

2017 JOINT COMMITTEE ON WAYS AND MEANS SUBCOMMITTEE ON NATURAL RESOURCES

Subcommittee Orientation February 6-7, 2017



Information and General Procedures

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Attendance

- The standard meeting time for the Subcommittee is from 1:00 p.m. to 2:30 p.m. Monday through Thursday.
- Please be in attendance at the starting time for the meeting.
- Subcommittee rules require that a quorum must be present prior to the opening of any meeting, even informational hearings.
- If you are unable to attend a meeting, please notify the Legislative Fiscal Office at 986-1828 as early as possible.

Subcommittee Rules

- The Subcommittee will use the same procedural rules as the Joint Committee on Way and Means. A copy is included in your packet.
- The Subcommittee is comprised of five House members and three Senate members. A quorum of at least three House members and two Senate members are required for opening any meeting, voting, and reporting legislation from the Subcommittee to the full Committee.
- Senate and House Joint Committee on Ways and Means Co-Chairs may also participate and vote in the Subcommittee when in attendance as described in the rules.

Distribution of Materials

- All informational materials will be provided electronically.
- The files will be placed in the OLIS system where members of the Subcommittee will have access to them.
- We will try to get meeting materials posted at least two to three days before the meeting, however there may be some exceptions.
- Before each agency's budget hearings begin, a number of materials will be posted OLIS for the Subcommittee members to review including:
 - The LFO 2017-19 budget review document
 - Agency presentation materials

Additional Materials

- Although not posted to OLIS with the meeting materials, another useful document is the LFO analysis of the 2015-17 legislatively adopted budget which can be found at:

<https://www.oregonlegislature.gov/lfo/Documents/2015-17%20LAB%20Detailed%20Analysis.pdf>

This document provides detailed information about the agencies, their programs, and budgets. The Natural Resources program agencies begin on page 308.

- Updates to the agencies budgets resulting from actions taken during the 2016 legislative session can be found here:

<https://www.oregonlegislature.gov/lfo/Documents/2015-17%20Budget%20Highlights%20Update.pdf>

Oregon Legislative Fiscal Office and State of Oregon Budget Overview



Constitutional Responsibility of Legislature: To balance the budget

Article IX, Section 2 - Legislature to provide revenue to pay current state expenses and interest.

The Legislative Assembly shall provide for raising revenue sufficiently to defray the expenses of the State for each fiscal year, and also a sufficient sum to pay the interest on the State debt, if there be any.

Article IX, Section 4 - Appropriation necessary for withdrawal from treasury.

No money shall be drawn from the treasury, but in pursuance of appropriations made by law.

Article IX, Section 6 - Deficiency of funds; tax levy to pay.

Whenever the expenses, of any fiscal year, shall exceed the income, the Legislative Assembly shall provide for levying a tax, for the ensuing fiscal year, sufficient, with other sources of income, to pay the deficiency, as well as the estimated expense of the ensuing fiscal year.



Oregon's Budget Policy

Based on principles of:

- Balancing estimated revenues and proposed expenditures
- Allocating resources to achieve desired outcomes
- Measuring program outcomes and progress toward desired outcomes
- Encouraging savings and investments that reduce or avoid future costs
- Planning for the short term and the long term, using consistent assumptions on demographics and trends
- Providing accountability at all levels for meeting program outcomes



Mission

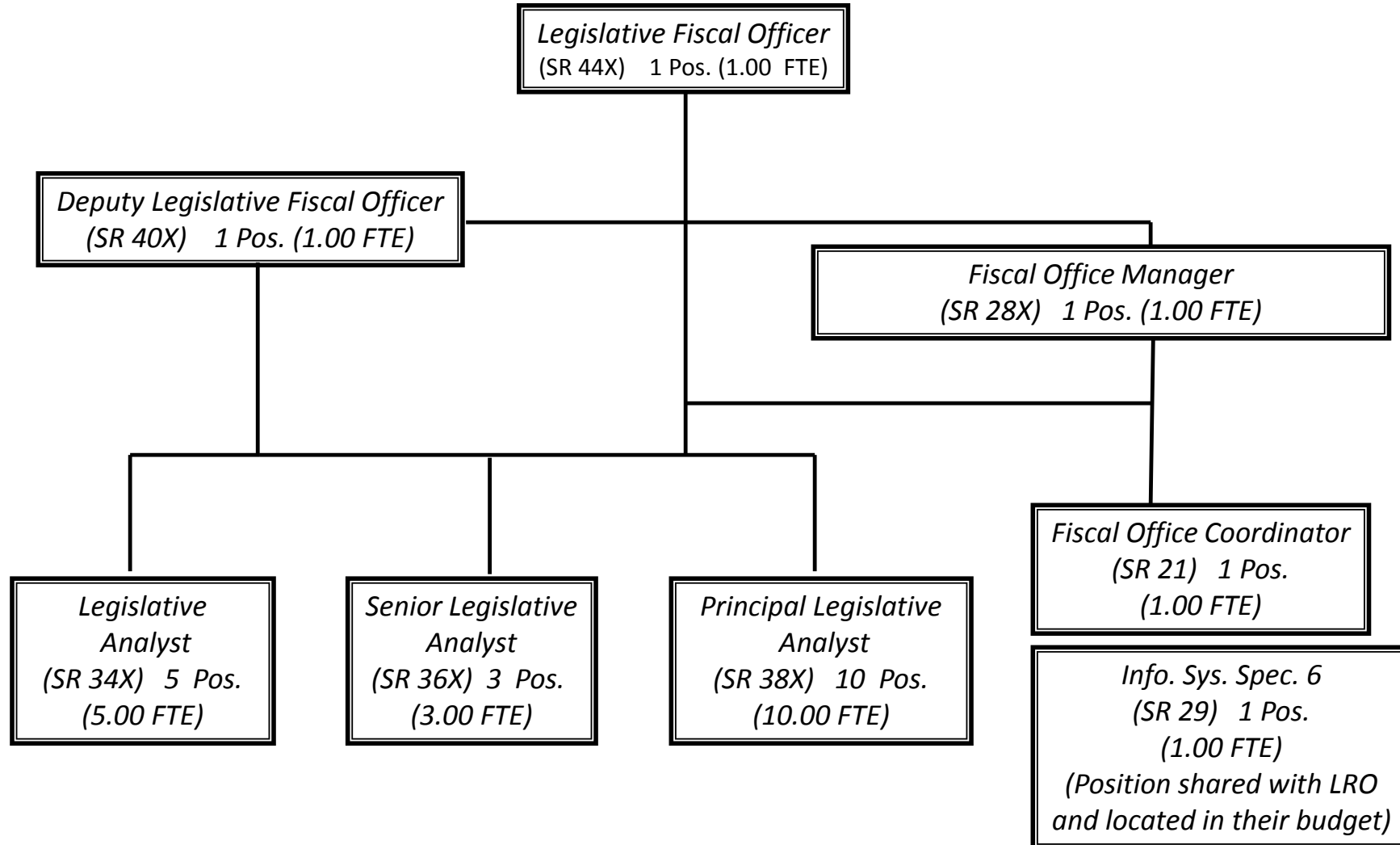
The Legislative Fiscal Office's mission is to promote state fiscal accountability.

The Legislative Fiscal Office (LFO) provides objective research, analysis, and evaluation of state expenditures, financial affairs, program administration, and agency operations. LFO also provides staffing to several legislative committees.

LFO was created in 1959 as a non-partisan, independent, permanent professional support staff office to the Legislature.



LFO Organization Chart





Session Responsibilities

- Review agency budgets for accuracy
- Analyze fiscal and policy issues
- Examine revenue sources, expenditure limitations, expenditure patterns, staffing levels, and proposed law changes
- Review impact of budget reductions or enhancements
- Make recommendations to the Legislature related to agency budgets
- Prepare fiscal impact statements
- Respond to questions and collect information requested by legislators
- Facilitate bill amendments, budget note and budget report finalization, and presentation of Ways and Means Subcommittee decisions for the Full Ways and Means Committee
- Assist bill carriers on House and Senate floors



