

Governor Kitzhaber's Balanced Budget

Investments in Water Resources Management and Development

**Governor's Natural Resources Office
Inter-Agency Budget Memo
February 4, 2013**

Oregon must anticipate and respond to the changes that are affecting our water resources and water needs. Oregon is continuing to grow, and our economy relies heavily on water for agriculture and other industries. In an increasing proportion of the state, water is a limiting factor for economic growth. Change is also coming as our climate becomes warmer, with resulting declines in mountain snowpack and shifts in our forests and rangelands that create challenges for our fish and wildlife as well as a loss of natural water storage from winter snow.

These challenges are addressed in Oregon's first Integrated Water Resources Strategy (IWRs). The IWRs was developed through the input of a broad range of interests, culminating in its adoption by the Water Resources Commission on August 2, 2012. The Strategy is designed to respond to all of Oregon's water resources needs, for out-of-stream uses of water as well as for ecological needs. The full text of the IWRs and draft 2012-2017 workplan can be found at: www.wrd.state.or.us.

The Governor's Balanced Budget provides a substantial down payment—more than \$30 million—to begin implementing the IWRs. This is an overview of the budgetary proposals the Governor has advanced for the 2013-15 biennium, recognizing that meeting our state's water resources needs will require sustained investment over a long period of time.

Budget Packages

Budget elements in this memo fall into two main areas: water resources management and water resources development. Water management includes improved reporting and oversight of water use in order to protect existing rights and facilitate voluntary water transactions. It also includes work to assure that in-stream flow needs are understood, and that progress is being made to meet those needs.

Water resources development funding is intended for use in leveraging private and public funding of projects that have multiple public benefits, including water conservation, watershed restoration efforts, and water supply development. Other western states, particularly California & Washington, take an active role in the development of water supply to benefit both instream and out-of-stream uses. This on-going statewide water resources development program will improve our collective ability to foster multi-purpose storage projects (above and below ground), improved and expanded access to existing storage, water conservation, water re-use, water right transfers, and other actions that make more efficient use of partnerships, technology, data, and funding resources.

At this stage, the program involves an integrated, cross-agency team. Decisions regarding project funding will be informed by an advisory body that will provide stakeholder input into funding decisions. Recommendations from the Columbia River-Umatilla Solutions Taskforce are likely to serve as some of the early action items for this program.

The following table is organized according to two major program areas: (1) water resources management, and (2) water resources development. The table summarizes the proposed investments, with references to associated legislative proposals.

A separate memo addresses proposed investments in water quality-related programs, some of which are also included in the Integrated Water Resources Strategy.

| 2013-15 Implementation of the Integrated Water Resources Strategy: Agency Packages | | | | | | |
|--|---|---------------|------|-----------------------------|----------------|---------------------|
| Agency Package | Brief Package Description | Funding | FTE | Funding Source | Related Bill # | Related IWRS Action |
| Water Resources Management | | | | | | |
| Continue Implementation of the Integrated Water Resources Strategy (IWRS) | | | | | | |
| WRD - 201 | IWRS Implementation | \$ 209,004 | 1.00 | GF | None | IWRS #13a |
| Groundwater Investigations | | | | | | |
| WRD - 202 | Groundwater Basin Investigations—federal cost share match | \$ 250,000 | None | GF | None | IWRS #1a-c and 6a |
| DEQ - 128 | Groundwater Monitoring—two areas assessed per year | \$ 460,000 | 0.66 | GF | None | IWRS #1a-c |
| Water-Use Measurement & Reporting | | | | | | |
| WRD - 101 | Water-Use Reporting—reinstate coordinator to assist water users | \$ 174,363 | 1.00 | GF | None | IWRS #2b |
| WRD - 103 | Measurement Device Cost Share—recapitalize fund | \$ 40,000 | None | GF | None | IWRS #2b |
| Instream Resources | | | | | | |
| WRD - 102 | Hydrologist—staff review of instream applications | \$ 366,856 | 2.00 | GF | None | IWRS #3a and 11b |
| ODFW - 116 | Biologists—conduct studies to identify and prioritize fish streamflow needs | \$ 249,144 | 1.67 | GF | None | IWRS #3a and 11b |
| ODFW - 111 | Aquatic Invasive Species Control—compliance, boat inspections, removal | \$ 1,014,649 | 8.04 | OF (Fees) | None | IWRS #11c |
| Re-Build Field Capacity | | | | | | |
| WRD - 203 | Watermasters—Wallowa County and Klamath Basin | \$ 342,333 | 1.83 | GF | None | IWRS #2c & 10 |
| WRD - 108 | Water Right Management Fee—pays for field and scientific expertise | \$ 1,996,342 | 7.00 | OF (Fees) | SB 217 | IWRS #13b |
| Voluntary Program to Update Water Right Certificates | | | | | | |
| WRD - 207 | Update certificates with ownership information, voluntary program | \$ 369,117 | 2.00 | OF (Fees) | HB 2257 | IWRS #2d |
| Extend Water Right Transaction Fee Schedule | | | | | | |
| WRD - 208 | Transaction Fees | \$ 996,211 | 7.00 | OF (Fees) | HB 2259 | IWRS #13b |
| Water Resources Development | | | | | | |
| Establish a Water Supply Development Program | | | | | | |
| WRD - 204 | Multi-Purpose Water Project Finance | \$ 11,605,532 | 2.00 | GF/LF/OF Lott. Bonds | HB 22589 | IWRS #10e |
| ODA - 420 | Ag. Water Supply Development Specialist—to address policy and technical issues related to the availability of water for Oregon farmers and ranchers | \$ 249,267 | 1.00 | GF/OF (includes fund shift) | None | IWRS #10e |
| Re-Capitalize the Water Development Loan Fund – Umatilla Project | | | | | | |
| WRD - 205 | Multi-purpose Water Project Loans—Columbia River Basin | \$ 11,061,191 | None | OF/GO Repayment Bonds | None | IWRS #10b |
| Re-Capitalize the Feasibility Study Grant Program – “SB 1069 Grants” | | | | | | |
| WRD - 206 | Feasibility Grants for water conservation, storage, and reuse proposals | \$ 992,489 | 0.50 | LF/OF Lott. Bonds | None | IWRS #13c |

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|------------------------------|---------------|-------|
| Water Resources Management: | 2,091,700 | GF |
| | 4,376,319 | OF |
| | \$ 6,486,019 | Total |
| Water Resources Development: | 1,452,372 | GF/LF |
| | 22,296,193 | OF |
| | \$ 23,748,565 | Total |
| Total Investment: | \$30,216,584 | |