

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5049-A

JOINT COMMITTEE ON WAYS AND MEANS

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

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

Vote: 23 – 2 – 0

House – Yeas: Beyer, Buckley, Cowan, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, Richardson, G. Smith, Thatcher, Whisnant
– Nays: Freeman
– Exc:

Senate – Yeas: Bates, Devlin, Edwards, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters
– Nays: Girod
– Exc:

Prepared By: Lisa Pearson, Department of Administrative Services

Reviewed By: Susie Jordan, Legislative Fiscal Office

Meeting Date: May 13, 2011

Agency
Water Resources Department

Budget Page
F-27

LFO Analysis Page
160

Biennium
2011-13

Budget Summary*

	2009-11	2011-13	2011-13	2011-13	Committee Change from 2009-11 Leg Approved	
	Legislatively Approved Budget (1)	Current Service Level	Governor's Budget	Committee Recommendation	\$ change	% change
General Fund	\$ 19,268,371	\$ 23,239,705	\$ 21,170,643	\$ 20,143,393	+875,022	+4.5%
Lottery Funds Debt Service	354,911	574,400	574,400	554,296	+199,385	+56.2%
Other Funds	13,746,310	10,675,966	30,912,936	27,372,786	+13,626,476	+99.1%
Other Funds Debt Service	0	0	2,297,241	1,791,895	+1,791,895	-100.0%
Federal Funds	1,197,639	1,105,794	1,195,501	1,195,501	-2,138	-0.2%
Total	\$ 34,567,231	\$ 35,595,865	\$ 56,150,721	\$ 51,057,871	16,490,640	+47.7%

Position Summary

Authorized Positions	148	143	144	144	-4
Full-time Equivalent (FTE) Positions	146.29	142.09	142.59	142.59	-3.70

(1) Includes adjustments through March 2011.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Subcommittee accepted revenue estimates for the 2011-13 biennium that are lower than the 2009-11 biennium because of the recession.

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 Subcommittee approved a budget of \$20,143,393 General Fund (\$51,057,871 total funds) and 142.59 FTE. The approved budget eliminates inflation and reduces Services and Supplies, creates a supplemental ending balance, eliminates four positions, shifts two positions to Pacific Coastal Salmon Recovery Funds and reduces projected remaining personal services expenditures. It includes bond proceeds for water supply and conservation projects. Any adjustments for services provided by central agencies such as the Department of Administrative Services will be made in a separate appropriation bill later.

The recommended budget for this agency includes a reduction of General and Lottery Funds for a supplemental ending balance. The reduction is intended to be applied against spending levels in the second year of the biennium and to not affect program delivery in the first year. To reinforce that intent, the agency's budget bill includes specific language allowing the agency to expend up to 54 percent of its total biennial General Fund appropriation in the first year of the biennium.

The amount of the reduction for the supplemental ending balance may be restored to the agency during the February 2012 session for the second year of the biennium depending on economic conditions. Therefore, the Co-Chairs of the Joint Committee on Ways and Means expect the agency director to closely monitor the quarterly revenue forecast and other economic indicators to gauge adequacy of funding in the second year and manage the budgets accordingly.

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 \$5,695,213 and 10.67 FTE.

Package 085: 2009-11 Allotment Reduction roll-ups was approved; it eliminates one procurement position (1.00 FTE), fund shifts another position, and reduces postage costs. The package saves \$108,920 General Fund.

The Subcommittee approved Package 086 and Package 087, which eliminate inflation and decrease projected personal services costs by 5.5 percent.

Package 109: Continue Water Development Loan Program was approved; it moves part of a loan specialist position to the Water Development Loan Program to cover workload associated with that program. A companion package in the Water Development Loan Program adds the loan specialist to that program. The Administrative Services program is reduced by \$169,418 Other Funds and one position (0.83 FTE) to accomplish the move.

The Subcommittee approved Package 110: Continue Water Conservation, Reuse and Storage Grants. This package continues work started under Senate Bill 1069 (2008) by issuing new lottery revenue bonds. Proceeds would be used for grants. Debt service is capitalized with bond proceeds for the first biennium and requires Lottery Funds in future biennia. The estimated debt service cost in the 2013-15 biennium is \$333,350 Lottery Funds. This package adds \$1,448,893 Other Funds and one position (0.50 FTE).

The Subcommittee approved Package 801: Targeted Statewide Adjustments, which reduces non-fixed Services and Supplies expenditures by 6.5 percent. This results in a \$110,497 General Fund reduction. This package is a standard statewide package.

Package 819: Supplemental Statewide Ending Balance was approved. This package produces savings of \$112,265 General Fund and \$20,104 Lottery Funds to create an increased statewide ending balance. General Fund agencies are contributing to this supplemental ending balance

through a 3.5 percent biennial (or 7 percent in the second year of the biennium) reduction. The agency will be allowed to spend up to 54 percent of its biennial appropriation in the first year of the biennium, if necessary.