Interim Responsibilities

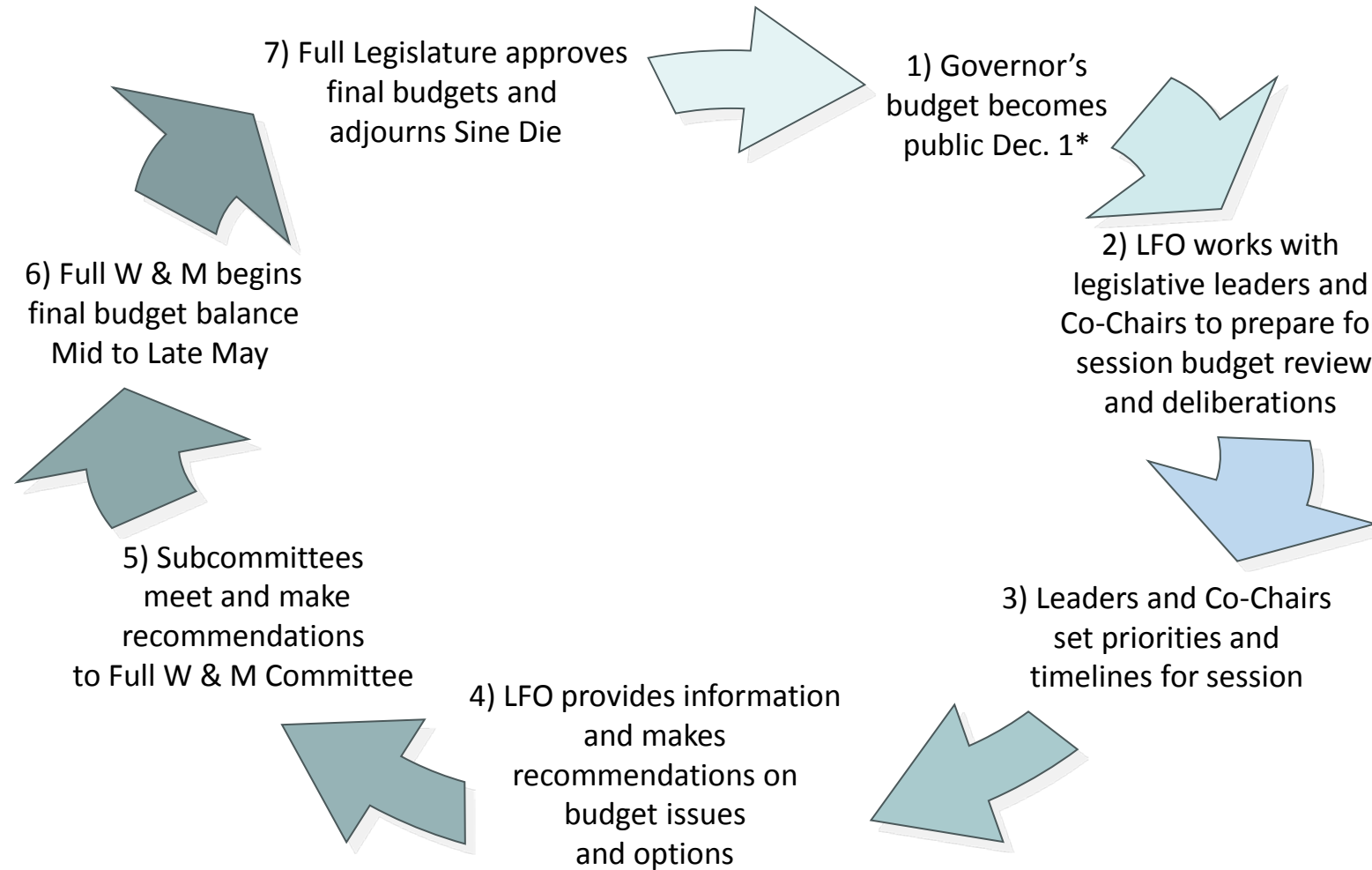
- Analyze and make recommendations on agency requests to the Emergency Board and interim Joint Committee on Ways and Means
- Evaluate and audit programs when issues are identified or as directed by the Legislature
- Analyze reports and make recommendations on major information technology projects and investments
- Publish briefs on budget-related topics and issues of interest to the Legislature
- Produce regular reports on Liquidated and Delinquent Accounts and on Semi-Independent State Agencies
- Review state agency budget execution and operations
- Work to enhance the effectiveness of Oregon's statewide key performance measurement system
- Other duties as assigned (e.g. Task Force on Reserve Funds)

LFO Staffing

- **Emergency Board** is a constitutional body responsible for making certain allowable budget adjustments when the Legislature (and the Joint Committee on Ways and Means) is not in session.
- **Joint Legislative Audit Committee** is responsible for reviewing audits, conducting evaluations, and making recommendations for change based on audit findings.
- **Joint Legislative Committee on Information Management and Technology** is responsible for establishing statewide policy on information systems and technology and making recommendations on information resource management programs and information technology acquisitions.
- **Transparency Oregon Advisory Commission** is responsible for advising and making recommendations to the Department of Administrative Services on the creation, contents, operations, and enhancements to the state's transparency website.



Oregon Budget Process – Odd-Year Session

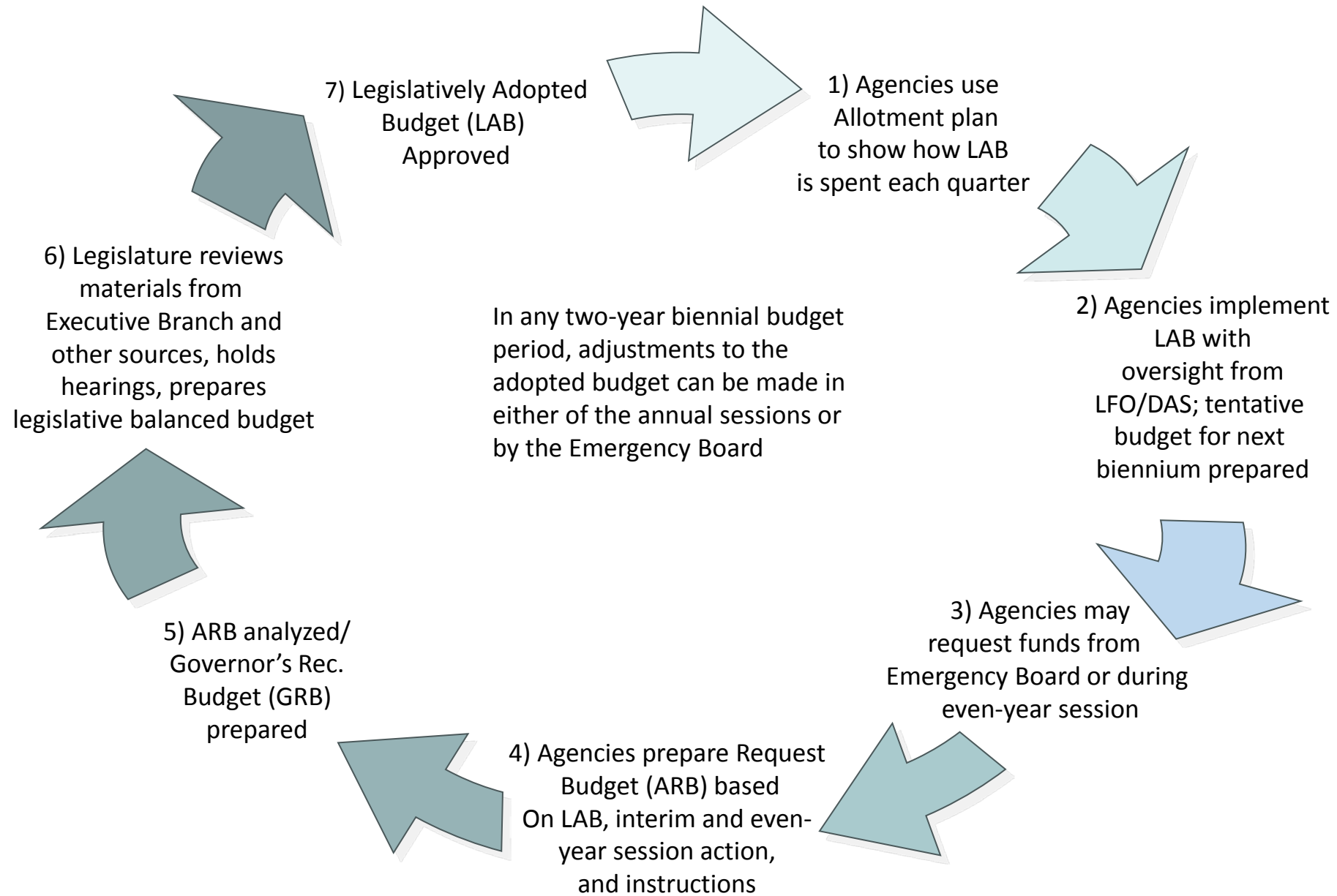


*Required by February 1st for Newly Elected Governor



Oregon Budget Process – Two Year

Oregon budgets on a biennial basis (July 1st of odd-year to June 30th of next odd-year)





Budget Process Detail

- Budget consists of four fund types (General Fund, Lottery Funds, Other Funds, Federal Funds)
- General Fund is “fungible”
- Lottery Funds dedicated to economic development, education, parks/salmon habitat
- Other Funds and Federal Funds dedicated by law for specific purposes
- Other Funds and Federal Funds broken into limited and non-limited categories

Budget Process Detail

Budget tracks expenditure categories:

- **Personal Services** includes personnel costs (wages, PERS, benefits, social security, etc.)
- **Services & Supplies** includes operation costs (travel, office supplies, rent, legal expenses, contracts, expendable property, etc.)
- **Special Payments** includes revenue transfers and other payments
- **Capital Outlay** includes products with value of more than \$5,000, life of more than 2 years, used more than once
- **Capital Improvement** includes construction, remodel, improvement costs of less than \$1 million
- **Major Construction/Acquisition** (or Capital Construction) includes construction, remodel, improvement costs of more than \$1 million (\$3 million or more for OUS projects); established for a six-year period
- **Debt Service** includes principal and interest payments on bonds and certificates of participation

Budget also tracks positions and FTE (full-time equivalent)



Budget Process Details

- Appropriation bills are the budgetary control
- Appropriation bills are session law (Oregon Laws)
- Appropriation bills are not detailed to the expenditure category level
- Appropriation bills are by fund type and may be total agency or detailed to program within agency
- Budget Reports provide information on the budget but do not have force of law
- Budget Notes are directives within the Budget Report



Budget Process Detail

- Appropriation bills generally agency specific (House bills in 5000, Senate bills in 5500 series)
- Oregon has about 90 agencies
- Agencies range from small (\$400,000 biennial budget) to large (\$20 billion biennial budget)
- Budget for bonding and capital construction in bills separate from agency budget bills
- Article IX, Section 7, Oregon Constitution limits appropriation bills to state current expenses (no other subject allowed)
- Final bills of session are commonly known as the Program Change bill and the Emergency Fund bill



**Enrolled
House Bill 5042**

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Oregon Department of Administrative Services)

CHAPTER _____

AN ACT

Relating to the financial administration of the Water Resources Department; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. There is appropriated to the Water Resources Department, for the biennium beginning July 1, 2015, out of the General Fund, the amount of \$29,821,168 for water resources programs.

