

SB 5542 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Matt Stayner, Legislative Fiscal Office

Water Resources Department

2017-19

PRELIMINARY

Budget Summary*

	2015-17 Legislatively Approved Budget ⁽¹⁾	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 31,220,037	\$ 32,932,622	\$ 32,232,622	\$ 1,012,585	3.2%
Lottery Funds Debt Service	\$ 2,511,482	\$ 6,032,844	\$ 6,032,844	\$ 3,521,362	140.2%
Other Funds Limited	\$ 73,055,277	\$ 38,756,985	\$ 39,363,274	\$ (33,692,003)	(46.1%)
Other Funds Debt Service	\$ 1,201,865	\$ 2,480,290	\$ -	\$ (1,201,865)	100.0%
Federal Funds Limited	\$ 1,312,338	\$ 1,323,257	\$ 1,879,534	\$ 567,196	43.2%
Total	\$ 109,300,999	\$ 81,525,998	\$ 79,508,274	\$ (29,792,725)	(27.3%)

Position Summary

Authorized Positions	165	163	169	4
Full-time Equivalent (FTE) positions	163.25	160.59	166.59	3.34

⁽¹⁾ Includes adjustments through December 2016

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Water Resources Department (WRD) operations are funded, generally, from a combination of General Fund and fees for water right and storage transactions, licensing, and permits. Of the total available revenues anticipated in the 2017-19 biennium, General Fund accounts for 39.5 percent. Other Funds comprise 50.8 percent, but roughly \$26 million of the \$41.5 million in Other Funds resources are from Lottery Bond proceeds that are carried forward into the 2017-19 biennium from issuance in prior biennia. Lottery Funds, equaling 7.4 percent of total funding, are exclusively for debt service. Federal Funds revenue are specific to cooperative studies and monitoring in addition to providing some position support.

The budget assumes revenues from the passage of House Bill 2295 that eliminates the statutory repeal of certain fee changes made in the 2013-15 biennium and provides for an increase in a number of agency fees resulting in an increase in anticipated fee revenue of \$471,508.

Summary of Natural Resource Subcommittee Action

WRD administers laws governing surface and groundwater resources. The goal is to balance the 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 \$79,508,274, including \$32,232,622 General Fund, \$6,032,844 Lottery Funds for debt service, \$39,363,274 Other Funds expenditure limitation, \$1,879,534 Federal Funds expenditure limitation and 166.59 FTE. The total funds budget is 27.3 percent less than the 2015-17 biennium Legislatively Approved Budget. The reduction is largely attributed to a reduction in anticipated bond proceeds and the removal of debt service for unissued bonds. General Fund reductions of \$700,000 from the current service level were included as well.

Administrative Services Division

This program provides fiscal, human resources, and business support services for daily operation of the department. In addition, the division provides contract assistance to the Oregon Watershed Enhancement Board and the Department of State Lands. The Subcommittee approved a total funds budget of \$38,241,999 and 12.75 FTE.

The Subcommittee recommended the following packages:

Package 090, Analysts Adjustments. This package moves one permanent full-time position (1.00 FTE); Personal Services Other Funds limitation of \$261,002 and Services and Supplies Other Funds limitation of \$6,346; from the Water Development Loan Program to the Administrative Services Division, where the position's workload is located.

Package 106, Web Information Coordinator for Information Sharing. This package recognizes an Other Funds revenue transfer from the Department of State Lands in the amount of \$67,444, to provide support for a shared services accounting position at WRD. The funding supports an existing position; no additional position authority is included.

Package 801, LFO Analyst Adjustments. This package decreases ongoing General Fund support for water supply development feasibility grants by \$400,000, and makes a one-time reduction to Personal Services in the amount of \$20,000 in the Administrative Services Division. These reductions are to align the agency's budget with the Joint Committee on Ways and Means Co-Chair budget framework.

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 \$14,509,848 and 60.42 FTE.

The Subcommittee recommended the following packages:

Package 107, Umatilla Field Presence. This package provides Other Funds limitation and Federal Funds limitation for four Assistant Watermasters positions and one Office Specialist 2 position located in Umatilla County, in the Pendleton and Milton-Freewater offices. The positions are currently employees of Umatilla County. Three of the positions are directly funded by the county and two of the Watermaster positions are funded by a contract between the county and the US Bureau of Reclamation (BOR). The county has indicated it will terminate the five positions, but will continue financial support for the positions, providing the funding for the three directly funded positions to WRD via contract and shifting the BOR contract to WRD for the remaining two positions. The additional limitation allows the agency to establish the five positions in the department and execute the required funding agreements with Umatilla County and with the Bureau of Reclamation to support the five positions. The package authorizes five full-time permanent positions (5.00 FTE). The agency will not fill the positions if funding agreements are not reached.

Package 801, LFO Adjustments. This package makes a one-time reduction to Personal Services in the amount of \$20,000, in the Field Services Division. This reduction is to align the agency's budget with the Joint Committee on Ways and Means Co-Chair budget framework.