Field Services Division

This program processes water rights transfer 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 \$11,906,677 and 64.00 FTE. It approved the base and essential budget level packages without modification.

Package 085: 2009-11 Allotment Reduction roll-ups was approved. It eliminates one hydrogeologist position (1.00 FTE) in the Southwest Region. It also shifts funding for two positions that work on the Oregon Plan for Salmon and Watersheds. The positions are shifted to Pacific Coastal Salmon Recovery Funds (PCSRF). The PCSRF is from the Federal Fiscal Year 2010 grant cycle. The position elimination and fund shift reduce General Fund by \$505,046 while increasing Other Funds by \$340,000.

The Subcommittee approved Package 086 and Package 087, which eliminate inflation and decrease projected personal services costs by 5.5 percent.

Package 106: Make Permanent an Existing Assistant Watermaster in South Central Region continues a position that has existed for years as limited duration and keeps it limited duration. The position is funded by Deschutes, Jefferson and Klamath counties. The cost is \$147,214 Other Funds.

The Subcommittee approved Package 107: Make Permanent an Existing Hydrotechnician in the Eastern Region. This package continues an existing position (1.00 FTE) which has existed for years as limited duration, but makes it permanent. It is funded with revenue from the Bureau of Reclamation and the Grande Ronde Model Watershed project. The cost is \$115,624 Other Funds.

The Subcommittee approved Package 801: Targeted Statewide Adjustments, which reduces non-fixed Services and Supplies expenditures by 6.5 percent. This results in a \$64,356 General Fund reduction. This package is a standard statewide package.

Package 819: Supplemental Statewide Ending Balance was approved; this package produces savings of \$312,534 General Fund to create an increased statewide ending balance. General Fund agencies are contributing to this supplemental ending balance through a 3.5 percent biennial (or seven percent in the second year of the biennium) reduction. The agency will be allowed to spend up to 54 percent of its biennial appropriation in the first year of the biennium, if necessary.

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 \$9,135,388 and 33.92 FTE.

Package 085: 2009-11 Allotment Reduction roll-ups was approved; it eliminates one water availability modeler position (1.00 FTE), one information systems specialist (1.00 FTE), and remaining funding for groundwater studies. The package saves \$478,284 General Fund.

The Subcommittee approved Package 086 and Package 087, which eliminate inflation and decrease projected personal services costs by 5.5 percent.

Package 090: Analyst Adjustments reduces services and supplies for a savings of \$9,913 General Fund. Package 092: Fund Shifts/Sweeps shifts funding for a position that functions as the state's dam safety inspector to Other Funds. This shift saves \$96,000 General Fund, which is offset with a \$96,000 Other Funds increase.

The Subcommittee approved Package 801: Targeted Statewide Adjustments, which reduces non-fixed Services and Supplies expenditures by 6.5 percent. This results in a \$30,308 General Fund reduction. This package is a standard statewide package.

Package 819: Supplemental Statewide Ending Balance was approved. This package produces savings of \$151,061 General Fund to create an increased statewide ending balance. General Fund agencies are contributing to this supplemental ending balance through a 3.5 percent biennial (or 7 percent in the second year of the biennium) reduction. The agency will be allowed to spend up to 54 percent of its biennial appropriation in the first year of the biennium, if necessary.

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 \$4,573,309 and 25.00 FTE.

Package 085: 2009-11 Allotment Reduction roll-ups was approved; it reduces services and supplies. The package saves \$32.267 General Fund.

The Subcommittee approved Package 086 and Package 087, which eliminate inflation and decrease projected personal services costs by 5.5 percent.

The Subcommittee approved Package 801: Targeted Statewide Adjustments, which reduces non-fixed Services and Supplies expenditures by 6.5 percent. This results in a \$41,929 General Fund reduction. This package is a standard statewide package.

Package 819: Supplemental Statewide Ending Balance was approved; this package produces savings of \$70,432 General Fund to create an increased statewide ending balance. General Fund agencies are contributing to this supplemental ending balance through a 3.5 percent biennial (or 7 percent in the second year of the biennium) reduction. The agency will be allowed to spend up to 54 percent of its biennial appropriation in the first year of the biennium, if necessary.

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 \$2,437,822 and 8.00 FTE.

Package 085: 2009-11 Allotment Reduction roll-ups was approved; it reduces commission meeting expenses by limiting them to being held in Salem. The package saves \$6,000 General Fund.

The Subcommittee approved Package 086 and Package 087, which eliminate inflation and decrease projected personal services costs by 5.5 percent.

Package 101: Continue Integrated Water Supply Strategy was approved. This package continues two limited duration positions to complete the strategy authorized by House Bill 3369 (2009). It adds \$291,674 and two positions (2.00 FTE).