SECTION 2. Notwithstanding any other law limiting expenditures, the amount of \$2,511,482 is established for the biennium beginning July 1, 2015, as the maximum limit for payment of expenses from lottery moneys allocated from the Administrative Services Economic Development Fund to the Water Resources Department for debt service.

SECTION 3. Notwithstanding any other law limiting expenditures, the following amounts are established for the biennium beginning July 1, 2015, as the maximum limits for payment of expenses from fees, moneys or other revenues, including Miscellaneous Receipts and including federal funds received under cooperative agreements with or contracts from the Bureau of Reclamation of the United States Department of the Interior, the United States Army Corps of Engineers, the United States Geological Survey, the Bonneville Power Administration and the National Fish and Wildlife Foundation, but excluding lottery funds and federal funds not described in this section, collected or received by the Water Resources Department, for the following purposes:

- (1) Water resources program..... \$ 20,553,476
- (2) Water Development Fund
loan administration..... \$ 244,451

SECTION 4. Notwithstanding any other law limiting expenditures, the amount of \$1,302,403 is established for the biennium beginning July 1, 2015, as the maximum limit for payment of expenses from federal funds other than those described in section 3 of this 2015 Act collected or received by the Water Resources Department.

SECTION 5. This 2015 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect July 1, 2015.

General Fund
Appropriation

Other Funds
(program specific)

Lottery Funds
(debt service)

Federal Funds



BUDGET REPORT AND MEASURE SUMMARY

CARRIER: Sen. Hansell

Joint Committee On Ways and Means

Action: Do Pass The A-Eng Bill.

Action Date: 06/12/15

Vote:

Senate

Yeas: 11 - Burdick, Devlin, Girod, Hansell, Johnson, Monroe, Roblan, Shields, Steiner Hayward, Thomsen, Winters

Nays: 1 - Whitsett

House

Yeas: 11 - Buckley, Gomberg, Huffman, Komp, McLane, Nathanson, Rayfield, Read, Smith, Whisnant, Williamson

Nays: 1 - Whitsett

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 - 603-807-0083

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
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
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 IWRB 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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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

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
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.



Subcommittee Role and Responsibilities

- Budget or Appropriation Bills
- Budget Report – Corresponds to a specific appropriation bill.
- Budget Notes – Included in a Budget Report to provide budget execution to agency. Cannot be used lieu of legislations.
- Federal Grants – Required by statute to have Joint Committee on Ways and Means or Emergency Board approval. Subcommittee makes recommendation to Full Committee.

Subcommittee Role and Responsibilities (cont.)

- Reports – Often required by Budget Report or Subcommittee instructions. If formally, required by a Budget Report or statute, Subcommittee makes formal recommendation to Full Committee.
- Informational Hearings
- Fee Related Bills – Generally tied to an agency's budget request.
- Policy Bills – Referred to Joint Committee on Ways and Means by legislative leadership or a policy committee. Assigned to a Subcommittee by Full Committee Co-Chairs. Often has a financial impact or may be tied to assumptions in an agency budget.



Budget Hearing Phase One

- The Subcommittee will spend the first ten weeks in the first phase of these hearings. Phase 1 hearings include the following:
 - The LFO analyst will introduce the agency and describe major policy issues.
 - The agency will make a presentation that includes:
 - Mission and goals of the agency
 - Overall description of the agency and its programs, how it uses its budget, and any major policy and budget issues
 - Requested budget and outcomes expected from the budget request
 - Program performance and Key Performance Measures (KPMs)
 - Major changes to the agency
 - Summary of proposed legislation with a budget impact
 - Discussion of program or service reductions included in the Governor's budget
 - The CFO analyst will present a high-level summary of the Governor's budget
 - Public testimony

Budget Hearing Phase Two

- Phase 2 of the budget hearings will take place during the last two weeks of April.
- The purpose of this phase is to allow the Subcommittee additional time to discuss individual agency budget issues or have agencies present additional information or answers to questions that arose during phase 1 of the budget hearings.
- Hearings during this phase will be scheduled as needed and may overlap some phase 1 and phase 3 hearings



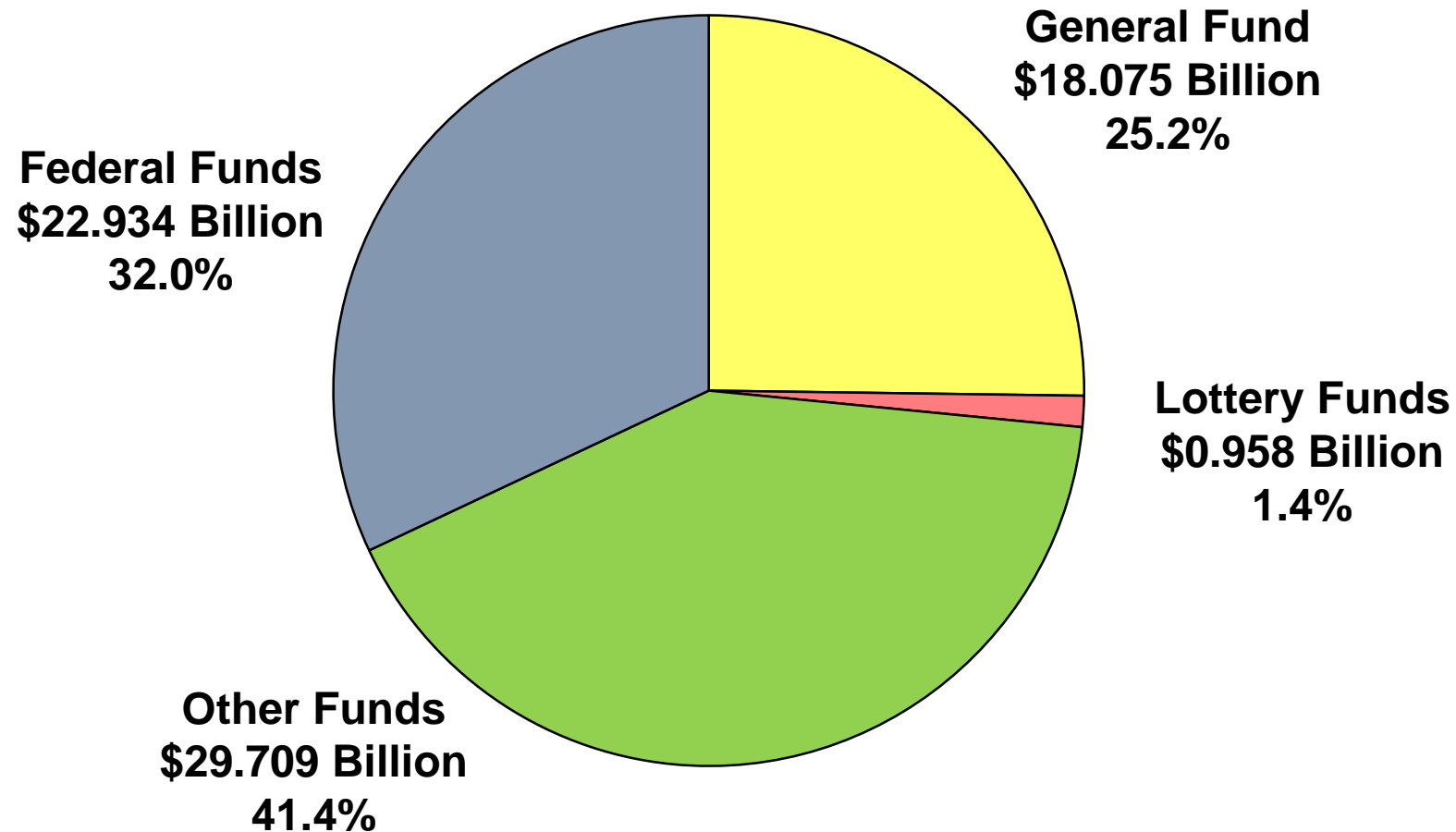
Budget Hearing Phase Three

- Phase 3 of the budget hearings are for work sessions.
- The Subcommittee will use work sessions to review and act on budget issues and agency KPMs.
- LFO will provide a summary memo and work session form to Subcommittee members in advance of the work session.
- Based on the Subcommittee's action, staff will develop proposed amendments to the budget bill
- A budget report is prepared to document the Subcommittee's recommendations for the budget
- Budget notes may be included in the budget report if essential to clarify or expand on administrative requirements directly related to the budget. Proposed budget notes should be channeled through the Subcommittee co-chairs and must be jointly approved by the co-chairs of the full committee.
- The Subcommittee chair will assign members to carry the Subcommittee's recommendations to the Joint Committee on Ways and Means and to the floor of each chamber. Carriers to the full committee must be members of the full committee.
- LFO will prepare a "pony" of the budget bill for carriers to the full Joint Committee on Ways and Means and for the carriers in each chamber