Technical Services Division

This program provides scientific data and technical analysis for the department's water right processing, water distribution and management, and water resources development activities. The division's programs include dam safety, well construction and compliance, information services, surface water hydrology and groundwater hydrology. The Subcommittee approved a total funds budget of \$14,825,287 and 46.00 FTE.

The Subcommittee recommended the following packages:

Package 102, Protecting the Public and Water Supplies. This package establishes a permanent, full-time Dam Safety Engineer position (1.00 FTE) and is funded with federal FEMA funds and the Dam Safety fee.

Package 801, LFO Adjustments. This package reduces ongoing General Fund support by \$100,000 for new observation wells and by \$50,000 for gauging stations. Both of these programs have sufficient funding remaining after this reduction, to enable the agency to complete the work queue in these programs for the 2017-19 biennium. The package also makes a one-time reduction to Personal Services in the amount of

\$20,000, in the Technical Services Division. These reductions are to align the agency's budget with the Joint Committee on Ways and Means Co-Chair budget framework.

Water Rights Service

This program evaluates and acts upon applications for new in-stream and out-of-stream water rights. It also administers water rights certification, adjudication, hydroelectric relicensing, water rights policy development and permit extension evaluation. The adjudication section is responsible for ruling on pre-1909 and federal reserved water rights, and for the negotiation of Native American reserved water rights. The Subcommittee approved a total funds budget of \$8,156,809 and 37.42 FTE.

The Subcommittee recommended the following packages:

Package 070, Revenue Shortfalls. This package removes 2.50 FTE, \$366,609 Other Funds revenue and \$375,025 Other Funds limitation. The Water Rights fee schedule established in 2013, sunsets on June 30, 2017 and reverts to the 2009 fee schedule. A reversion to 2009 fee levels will result in the reductions identified above. These reductions are restored in Policy Package 100, with revenues assumed from the passage of House Bill 2295 that adjusts fees and eliminates the reversion of those fees to the 2009 fee schedule.

Package 100, Water Rights Fee Increase and Add-Back Package. This package restores 2.50 FTE eliminated in Package 070. The fees associated with water rights transactions were last revised in 2013, which will sunset on June 30, 2017 and revert to the 2009 fee schedule. The current fee schedule does not support the current service level and a reversion to 2009 fees will create a gap in funding of \$0.8 million. The proposed fee increase should generate sufficient revenue to support the water rights program and dam safety program until 2021.

Package 801, LFO Analyst Adjustments. This package shifts \$50,000 Services and Supplies expenditures from General Fund to Other Funds limitation and makes a one-time reduction to Personal Services in the amount of \$20,000, in the Water Rights Service Division. These reductions are to align the agency's budget with the Joint Committee on Ways and Means Co-Chair budget framework.

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 \$3,774,331 and 10.00 FTE.

The Subcommittee recommended the following packages:

Package 106, Web Information Coordinator for Information Sharing. This package recognizes the Other Funds limitation transfer in the amount of \$67,444, from the Department of State Lands. The funding is transferred to the Administrative Services Division for expenditures in that program.

Package 801, LFO Analyst Adjustments. This package makes a one-time reduction to Personal Services in the amount of \$20,000, in the Director's Office Division. This reduction is to align the agency's budget with the Joint Committee on Ways and Means Co-Chair budget framework.

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 zero budget and no position authority for this program.

The Subcommittee recommended the following packages:

Package 090, Analyst Adjustments. This package moves one permanent, full-time position (1.00 FTE), \$261,002 Personal Services Other Funds limitation, and \$6,346 Services and Supplies Other Funds limitation from the Water Development Loan Program to the Administrative Services Division, where the position's workload is located.

Package 801, LFO Analyst Adjustments. This package removes the debt service for Water Development Loan Program bonds authorized for sale in the 2015-17 biennium, but were not sold.

Summary of Performance Measure Action

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Water Resources Department
 Cathleen Connolly -- 503-373-0083

