

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5551-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Jenson
Carrier – Senate: Sen. Walker**

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

Vote: 17 – 4 – 1

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Gilman, Jenson, Kotek, Nathanson, Shields, G. Smith

– Nays: Garrard, Richardson

– Exc:

Senate – Yeas: Bates, Carter, Johnson, Monroe, Nelson, Verger, Walker

– Nays: Girod, Whitsett

– Exc: Winters

Prepared By: Lisa Pearson, Department of Administrative Services

Reviewed By: Monica Brown, Legislative Fiscal Office

Meeting Date: June 22, 2009

Agency

Water Resources Department

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Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 27,240,281	25,451,601	\$ 22,041,671	\$ -5,198,610	-19.1%
Other Funds	\$ 7,233,244	7,168,086	\$ 10,166,325	\$ 2,933,082	40.6%
Federal Funds	\$ 1,184,828	\$ 1,079,877	\$ 1,197,639	\$ 12,811	1.1%
Total	\$ 35,658,353	\$ 33,699,564	\$ 33,405,635	\$ -2,252,718	-6.3%

Position Summary

Authorized Positions	151	144	146	-5
Full-time Equivalent (FTE) positions	147.60	142.42	144.29	-3.31

(1) Includes adjustments through the December 2008 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 2231, House Bill 2232, and Senate Bill 788). Senate Bill 788 implements fee changes necessary to bring the cost recovery to an estimated 50 percent for water rights and transfers. Without the additional revenue, an estimated \$2.23 million, the agency would have sustained larger General Fund reductions, as outlined in Policy Package 810, to address statewide budget deficit.

Summary of Natural Resources 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 Subcommittee approved a budget of \$33.4 million total funds (\$22,041,671 General Fund, \$10,166,325 Other Funds, and \$1,197,639 Federal Funds) and 144.29 full-time equivalent positions (FTE). The total funds budget is 0.9 percent less than the 2009-11 essential budget level. The budget would have been reduced further without proposed fee increases. The Subcommittee approved the following budget note to address the fee changes.

Budget Note

The 2009-11 budget for the Water Resources Department is dependent on a significant number of new or increased fees which will sunset in 2013. The department shall work with stakeholders and other interested parties to evaluate the adequacy and equity of the new fees, and shall report its findings to the appropriate interim legislative committees and as part of its 2011 and 2013 budget requests. Further, the budget sustains relatively stable funding, and it is an expectation that the department will make significant progress in addressing backlogs in water rights and services.

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 Subcommittee approved a total funds budget of \$4.1 million and 11.83 FTE including the following packages:

Package 128: Administrative Position Shift - This package adds \$148,251 Other Funds and moves 0.83 FTE from the Water Development Loan Program to this program for Oregon Watershed Enhancement Board (OWEB) contract work. OWEB contracts with the Water Resources Department for basic administrative support. The Water Development Loan Program activity is low enough that the FTE is no longer needed.

Package 812: Geotech Holes (House Bill 2232) -This package increases Other Funds by \$31,992 and increases a part-time permanent position to full-time by adding 0.37 FTE. House Bill 2232 includes new requirements for the logging of geotech hole drilling and allows for new fees. The additional FTE will support processing of fees, accounting, and reporting.

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 \$12.2 million and 65.00 FTE including the following packages:

Package 128: Administrative Position Shift -This package adds \$142,364 Other Funds and re-establishes one limited duration position (1.00 FTE). The position is an assistant watermaster in the Deschutes Basin. Funding for the position comes from Deschutes, Jefferson, Crook and Klamath counties.

Package 124: Continue an Existing LD Hydrotech in the East Region -This package provides \$117,762 Federal Funds to re-establish one limited duration (1.00 FTE) Hydrotechnician for the Eastern Region. Funding comes from the US Bureau of Reclamation.

Package 125: Add Transfer Staff Liaison for Reimbursement Authority -This package provides \$119,926 Other Funds to establish one permanent Natural Resource Specialist position (1.00 FTE) to support the water right transfer application process. Funding comes from fees under the reimbursement authority option.

Package 810: Co-Chair Reduction Plan - This package implements program changes as part of the statewide budget balancing plan by reducing General Fund by \$867,101, adding \$297,816 Other Funds, eliminating two positions (2.00 FTE) which support the Oregon Plan, and eliminating one position (1.00 FTE) that works as a water measurement technician. It also eliminates \$100,000 of real-time water measurement equipment.

Package 811: Exempt Groundwater Uses (Senate Bill 788) -This package reduces General Fund by \$557,926 and provides an Other Funds increase of the same amount.

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 \$10.0 million and 36.29 FTE including the following packages:

Package 810: Co-Chair Reduction Plan - This package implements program changes as part of the statewide budget balancing plan by reducing General Fund by \$663,341 and increases Other Funds by \$109,241. It eliminates three positions (3.00 FTE), including one water measurement technician, one water use reporting technician, and one information technician for application development; and reduces groundwater studies by \$50,000.

Package 811: Exempt Groundwater Uses (Senate Bill 788) - This package reduces General Fund by \$427,446, increases Other Funds revenues by \$642,074, and increases Other Funds expenditure limitation by \$641,424. The funding adjustments result in shifting two ground water program positions from General Fund to Other Funds and establishing two positions (1.50 FTE). One of the additional positions (1.00 FTE) is a permanent Natural Resource Specialist 2 and the other is a limited duration Information Systems Specialist 6 (0.50 FTE).

Package 812: Geotech Holes (House Bill 2232) – This package decreases General Fund by \$62,269 and increases Other Funds by \$103,078. House Bill 2232 includes new requirements for the logging of geotech hole drilling and allows for new fees. The fees allow for a fund shift for staff from General Fund to Other Funds.

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 \$4.6 million and 25.00 FTE including the following packages:

Package 090: Analyst Adjustments - This package reduces General Fund by \$1,802 for technical adjustments in rates charged for the State Library, Ethics Commission, Department of Administrative Services and State Data Center.

Package 126: Bring Reimbursement Authority In-House - This package adds \$416,352 Other Funds and three permanent positions (3.00 FTE) to provide expedited reviews of water rights certificates and applications. This work had been conducted by third-party contractors, but an analysis concluded contracting was less efficient. Applicants pay an extra amount to receive an expedited review.

Package 810: Co-Chair Reduction Plan - This package implements program changes as part of the statewide budget balancing plan by reducing General Fund by \$780,045 and adds \$580,045 Other Funds revenues. It reduces attorney general funding for the Klamath adjudication by \$100,000 and also reduces funding for the Office of Administrative Hearings by \$100,000.

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 \$2.3 million and 6.00 FTE including the following package:

Package 810: Co-Chair Reduction Plan - This package implements program changes as part of the statewide budget balancing plan by reducing General Fund for attorney general costs by \$50,000.

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 \$0.2 million and 0.17 FTE including the following package:

Package 128: Administrative Position Shift - This package decreases Other Funds by \$150,106 and moves 0.83 FTE from this program to the Administrative Services program. The Water Development Loan Program activity is low enough that the FTE is no longer needed.

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form.