Oregon 2015-17 Budget Information

2015-17 Legislatively Approved Budget Totals \$71.676 Billion

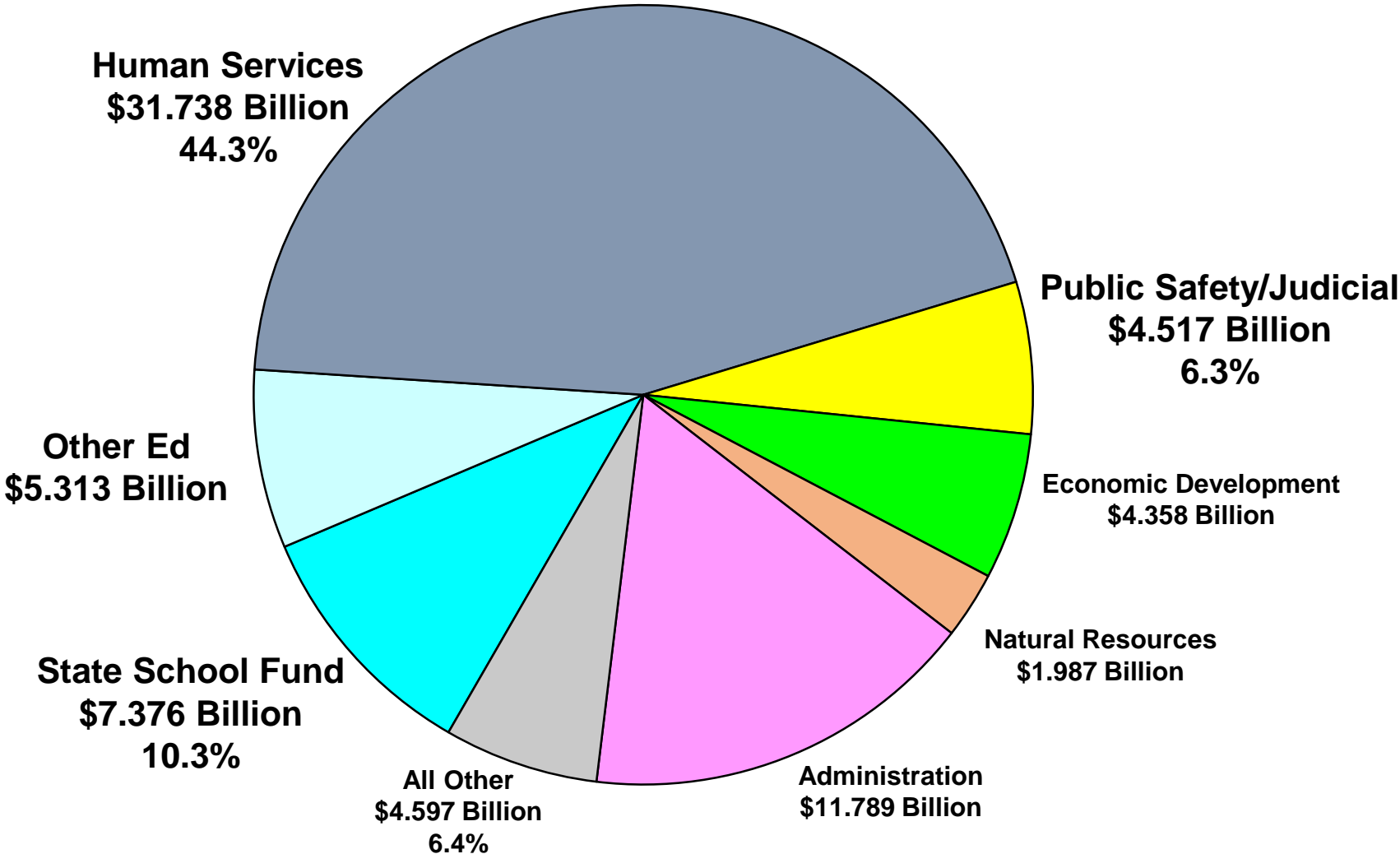
8.5% Increase from 2013-15 Approved





2015-17 Legislatively Approved Budget - Total Funds \$71.676 Billion

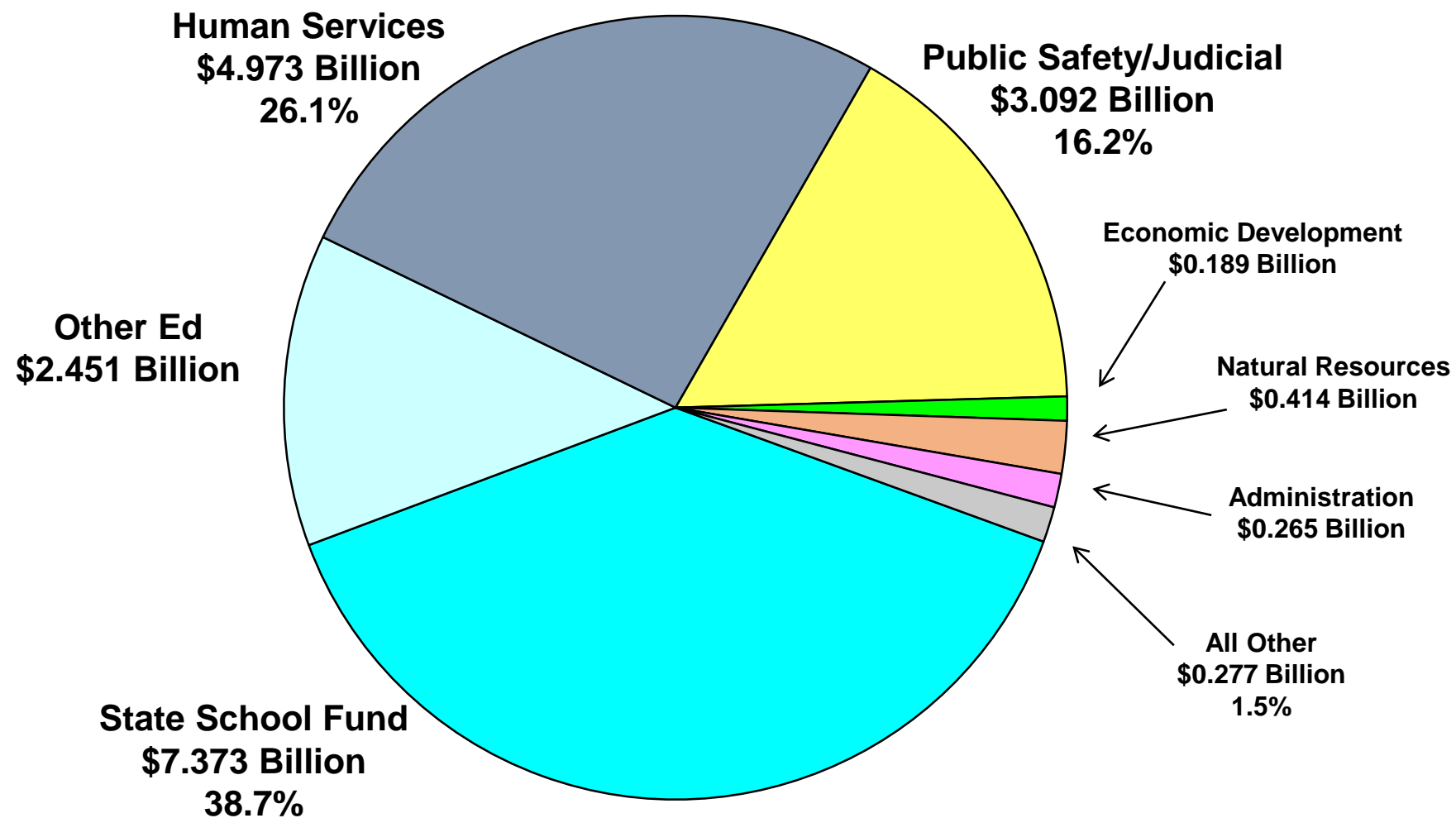
8.5% Increase from 2013-15 Approved
(through Dec. 2016 Emergency Board)



