

BUDGET REPORT AND MEASURE SUMMARY

Joint Committee On Ways and Means

Action:

Action Date:

Vote:

Prepared By: Cathleen Connolly, Department of Administrative Services

Reviewed By: Matt Stayner, Legislative Fiscal Office

Agency: Water Resources Department

Biennium: 2015-17

Budget Summary*

	2013-15 Legislatively Approved Budget ⁽¹⁾	2015-17 Current Service Level	2015-17 Committee Recommendation	Committee Change from 2013-15 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 27,284,614	\$ 28,396,203	\$ 29,821,168	\$ 2,536,554	9.3%
Lottery Funds Debt Service	\$ 574,025	\$ 3,404,416	\$ 2,511,482	\$ 1,937,457	337.5%
Other Funds Limited	\$ 31,605,960	\$ 20,690,296	\$ 20,797,927	\$ (10,808,033)	-34.2%
Other Funds Debt Service	\$ 3,130,777	\$ -	\$ -	\$ (3,130,777)	-100.0%
Federal Funds Limited	\$ 1,275,264	\$ 1,302,403	\$ 1,302,403	\$ 27,139	2.1%
Total	\$ 63,870,640	\$ 53,793,318	\$ 54,432,980	\$ (9,437,660)	-14.8%

Position Summary

Authorized Positions	157	157	164	7
Full-time Equivalent (FTE) positions	154.55	154.83	162.58	8.03

⁽¹⁾ Includes adjustments through December 2014

* Excludes Capital Construction expenditures

Revenue Summary

The Water Resources Department receives General Fund, Lottery Funds, Other Funds and Federal Funds. General Fund provides the largest portion, 52.5 percent of the 2015-17 projected available revenues. The Lottery Funds is directed entirely to debt service and is 4.4 percent of available revenues. Federal Funds constitute 2.3 percent of available revenues and is generally received through the Federal Emergency Management Agency and the Bureau of Reclamation.

Other Funds is the second largest revenue component at 40.7 percent of the 2015-17 projected available revenues and is derived from fees, contracts for work and bond proceeds which fund various phases of water resource projects. The agency projects \$8,085,138 Power and Water Fees in the 2015-17 biennium. Total Power and Water Fee revenues are derived 36.7 percent from Hydroelectric fees related to processing and monitoring hydroelectric projects; 29.2 percent from Water Rights and Dam Safety fees associated with the review and inspection of new and existing projects; 18.4 percent from Well Start Card fees associated with the construction and inspection of new wells; 12.4 percent from Exempt Use Wells used to monitor groundwater supplies; 2.3 percent from Geotechnical Holes fees; and 1.0 percent from Well Construction fees.

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 total funds budget of \$54,432,980, including \$29,821,168 General Fund, and 162.58 FTE. The total funds budget is 14.8 percent smaller than the 2013-2015 Legislatively Approved Budget and a 1.2 percent increase from the 2015-2017 current service level. The increase from the current service level reflects investments in additional staff to address expanded grant opportunities, water right processing backlogs, and water management and monitoring in the Klamath Basin. The budget also invests in a chief groundwater technology scientist to work on groundwater data and a professional engineer and two natural resource planning coordinators to support the Integrated Water Resources Supply Development Initiative.

Administrative Services Division - 010-01

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. The Subcommittee approved a total funds budget of \$17,358,680 and 11.50 FTE.

The Subcommittee recommended Package 106: SB 1069 Grant Program Enhancement. This package expands the administrative capacity of the Water Conservation, Reuse and Storage Grant program that was established in 2008 by Senate Bill 1069. It appropriates \$139,318 General Fund and provides for a limited duration increase in the number of months for an existing position of 0.75 FTE. The grant funding within this program is primarily for feasibility studies, but under some circumstances direct costs of projects can be funded. Grants under the program are capped at a maximum of \$500,000 and must be matched by the grant recipient on a dollar-for-dollar basis. The program has base budget grant funding of \$750,000 General Fund. Grant program administration in the base budget includes a single position comprising 0.25 FTE. The Department requested one-time additional funding of \$750,000 using lottery bond proceeds. That funding and the additional Other Funds expenditure limitation required will be contemplated in a separate bill.

To accommodate the additional funding available should lottery bond proceeds be made available for this purpose, the Department requested that the position used for grant administration be increased from 0.25 FTE to 1.00 FTE using General Fund. This package provides the funding for and extends the existing position from 0.25 FTE to 1.00 FTE during the 2015-17 biennium only. It is the intention of the Legislature however, that the additional General Fund appropriation and position authority created by this package be removed by subsequent legislation should the additional bond funding not be made available to the agency for this purpose.