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 31,220,037	\$ 2,511,482	\$ 74,257,142	\$ -	\$ 1,312,338	\$ -	109,300,999	165	163.25
2017-19 Current Service Level (CSL)*	\$ 32,932,622	\$ 6,032,844	\$ 41,237,275	\$ -	\$ 1,323,257	\$ -	81,525,998	163	160.59
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 010-01 - Administrative Services									
Package 090: Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 261,002	\$ -	\$ -	\$ -	261,002	1	1.00
Services and Supplies	\$ -	\$ -	\$ 6,346	\$ -	\$ -	\$ -	6,346		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ -	(20,000)	0	0.00
Other Special Payments	\$ (400,000)	\$ -	\$ -	\$ -	\$ -	\$ -	(400,000)		
SCR 010-03 - Field Services									
Package 107: Umatilla Field Presence									
Personal Services	\$ -	\$ -	\$ 356,107	\$ -	\$ 356,097	\$ -	712,204	5	5.00
Services and Supplies	\$ -	\$ -	\$ 77,570	\$ -	\$ 77,570	\$ -	155,140		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ -	(20,000)	0	0.00
SCR 010-04 - Technical Services									
Package 102: Protecting the Public and Water Supplies									
Personal Services	\$ -	\$ -	\$ 104,487	\$ -	\$ 104,485	\$ -	208,972	1	1.00
Services and Supplies	\$ -	\$ -	\$ 18,125	\$ -	\$ 18,125	\$ -	36,250		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ -	(20,000)	0	0.00
Services and Supplies	\$ (150,000)	\$ -	\$ -	\$ -	\$ -	\$ -	(150,000)		
SCR 010-06 - Water Right Services									
Package 070: Revenue Shortfalls									
Personal Services	\$ -	\$ -	\$ (375,025)	\$ -	\$ -	\$ -	(375,025)	0	(2.50)
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-		
Package 100: Water Rights Fee Increase and Add-Back Package									
Personal Services	\$ -	\$ -	\$ 375,025	\$ -	\$ -	\$ -	375,025	0	2.50
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ -	(20,000)	0	0.00
Services and Supplies	\$ (50,000)	\$ -	\$ 50,000	\$ -	\$ -	\$ -	-		
SCR 010-07 - Director's Office									
Package 801: LFO Analyst Adjustments									
Personal Services	\$ (20,000)	\$ -	\$ -	\$ -	\$ -	\$ -	(20,000)	0	0.00

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SCR 020-00 - Water Development Loan Program									
Package 090: Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ (261,002)	\$ -	\$ -	\$ -	(261,002)	(1)	(1.00)
Services and Supplies	\$ -	\$ -	\$ (6,346)	\$ -	\$ -	\$ -	(6,346)		
Package 801: LFO Analyst Adjustments									
Debt Services	\$ -	\$ -	\$ (2,480,290)	\$ -	\$ -	\$ -	(2,480,290)	0	0.00
TOTAL ADJUSTMENTS	\$ (700,000)	\$ -	\$ (1,874,001)	\$ -	\$ 556,277	\$ -	(2,017,724)	6	6.00
SUBCOMMITTEE RECOMMENDATION *	\$ 32,232,622	\$ 6,032,844	\$ 39,363,274	\$ -	\$ 1,879,534	\$ -	79,508,274	169	166.59
% Change from 2015-17 Leg Approved Budget	3.2%	140.2%	(47.0%)	0.0%	43.2%	0.0%	(27.3%)	2.4%	2.0%
% Change from 2017-19 Current Service Level	(2.1%)	0.0%	(4.5%)	0.0%	42.0%	0.0%	(2.5%)	3.7%	3.7%

*Excludes Capital Construction Expenditures

Legislatively Approved 2017 - 2019 Key Performance Measures

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Agency: Water Resources Department

Mission Statement:

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

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
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	28%	30%	32%
2. PROTECTION OF INSTREAM WATER RIGHTS - Ratio of the streams regulated to protect instream water rights to all streams regulated.		Approved	0.95	0.95	0.95
3. MONITOR COMPLIANCE - Percent of total regulatory actions that found water right holders in compliance with water rights and regulations.		Approved	99%	99%	99%
4. STREAM FLOW GAGING - Percent change from 2001 in the number of WRD operated or assisted gauging stations.		Approved	16.70%	20%	20%
5. ASSESSING GROUND WATER RESOURCES - Percent change from 2001 in the number of wells routinely monitored to assess ground water resources.		Approved	8%	10%	10%
6. EQUIP CITIZENS WITH INFORMATION - Percent of water management related datasets collected by WRD that are available to the public on the internet.		Approved	95%	95%	95%
7. EQUIP CITIZENS WITH INFORMATION - Number of times water management related data was accessed through the WRD's Internet site.		Approved	2.69	2.75	3
8. NUMBER OF SIGNIFICANT DIVERSIONS WITH MEASUREMENT DEVICES INSTALLED - To fully implement the Water Resources Commission's 2000 Water Measurement Strategy		Approved	995	1,175	1,265
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	100%	95%	95%
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	16%	55%	55%
11. PROMOTE EFFICIENCY IN TRANSFER APPLICATION PROCESSING - Percent of transfer final orders issued within 120 days of application filing.		Approved	34%	37%	40%
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	2,523	2,550	2,550
13. INCREASE WATER USE REPORTING - the percent of water users with an annual water-use reporting requirement that have submitted their reports to the Department.		Approved	78%	80%	82%
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	59%	85%	85%
	Expertise		71%	85%	85%

Legislatively Approved KPMS	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
	Helpfulness		79%	85%	85%
	Accuracy		79%	85%	85%
	Availability of Information		68%	85%	85%
	Overall		74%	85%	85%

LFO Recommendation:

The Legislative Fiscal Office recommends approval of the key performance measures and targets as presented.

SubCommittee Action:

The Natural Resources Subcommittee approved the adoption of the key performance measures and targets as recommended by LFO