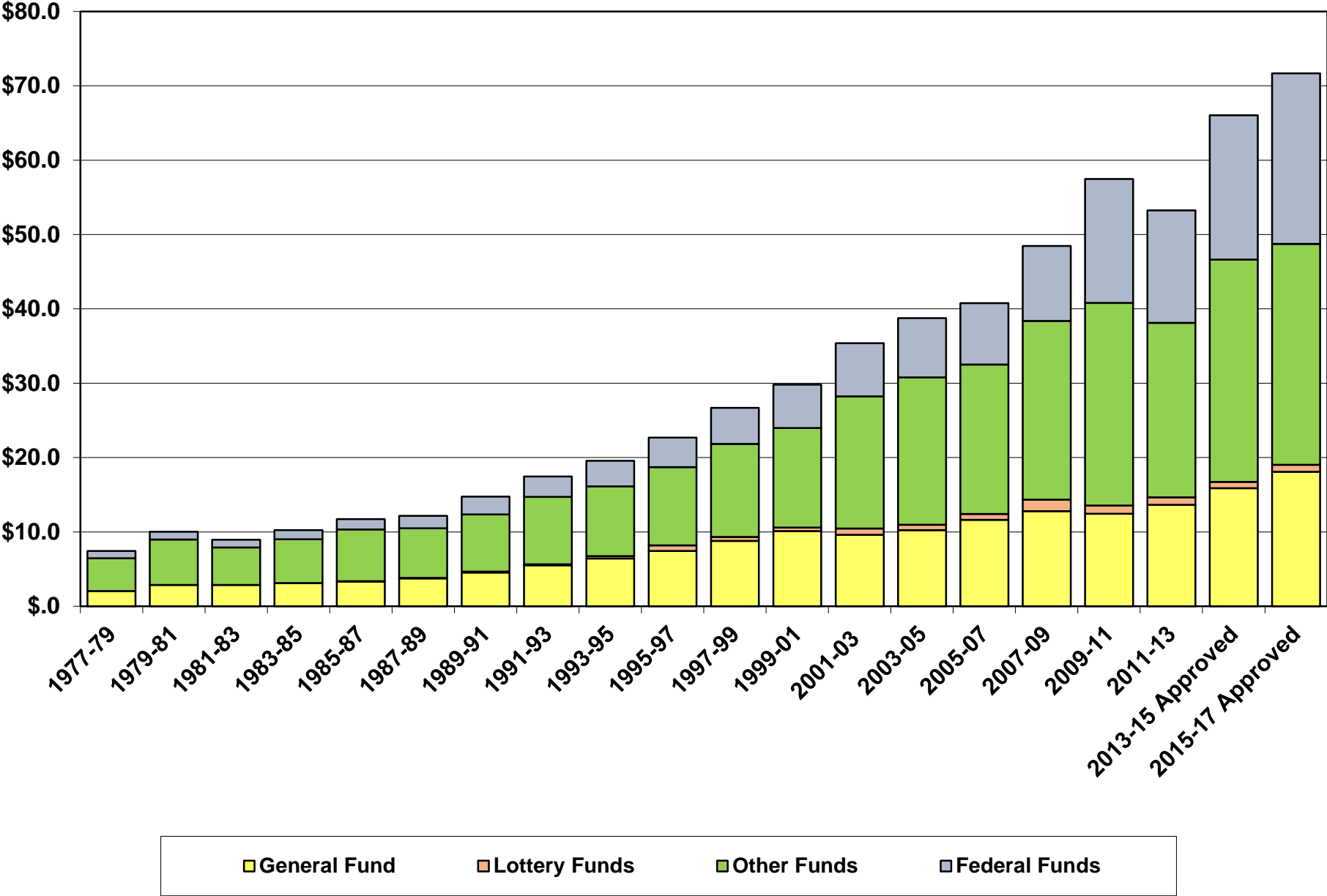


2015-17 General Fund & Lottery Funds Approved Total \$19.033 Billion

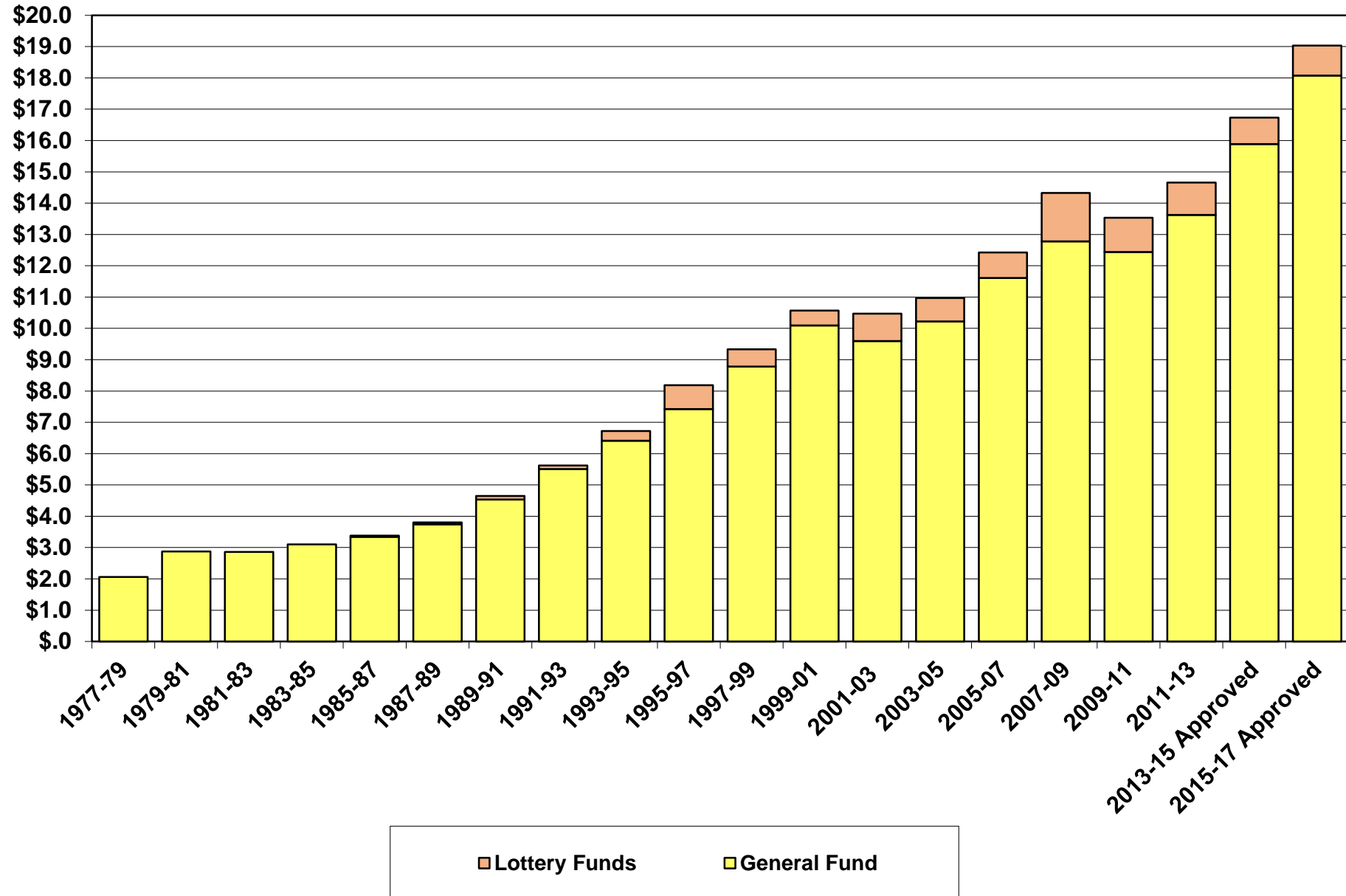
13.8% Increase from 2013-15 Approved
(through Dec. 2016 Emergency Board)



Oregon Budget History -- All Funds
(Billions \$)