The Subcommittee recommended Package 811: Updated Base Debt Service Adjustment. This package reduces Lottery Funds revenues and Lottery Funds debt service by \$892,934 to reflect anticipated actual principal and interest expenses related to lottery bond financed projects.

Field Services Division - 010-03

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 \$12,398,883 and 56.00 FTE.

The Subcommittee recommended Package 104: Klamath Basin Hydrotech to Assist with Water Management. This package adds \$191,822 in General Fund and one permanent Natural Resource Specialist 2 position (1.00 FTE) to manage the twelve existing stream gages and an additional thirteen to fifteen gages required for the management of senior water rights in the Klamath Basin. The increase in monitoring is a result of the 2013 completion of the administrative phase of the Adjudication. Many additional water rights have been recognized as senior and enforceable, which means that water users in the basin who have not been regulated in the past may be subject to water use restrictions. Water users watch stream flows closely, and rely on the Department's information in order to manage their water more efficiently. Collecting streamflow and groundwater data to support water management decisions is anticipated to lessen conflict and legal challenges.

The Subcommittee recommended Package 105: Place-Based IWRS Planning. This package provides \$206,664 General Fund for one limited duration position (1.00 FTE) for the initial implementation and pilot of place-based integrated water resources strategies. The developed strategies will serve as a blueprint for meeting both instream and out-of-stream needs, taking into account water quantity, water quality, and ecosystems. Meeting water needs should be considered within the context of specific watersheds, accounting for the hydrological, geological, biological, climatic, socio-economic, cultural, legal and political conditions of a community.

During the 2015-17 biennium, the Department plans to partner with up to three communities to test the guidelines and further develop a place-based, integrated water resources strategy. Feedback from these pilots will allow the state to adjust and improve its place-based guidelines for communities to use in the future.

Senate Bill 266, companion legislation to this package, creates a grant program in the agency for the issuance of place-based integrated water resource strategy development, but does not establish funding. The agency has requested \$750,000 in lottery bond proceeds for this purpose in a separate bill. It is the intention of the Legislature that the additional General Fund appropriation and position authority established by Package 105 be removed by subsequent legislation should the additional bond funding not be made available to the agency for this purpose.

Technical Services Division - 010-04

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 \$13,772,913 and 46.54 FTE.

The Subcommittee recommended Package 103: Groundwater – Data Management. This package adds \$107,629 General Fund, \$107,631 Other Funds (Water Rights Operating Fund) and includes one permanent Natural Resource Specialist 5 position (1.00 FTE) who will serve as the Chief Groundwater Technology Scientist. The new position will be responsible for establishing procedures and methods to capture and process data using rigorous scientific standards, including a major overhaul of data organization and formatting, and will serve as the liaison between the Groundwater Section and other sections within the Department that collect and archive groundwater-related data, and other state and federal agencies. The position will evaluate groundwater data sets and create more efficient processes for capturing, formatting, sharing, analyzing and archiving data.

Water Rights Service - 010-06

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 \$7,549,142 and 38.54 FTE.

The Subcommittee recommended Package 101: Klamath Transaction and Water Right Backlog Reduction. This package provides \$164,133 General Fund for one additional limited duration Natural Resource Specialist position (1.00 FTE) to reduce water right backlog issues and enhance service to customers in the Klamath Basin. The position is responsible for reviewing claims of beneficial use and issuing certificates, as well as responding to unanticipated water rights related processing needs.

Director's Office - 010-07

This program includes strategic planning and support for the Water Resources Commission, alternative dispute resolution, contested case hearings, administrative rule coordination, legislative coordination, and citizen response and information services. The Subcommittee approved a total funds budget of \$3,158,911 and 9.00 FTE.

The Subcommittee recommended Package 115: Integrated Water Resources Supply Development. This package is a substantial new investment to implement the Integrated Water Resources Supply Development strategy. The package appropriates \$615,399 General Fund and establishes three permanent positions (3.00 FTE) including a water supply engineer and two planning coordinators (Natural Resource Specialist 4). Should additional funding be made available for agency grant programs, it is acknowledged that the agency will have the flexibility to use one of the planning coordinator positions for grant management activities.

Funding programs are available to support water resource development projects. Project proponents can apply for funding through the agency's Water Conservation and Reuse Grant Program to help evaluate the feasibility and viability of the project. Once the project has been reviewed, funding for developing and implementing the project is available through the Water Supply Development grant and loan program established in 2013. This package provides staff for outreach and consulting with individuals and local governments as well as coordinating financing opportunities. The package allows the Water Resource Department to provide technical, permitting and engineering expertise to actively assist individuals, farmers, cities, counties, tribes, nongovernmental entities, and communities in developing water resources projects.

Water Development Loan Fund - 020-00

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 \$244,451 and 1.00 FTE, funding this program at the current service level.