Package 108: Klamath Basin Restoration Agreement Fund was not approved; it can be postponed to a future biennium based on the terms of the Klamath Basin Restoration Agreement. It would have used lottery revenue bond proceeds to compensate Klamath County against lost property tax revenues and to mitigate against reduced water supplies for irrigation and retirement of water rights, along with other compensatory uses.

The Subcommittee approved Package 801: Targeted Statewide Adjustments, which reduces non-fixed Services and Supplies expenditures by 6.5 percent. This results in a \$44,692 General Fund reduction. This package is a standard statewide package.

Package 819: Supplemental Statewide Ending Balance was approved; this package produces savings of \$89,176 General Fund to create an increased statewide ending balance. General Fund agencies are contributing to this supplemental ending balance through a 3.5 percent biennial (or 7 percent in the second year of the biennium) reduction. The agency will be allowed to spend up to 54 percent of its biennial appropriation in the first year of the biennium, if necessary.

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 \$17,309,462 and 1.00 FTE.

The Subcommittee approved Package 086 and Package 087, which eliminate inflation and decrease projected personal services costs by 5.5 percent.

Package 109: Continue Water Development Loan Program was approved. This package provides \$17,130,201 Other Funds for two purposes. First, it provides \$15 million in general obligation bond proceeds for Columbia River basin water storage projects. It also provides the expenditure limitation necessary to pay debt service and issuance costs for the bonds. Senate Bill 5505 (2009) authorized the sale of bonds in the 2009-11 and 2011-13 biennia for water storage projects in the Columbia River basin. Debt service will be repaid through loan repayments, as the bond proceeds will be used to capitalize the loan program. The second purpose of the package is to complete the movement of one loan specialist position (0.83 FTE) from the Administrative Services program to this program.

Summary of Performance Measure Action

See attached Legislatively Adopted 2011-13 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5049-A

**Water Resources Department
Lisa Pearson -- 503-373-7501**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2009-11 Legislatively Approved Budget at March 2011 *	\$19,268,371	\$354,911	\$13,746,310	\$0	\$1,197,639	\$0	\$34,567,231	148	146.29
2011-13 ORBITS printed Current Service Level (CSL)*	\$23,239,705	\$574,400	\$10,675,966	\$0	\$1,105,794	\$0	\$35,595,865	143	142.09
2011-13 Governor's Recommended Budget *	\$21,170,643	\$574,400	\$33,210,177	\$0	\$1,195,501	\$0	\$56,150,721	144	142.59
<u>SUBCOMMITTEE ADJUSTMENTS (from GRB)</u>									
<u>Administrative Services - 010-01</u>									
Package 801: Targeted Statewide Adjustments									
Services and Supplies - 6.5% from non-fixed accounts	(110,497)	0	0	0	0	0	(110,497)		
Package 819: Supplemental Statewide Ending Balance									
Services and Supplies:	(112,265)	0	0	0	0	0	(112,265)		
Debt Service		(20,104)							
<u>Field Services - 010-03</u>									
Package 801: Targeted Statewide Adjustments									
Services and Supplies - 6.5% from non-fixed accounts	(64,356)	0	0	0	0	0	(64,356)		
Package 819: Supplemental Statewide Ending Balance									
Services and Supplies:	(312,534)	0	0	0	0	0	(312,534)		
<u>Technical Services - 010-04</u>									
Package 801: Targeted Statewide Adjustments									
Services and Supplies - 6.5% from non-fixed accounts	(30,308)	0	0	0	0	0	(30,308)		
Package 819: Supplemental Statewide Ending Balance									
Services and Supplies:	(151,061)	0	0	0	0	0	(151,061)		
<u>Water Rights & Adjudications - 010-06</u>									
Package 801: Targeted Statewide Adjustments									
Services and Supplies - 6.5% from non-fixed accounts	(41,929)	0	0	0	0	0	(41,929)		
Package 819: Supplemental Statewide Ending Balance									
Services and Supplies:	(70,432)	0	0	0	0	0	(70,432)		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>Director's Office - 010-07</u>									
Package 108: Klamath Basin Restoration Agreement									
Personal Services:	0	0	(100,838)	0	0	0	(100,838)		
Services and Supplies:	0	0	(56,899)	0	0	0	(56,899)		
Special Payments: account 6085	0	0	(3,382,413)	0	0	0	(3,382,413)		
Debt Service: account 7150	0	0	(505,346)	0	0	0	(505,346)		
Package 801: Targeted Statewide Adjustments									
Services and Supplies - 6.5% from non-fixed accounts	(44,692)	0	0	0	0	0	(44,692)		
Package 819: Supplemental Statewide Ending Balance									
Services and Supplies:	(89,176)	0	0	0	0	0	(89,176)		
<u>Water Development Loan Program - 020-00</u>									
None.									
TOTAL ADJUSTMENTS	<u>(\$1,027,250)</u>	<u>(\$20,104)</u>	<u>(\$4,045,496)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$5,072,746)</u>	<u>0</u>	<u>0.00</u>
SUBCOMMITTEE RECOMMENDATION *	<u>\$20,143,393</u>	<u>\$554,296</u>	<u>\$29,164,681</u>	<u>\$0</u>	<u>\$1,195,501</u>	<u>\$0</u>	<u>\$51,077,975</u>	<u>144</u>	<u>142.59</u>
% Change from 2009-11 Leg Approved Budget	4.54%	56.18%	112.16%	0.00%	-0.18%	0.00%	47.76%	-2.70%	-2.53%
% Change from 2011-13 Current Service Level	-13.32%	-3.50%	173.18%	0.00%	8.11%	0.00%	43.49%	0.70%	0.35%
% Change from 2011-13 Governor's Recommended Budget	-4.85%	-3.50%	-12.18%	0.00%	0.00%	0.00%	-9.03%	0.00%	0.00%