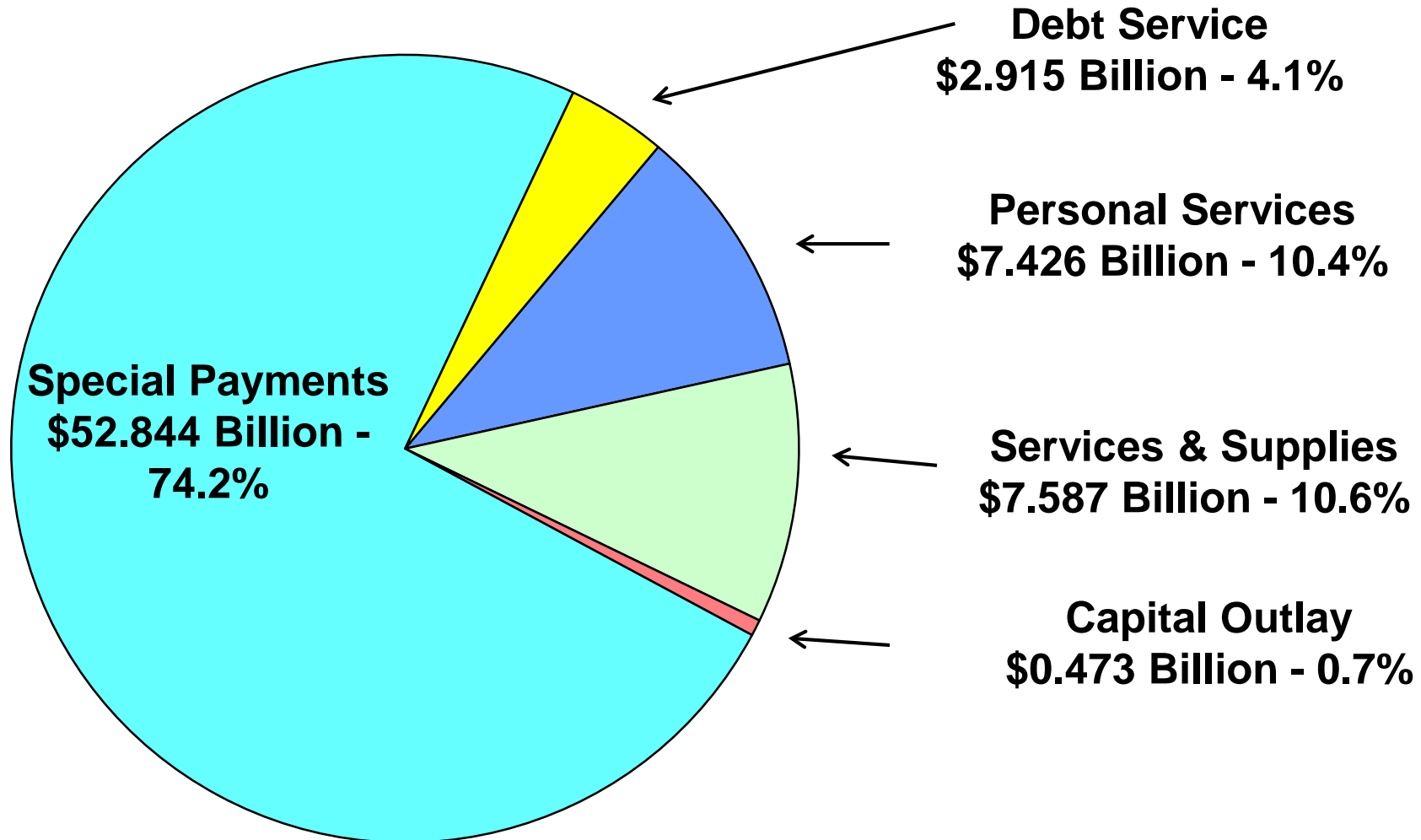


Oregon Budget History -- General Fund and Lottery Funds (Billions \$)



Expenditures by Category

**Total Funds - 2015-17 Legislatively Approved Budget
(through May 2016; \$71.2 Billion)**



Budget Issues

Key Drivers of Budget Change:

- Population Growth
- Demographics
- Inflation
- Health Care Costs
- Mandated Caseloads
- Federal Policy Changes
- Lawsuits
- Initiatives
- Rollup Costs
- Public Employees Retirement System
- Replacement of One-Time Revenues
- State Policy Decisions

Budget Issues Facing 2017 Legislature

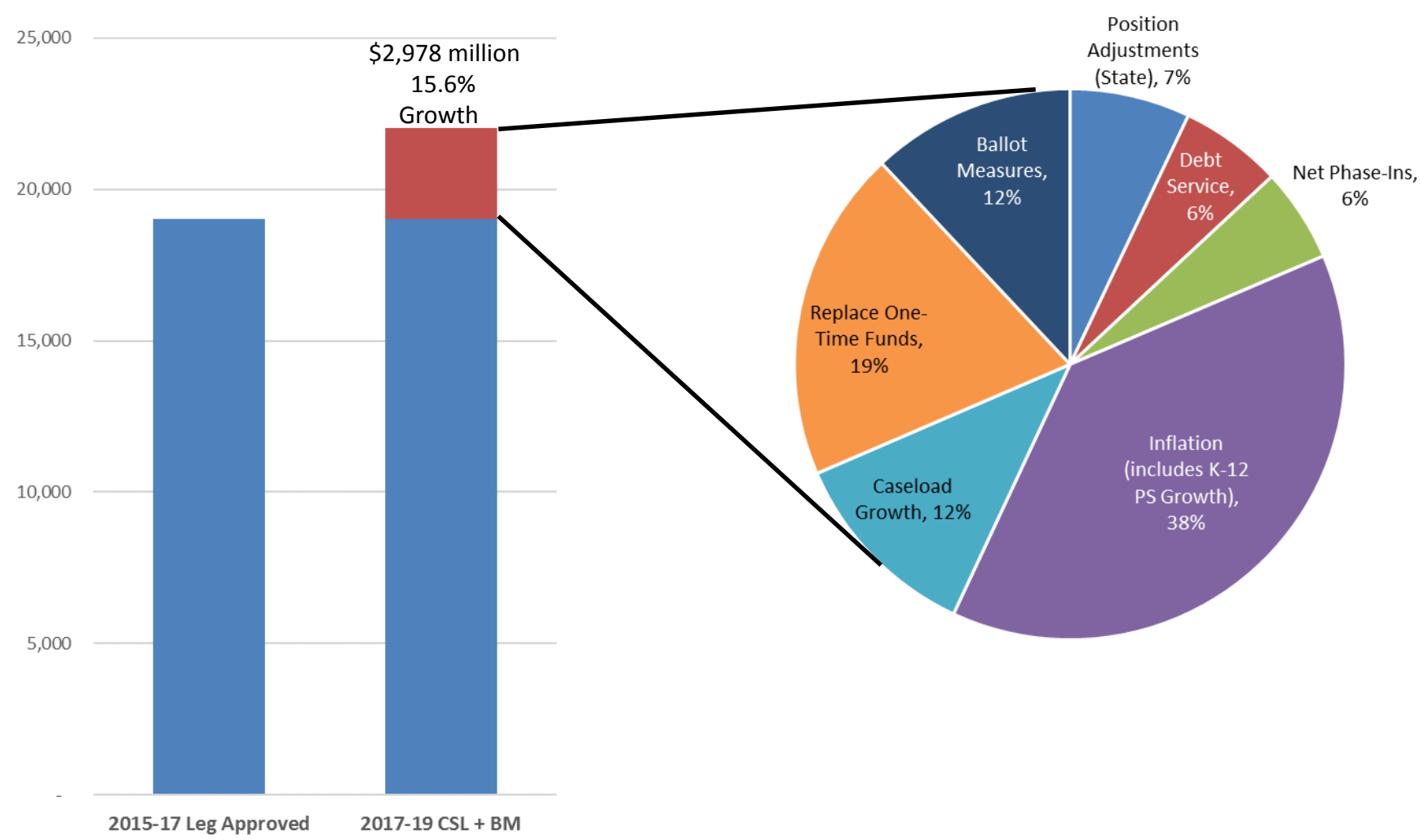
- Rebalancing the 2015-17 budget
- Revenue Forecast Changes
- Potential difficulty continuing current General Fund programs and services
- Governor and other stakeholder budget proposals
- Potential Issues (e.g., lawsuits, decreased federal funding)
- State employee and non-state employee compensation
- Responding to successful ballot initiatives
- 2019-21 tentative budget and revenue forecast

Current Service Level Budget - Adjustments

- Personal Services adjustments for 2017-19
- Debt Service adjustments
- Program phase-in costs for new programs that did not operate for the entire biennium
- Program phase-out savings for programs that will be discontinued or were one-time
- Inflation (3.7% general, 4.1% medical, exceptions)
- Mandated caseload increases or decreases
- Fund shifts – replace one-time funds

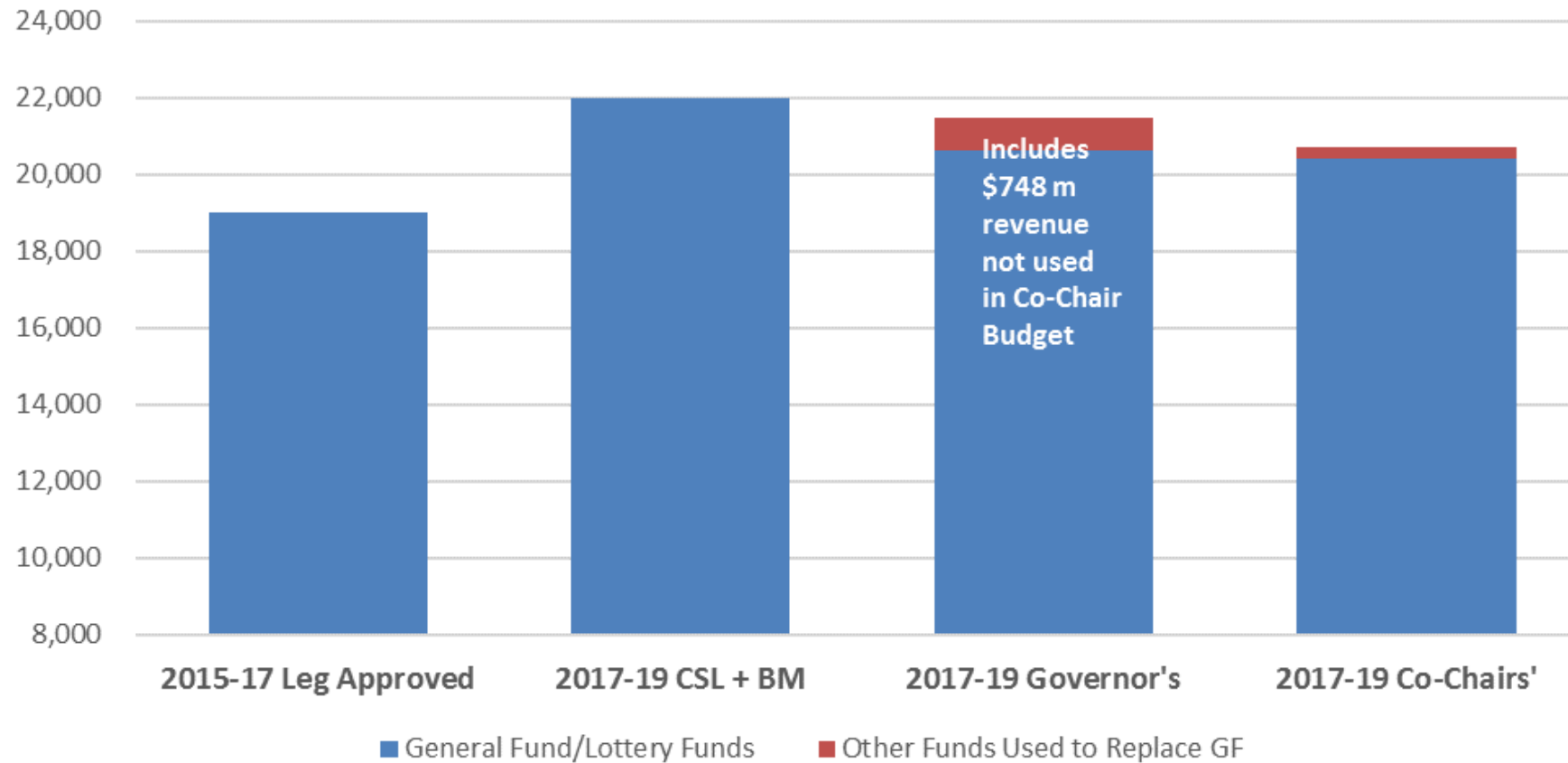
2017-19 Budget Growth – General Fund/Lottery Funds

