2008 Special Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 1069 STATUS: A-Engrossed

SUBJECT: Creates grant program for water storage studies and requires a study of potential aquifer

recharge projects in the Umatilla Basin.

GOVERNMENT UNIT AFFECTED: Water Resources Department

PREPARED BY: Paul Siebert **REVIEWED BY:** Dawn Farr **DATE:** February 20, 2008

EXPENDITURES:	2	2007-2009	2009-2011
Grant Program			
Special Payments for grants (General Fund)	\$	1,621,715	\$ 1,503,430
Personal Services (General Fund)	\$	120,573	\$ 241,146
Services & Supplies for positions (General Fund)	\$	7,712	\$ 5,424
Subtotal	\$	1,750,000	\$ 1,750,000
Umatilla Basin Aquifer Recovery Study			
Services & Supplies to contract for study (General Fund)	\$	750,000	\$ 0
Total General Fund	\$	2,500,000	\$ 1,750,000
POSITIONS / FTE: Grant Program Positions (NRS 4 and Admin Spec 1)		2 / 1.00	2 / 2.00

EFFECTIVE DATE: Upon Passage

INTERIM JOINT COMMITTEE ON WAYS AND MEANS: Some of the budgetary impact of this bill was reviewed by the Interim Joint Committee on Ways and Means Committee and is included in the omnibus budget bill.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: The bill would create a grant program within the Water Resources Department (WRD) to pay part of the planning and feasibility studies of potential water conservation, water reuse, or water storage projects. In addition, the bill requires WRD to conduct a regional aquifer recovery assessment study in the Umatilla Basin.

Water Conservation, Reuse, and Storage Grants

The bill requires the Water Resources Department (WRD) to establish a grant program to help pay the costs of planning studies needed to evaluate the feasibility of developing water conservation, reuse, or storage projects. Grants made by the program would be limited to up to half the cost of the proposed study and would be capped at \$500,000 per individual grant. The bill also creates the Water Conservation, Reuse and Storage Investment Fund. Monies in the Fund are continuously appropriated to the Water Resources Department.

This fiscal impact assumes a grant program total of \$1,750,000 General Fund, including costs to operate the program. WRD estimates it will need two positions to operate this grant program, a Natural Resource Specialist 4 and an Administrative Specialist 1. The positions would provide program administration, review grant applications, process payments, and provide technical assistance to grant applicants. Costs for the positions would be for 12 months in the 2007-09 biennium (\$120,573 Personal Services and \$7,712 Services & Supplies) to allow time for position recruitment and for the Water Resources Commission to adopt administrative rules for the new grant program.

Umatilla Basin Regional Aquifer Recovery Feasibility Study

The bill requires the Water Resources Department (WRD) to conduct an aquifer recovery assessment in the Umatilla Basin. The Department estimates that such a study would cost \$750,000. WRD indicates they would contract with a private firm to complete the assessment work. WRD has stated that the contract for the study would be divided into three different deliverables:

- 1. Development of project scope and prioritization development (\$100,000);
- 2. Selection of the most feasible site for immediate implementation of a recharge project, further site specific assessment, and development of a conceptual project model for the site (\$300,000); and
- 3. Implement a pilot aquifer recharging project on the selected site, monitoring of pilot recharge efforts, and verification of the conceptual model created for the site (\$350,000).

WRD has stated that the contract for the study would be compartmentalized for different deliverables so that if at any one point a specific project site did not look feasible, contract work on that site could be terminated and the remaining feasibility study monies could be used to look at other sites.

The budget adjustments necessary to implement this bill, including General Fund appropriations and position authority, will be included in SB 5556.