efficiency savings and as part of the two percent reprioritization.

Technical Services Division

This program includes hydrologic analysis, groundwater investigations and management, hydrographics, dam safety, geographic information systems, data entry, information systems management, well construction, and investigations and compliance. The Subcommittee approved a total funds budget of \$10,445,216 and 38.88 full-time equivalent positions. It approved the base and essential budget level packages without modification.

The Joint Subcommittee approved package 142: Start Card. This package continues a position to maintain the well log database. This position has existed for four biennia as limited duration. This package continues it as permanent. Funding for the package comes from the payment of the Start Card fee, which is paid whenever a new well is constructed or an existing well is converted. Data collected during the well drilling process is submitted to the Department, which enters it into a database.

Package 401: Water Measurement Specialist was approved with modification for Personal Services and Services and Supplies. This package establishes a permanent position to restore capacity in the water use reporting program. Water use reporting is statutorily required. The position was eliminated during the 2005 legislative session. This has affected data collection and analysis for protecting senior water rights while also trying to address new water user needs. The modifications are to reduce the number of months on the new position by one month, which reflects a more realistic hiring schedule, and to eliminate the first six months of PERS costs for the position because new employees are not eligible for PERS in their first six months on the job.

The Joint Subcommittee approved package 403: Oregon Water Supply Initiative with modification to Personal Services and Services & Supplies. The approved package includes two new limited duration positions and expenditure limitation for private contractors to begin work on Oregon's long-term water supply needs. The new positions will assess groundwater potential, compile all available information on reservoirs in the state, and estimate seasonal basin yields of watersheds. The package provides for a statewide future water needs assessment, completion of a statewide inventory of potential storage sites, statewide investigations of basin yield estimates, statewide assessment and inventory of conservation projects, and funding for community and regional supply planning (which would be matched by the communities). The modifications reduce the number of months on each new position by one month, which reflects a more realistic hiring schedule, and to eliminate the first six months of PERS costs for each position because new employees are not eligible for PERS in their first six months on the job. One position, a Natural Resources Specialist 1, is changed to a Natural Resource Specialist 3 since it is likely to have greater responsibility than anticipated in the original package. The Joint Subcommittee approved the following budget note related to this package:

Budget note:

Other Natural Resource agencies should assist the Department of Water Resources, to the greatest extent possible, with design and completion of the Department's Water Supply and Conservation Initiative. As part of this study the Department should also consider the possible affects of global climate change on the state's water availability, supply, and storage, and include those in the Oregon Water Supply and Conservation Initiative. When completing an assessment of the state's future water needs the Department should also be sure to include the future needs and impacts to Oregon's agricultural and forestry sectors and municipal water supplies. In addition, the Water Resources Department should present regular updates on the Oregon Water Supply and Conservation Initiatives' design and findings to the relevant interim legislative policy committees.

Package 404: Groundwater Studies was added; this package restores some funding used to contract with the US Geological Survey for basin groundwater studies. The funds were reduced as part of the budget balancing efforts in the 2001-03, 2003-05 and 2005-07 biennia. Basin groundwater studies are important to scientifically quantify groundwater supplies and hydrology, to protect existing ground and surface water users, and map estimate availability for future use.

Package 802: Ways and Means Co-Chair 2% Reprioritization was added. This package reduces non-protected Service and Supplies accounts for efficiency savings and as part of the two percent reprioritization.

Water Rights and Adjudication

This program evaluates and acts upon applications for new in-stream and out-of-stream water rights. It also administers water right certification, adjudication, hydroelectric relicensing, water right policy development, and permit extension evaluation. The adjudication section is responsible for ruling on pre-1909 and federal reserved water rights, and for negotiation of Native American reserved water rights. The Subcommittee approved a total funds budget of \$4,039,866 and 22.00 full-time equivalent positions. It approved the base and essential budget level packages without modification.

The Joint Subcommittee approved package 161: Adjudications Positions with a reduction to Attorney General and other legal expenditures. The department expects a less aggressive hearings schedule than the original package anticipated, which should result in reduced legal expenditures. This package restores two positions to continue Klamath basin adjudications of pre-water code claims. The positions have been limited-duration in the past. They are continued in this package as permanent.

Package 802: Ways and Means Co-Chair 2% Reprioritization was added. This package reduces non-protected Service and Supplies accounts for efficiency savings and as part of the two percent reprioritization.

Director's Office

This program includes strategic planning and support for the Water Resources Commission, alternative dispute resolution, contested case hearings, administrative rules coordination, legislative coordination, and citizen response and information services. The Subcommittee approved a

total funds budget of \$2,080,768 and 6.00 full-time equivalent positions. It approved the base and essential budget level packages without modification.

Package 802: Ways and Means Co-Chair 2% Reprioritization was added. This package reduces non-protected Service and Supplies accounts for efficiency savings and as part of the two percent reprioritization.

Water Development Loan Fund

This program finances irrigation, drainage projects, community water supply projects, fish protection projects, watershed enhancement projects, and safe drinking water projects. The Subcommittee approved a total funds budget of \$344,634 and 1.00 full-time equivalent position.

Package 090: Analyst Adjustments was approved; this eliminates \$1 of Other Funds non-limited expenditure authority. The Water Development Loan Program is basically inactive, so this package trues up the budget by moving the expenditure authority to the Field Services program.

Summary of Performance Measure Action

The Joint Subcommittee approved key performance measures with wording adjustments for three measures, the elimination of one measure, and direction to the agency to explore possible other administrative performance measures. See attached Legislatively Adopted 2007-09 Key Performance Measures form.