Summary of Performance Measure Action

See attached Legislatively Adopted 2015-17 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5042-A

**Water Resources Department
Cathleen Connolly - 503-307-0083**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2013-15 Legislatively Approved Budget at Dec 2014 *	\$ 27,284,614	\$ 574,025	\$ 34,736,737	\$ -	\$ 1,275,264	\$ -	\$ 63,870,640	157	154.55
2015-17 Current Service Level (CSL)*	\$ 28,396,203	\$ 3,404,416	\$ 20,690,296	\$ -	\$ 1,302,403	\$ -	\$ 53,793,318	157	154.83
<u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u>									
SCR 010-01 - Administrative Services									
Package 106: SB 1069 Grant Program Enhancement									
Personal Services	\$ 129,433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,433	0	0.75
Services and Supplies	\$ 9,885	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,885		
Package 811: Updated Base Debt Service Adjustment									
Debt Service	\$ -	\$ (892,934)	\$ -	\$ -	\$ -	\$ -	\$ (892,934)		
SCR 010-03 - Field Services									
Water Management									
Personal Services	\$ 137,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,501	1	1.00
Services and Supplies	\$ 46,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,821		
Capital Outlay	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500		
Package 105: Place-Based IWRS Planning									
Personal Services	\$ 172,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 172,577	1	1.00
Services and Supplies	\$ 34,087	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,087		
SCR 010-04 - Technical Services									
Package 103: Groundwater-Data Management									
Personal Services	\$ 93,487	\$ -	\$ 93,489	\$ -	\$ -	\$ -	\$ 186,976	1	1.00
Services and Supplies	\$ 14,142	\$ -	\$ 14,142	\$ -	\$ -	\$ -	\$ 28,284		
SCR 010-06 - Water Right Services									
Package 101: Klamath Transactions and Water Right Backlog Reduction									
Personal Services	\$ 153,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,913	1	1.00
Services and Supplies	\$ 10,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,220		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SCR 010-07 - Director's Office									
Package 115: Integrated Water Resources Supply Development									
Personal Services	\$ 538,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 538,499	3	3.00
Services and Supplies	\$ 76,900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,900		
TOTAL ADJUSTMENTS	\$ 1,424,965	\$ (892,934)	\$ 107,631	\$ -	\$ -	\$ -	\$ 639,662	7	7.75
SUBCOMMITTEE RECOMMENDATION *	\$ 29,821,168	\$ 2,511,482	\$ 20,797,927	\$ -	\$ 1,302,403	\$ -	\$ 54,432,980	164	162.58
% Change from 2013-15 Leg Approved Budget	9.3%	337.5%	-40.1%	0.0%	2.1%	0.0%	-14.8%		
% Change from 2015-17 Current Service Level	5.0%	-26.2%	0.5%	0.0%	0.0%	0.0%	1.2%		

*Excludes Capital Construction Expenditures

Legislatively Approved 2015-2017 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 2016	Target 2017
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	24.00	24.00	24.00
2 - PROTECTION OF INSTREAM WATER RIGHTS - Ratio of the streams regulated to protect instream water rights to all streams regulated.		Approved KPM	0.75	0.80	0.80
3 - MONITOR COMPLIANCE - Percent of total regulatory actions that found water right holders in compliance with water rights and regulations.		Approved KPM	96.00	98.00	98.00
4 - STREAM FLOW GAGING - Percent change from 2001 in the number of WRD operated or assisted gauging stations.		Approved KPM	7.00	6.50	6.50
5 - ASSESSING GROUND WATER RESOURCES - Percent change from 2001 in the number of wells routinely monitored to assess ground water resources.		Approved KPM	5.00	7.00	7.00
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	93.00	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	2.39	2.25	2.25
8 - NUMBER OF SIGNIFICANT DIVERSIONS WITH MEASUREMENT DEVICES INSTALLED - To fully implement the Water Resources Commission's 2000 Water Measurement Strategy		Approved KPM	819.00	1,125.00	1,200.00
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	100.00	95.00	95.00

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

Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
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	20.39	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	37.00	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	2,504.00	2,400.00	2,400.00
13 - INCREASE WATER USE REPORTING		Approved KPM	70.00	78.00	78.00
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	86.00	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	81.00	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	88.00	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	90.00	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	83.00	85.00	85.00

Agency: WATER RESOURCES DEPARTMENT

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Legislatively Proposed KPMs	Customer Service Category	Agency Request	Most Current Result	Target 2016	Target 2017
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	65.00	85.00	85.00

LFO Recommendation:

Approve 2015-2017 Key Performance Measures and targets as proposed.

Sub-Committee Action:

The Joint Ways and Means Subcommittee on Natural Resources approved the 2015-2017 Key Performance Measures and targets as recommended by LFO.