Current Service Level



Statewide General Fund/Lottery Funds Budget

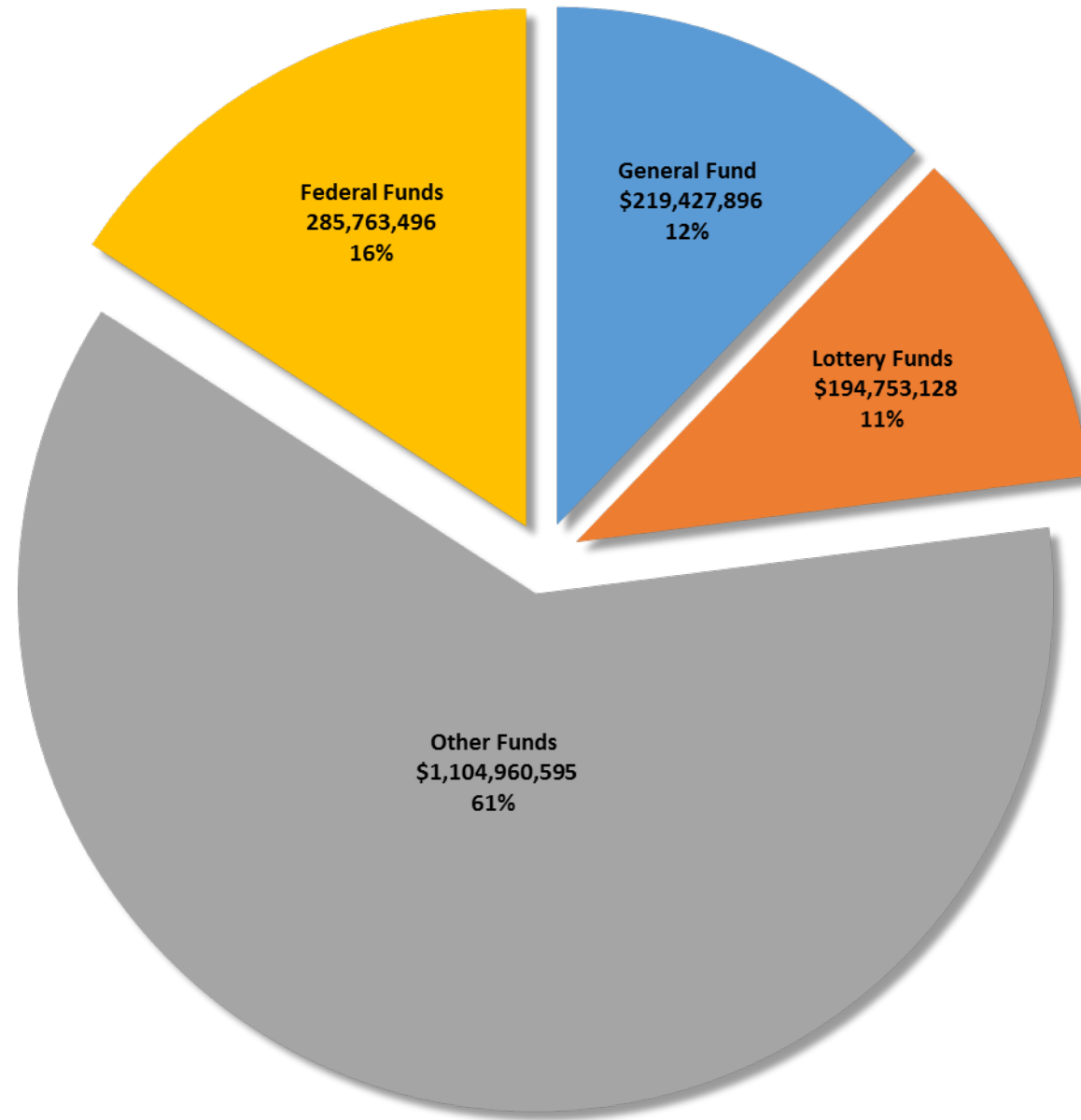
Millions of Dollars



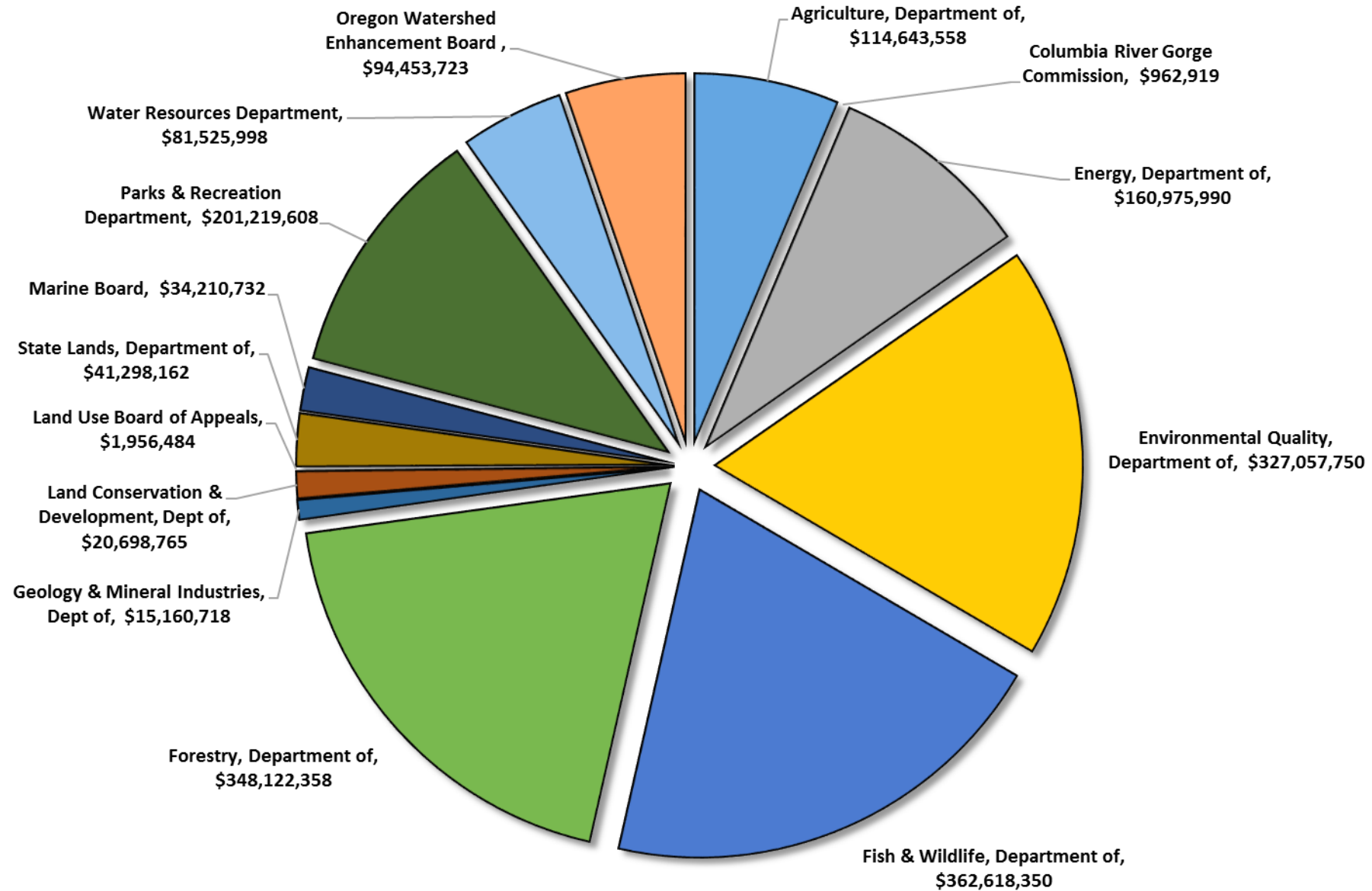
Revenue Comparison 2017-19 Governor and Co-Chair Budgets		
December 2016 Emergency Board w/ December 2016 Forecast		
	Governor's Budget 2017-19 GF/LF	Co-Chair Working Budget 2017-19 GF/LF
Resources		
Projected Beginning Balance	292.0	292.0
Dec. 2016 Forecast GF/LF Available Revenues	20,244.5	20,243.8
<i>Additional GF/LF Resources/Expenditures</i>		
OLCC - Extend bottle surcharge	33.8	-
OLCC - Increase Liquor License fees	5.3	-
DOR - Increase Cigarette Tax by \$0.85	21.5	-
DOR - Increase Other Tobacco Taxes	13.7	-
DOR - Financial Institution Data Matching	5.5	-
Eliminate ICDSC Exporter Benefit	6.0	-
Eliminate Partnership Pass-through	177.0	-
Tax Credit Extensions	(4.8)	-
Tobacco Tax for Oregon Health Plan*	109.0	-
Use Marijuana Tax to Backfill GF*	123.0	123.0
Increased Hospital and Insurance Assess.*	600.1	197.0
Carryforward (Lottery)	31.4	31.0
CFA Savings (Costs) Relative to Forecast	1.5	0.2
OLCC - Technical Adjustment to Budget	14.8	14.8
2015-17 E-Fund Balance	-	28.3
2015-17 Net Debt Service Savings	-	4.8
State Agency GF/LF Assessment Savings	-	25.0
2015-17 Budget Issues	-	(33.9)
Total Resources	21,674.3	20,926.0
Resource Difference		(748.3)

