

DATE: APRIL 13, 2017

TO: JOINT COMMITTEE ON WAYS & MEANS, SUBCOMMITTEE ON NATURAL RESOURCES

FROM: THE ASSOCIATION OF OREGON COUNTIES

SUBJECT: WATER RESOURCES DEPARTMENT 2017-19 BUDGET/ SENATE BILL 5542.

REQUESTED ACTION:

Even within the context of the enormous state revenue/budget shortfall, and the fact that AOC has placed primary importance on passage of an adequate transportation funding package and public revenue reform, the issue of water supply and availability remains critical to the development and quality of life of Oregon.

AOC respectfully recommends that the Subcommittee on Natural Resources support the money measures explained below for the reasons stated.

BACKGROUND:

The Oregon Legislative Assembly, after a long period of cuts to the Water Resources Department (WRD) budgets and inaction on the need for water development (putting Oregon well behind Washington State on water availability), sharply changed course in 2013 and continued the infusion of resources for water development. From 2013 to 2017, legislative appropriations for water resources studies, planning, and project-related activities (strongly supported by AOC and like-minded stakeholder partners) totaled nearly \$30 million in lottery bonds, \$40 million in general obligation bonds, and \$3,345,000 in general funds.

The 2017-19 Governor's Recommended Budget relies on a series of Policy Option Packages (POPs) to fill out the WRD budget. Without the adoption of the POPs listed below, the WRD budget will not sustain the momentum build in the previous two budget cycles.

Six POPs are of particular importance to counties and the state, if Oregon intends to catch up to and keep pace with its water needs.

- **POP 104** proposes to add one place-based planning and grants coordinator to allow the state to continue to work with communities piloting place-based planning to identify solutions to meet their instream and out-of-stream water resources needs, as well as to administer and evaluate feasibility study grants. WRD had .75 FTE grants coordinator and 1FTE place-based planning coordinator limited duration positions in 2015-17 biennium. (\$204,000 general funds; 1 FTE).
- **POP 109** helps meet Oregon's water needs by providing \$2 million in lottery bonds for grants to assess the feasibility of developing water conservation, reuse, or storage projects. POP 109 would shift feasibility grant funding from general funds to lottery funds. (\$2 million lottery bonds; \$52,000 cost of issuance).
- **POP 110** helps meet Oregon's current and future water needs by recapitalizing the Water Supply Development Account (SB 839 [2013]) to provide grants and loans to develop water resources projects that have economic, environmental, and community benefits. To date,

demand has exceeded available funding. (\$30 million lottery bonds; \$2.95 million cost of issuance and debt service).

- **POP 101** provides resources to conduct basin studies, while also addressing data backlogs in the groundwater and surface water sections and allowing applications to be processed more timely. Data is essential for long-term management of groundwater. (\$300,000 groundwater studies, \$100,000 geologic mapping, \$500,000 observation wells, and 4.4 FTE; total \$1.8 million general funds).
- **POP 105** adds three assistant regional watermasters and one Northwest Region hydrotech to help manage and distribute water, and improve data collection. Reclasses five hydrotechs to align the positions with the required duties; the alternative for WRD is to remove duties and responsibilities from these positions, reducing efficiency in data collection and processing. Adds one field conservation coordinator to conduct public outreach, promote water conservation, increase understanding of Oregon water laws among the public and all water users, and work with small communities. Adds \$125k for costs of litigation. (\$1 million general funds; 4.4 FTE).
- **POP 107** provides position authority only. It adds three positions funded by Umatilla County (two assistant watermasters, one administrative assistant) and two assistant watermaster positions funded by the US Bureau of Reclamation. The five positions are currently county personnel who work under the direct supervision of WRD; however, Umatilla County has signaled its intent to discontinue the five county positions, but may be willing to continue with financial support. As a result, WRD agreed to seek five state positions, based on the understanding that county and federal funds would support the positions. (\$434,000 other funds; \$434,000 federal funds; 5.0 FTE).