* Excludes Capital Construction Expenditures

Legislatively Approved 2011-2013 Key Performance Measures

Agency: WATER RESOURCES DEPARTMENT

Mission: To serve the public by practicing and promoting responsible water management.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
1 - FLOW RESTORATION - Percent of watersheds that need flow restoration for fish that had a significant quantity of water put instream through WRD administered programs.		Approved KPM	25.00	20.00	20.00
2 - PROTECTION OF INSTREAM WATER RIGHTS - Ratio of the streams regulated to protect instream water rights to all streams regulated.		Approved KPM	0.70	0.53	0.53
3 - MONITOR COMPLIANCE - Percent of total regulatory actions that found water right holders in compliance with water rights and regulations.		Approved KPM	94.00	98.00	98.00
4 - STREAM FLOW GAGING - Percent change from 2001 in the number of WRD operated or assisted gauging stations.		Approved KPM	-2.00	2.00	2.00
5 - ASSESSING GROUNDWATER RESOURCES - Percent change from 2001 in the number of wells routinely monitored to assess ground water resources.		Approved KPM	3.30	0.00	0.00
6 - EQUIP CITIZENS WITH INFORMATION - Percent of water management related datasets collected by WRD that are available to the public on the internet.		Approved KPM	89.00	90.00	90.00
7 - EQUIP CITIZENS WITH INFORMATION - Number of times water management related data was accessed through the WRD's Internet site.		Approved KPM	2.17	2.25	2.25
8 - Fully implement the Water Resources Commissions 2000 Water Measurement Strategy		Approved KPM	504.00	775.00	950.00
9 - PROMOTE EFFICIENCY IN WATER MANAGEMENT AND CONSERVATION PLAN REVIEWS - Percent of water management and conservation plans that received a preliminary review within 90 days of plan submittal.		Approved KPM	81.00	75.00	75.00

Agency: WATER RESOURCES DEPARTMENT

Mission: To serve the public by practicing and promoting responsible water management.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
10 - PROMOTE EFFICIENCY IN WATER RIGHT APPLICATION PROCESSING - Percent of water right applications that receive an initial review within 45 days of application filing.		Approved KPM	28.00	55.00	55.00
11 - PROMOTE EFFICIENCY IN TRANSFER APPLICATION PROCESSING - Percent of transfer final orders issued within 120 days of application filing.		Approved KPM	21.00	30.00	30.00
12 - PROMOTE EFFICIENCY IN FIELD STAFF REGULATORY ACTIVITIES - Number of places where water is legally taken out of stream and used (points of diversion) per FTE of field staff.		Approved KPM	2,585.00	2,400.00	2,400.00
13 - INCREASE WATER USE REPORTING		Approved KPM	20.00	70.00	70.00
14 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent" in overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	Accuracy	Approved KPM	0.00	85.00	85.00
14 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent" in overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	Availability of Information	Approved KPM	76.00	85.00	85.00
14 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent" in overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	Expertise	Approved KPM	79.00	85.00	85.00
14 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent" in overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	Helpfulness	Approved KPM	85.00	85.00	85.00
14 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent" in overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	Overall	Approved KPM	0.00	85.00	85.00

Agency: WATER RESOURCES DEPARTMENT

Mission: To serve the public by practicing and promoting responsible water management.

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2012	Target 2013
14 - CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent" in overall customer service, timeliness, accuracy, helpfulness, expertise, and availability of information.	Timeliness	Approved KPM	58.00	85.00	85.00

LFO Recommendation:

Approve the Department's request to continue existing KPMs and related targets into the 2011-13 biennium. The Department is generally meeting performance targets.

Sub-Committee Action:

The Natural Resources Subcommittee approved the Department's request to continue existing KPMs and related targets into the 2011-13 biennium. The Department is generally meeting performance targets.