* Fungible Other Funds used to backfill GF

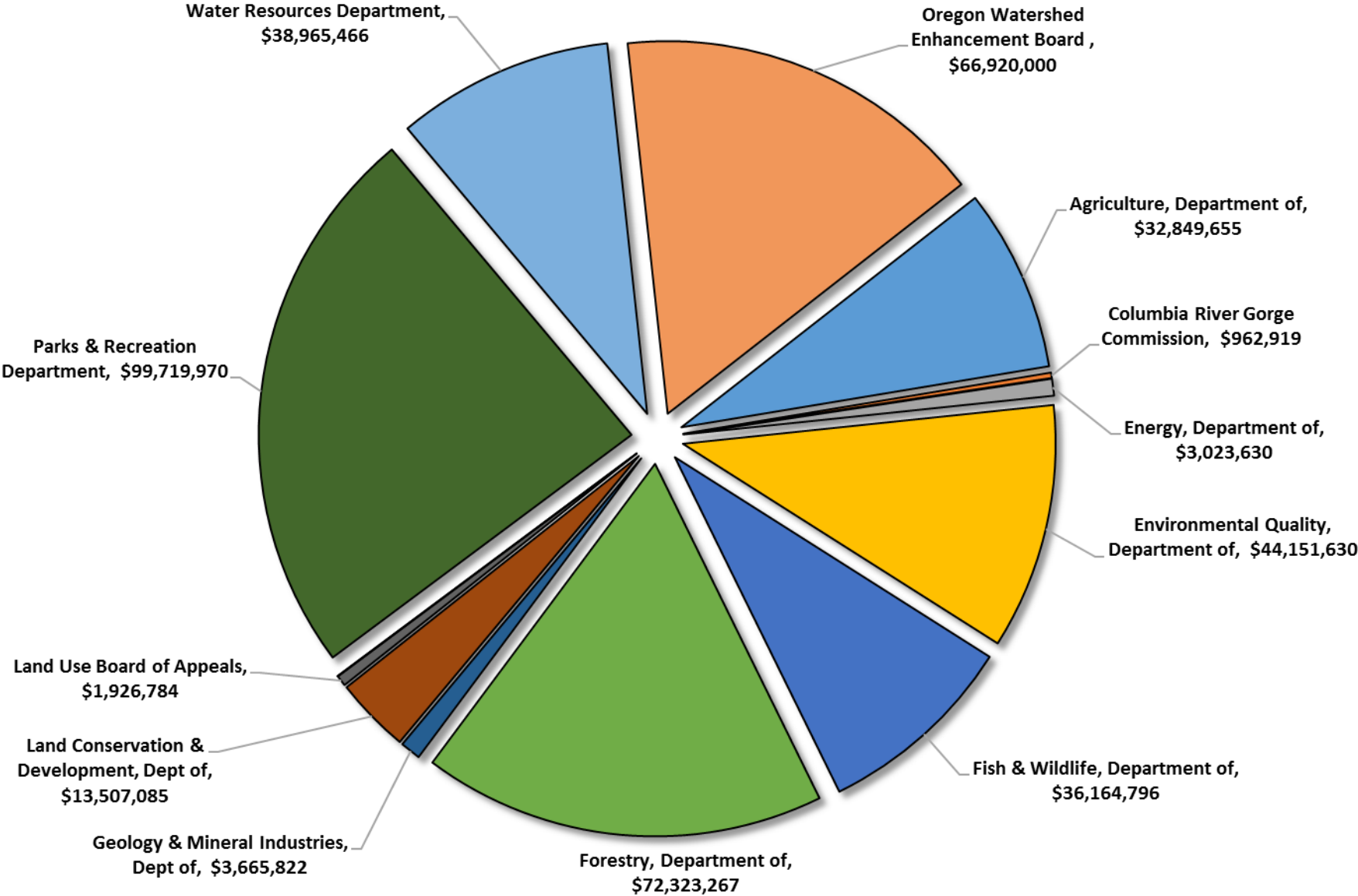
NATURAL RESOURCES PROGRAM AREA FUNDING \$1.8 BILLION ALL FUNDS



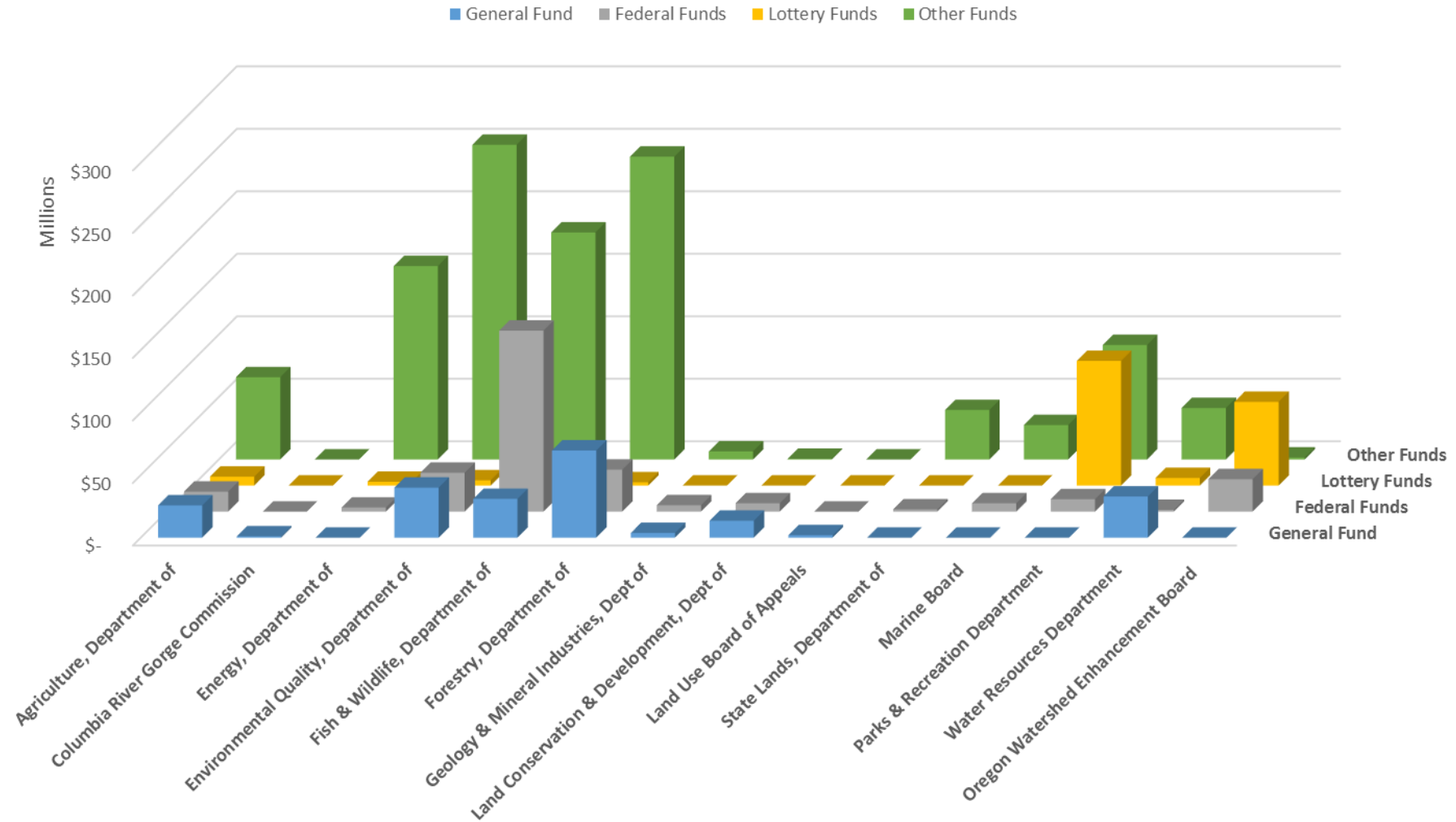
NATURAL RESOURCES PROGRAM AREA TOTAL FUNDING



COMBINED LOTTERY FUNDS AND GENERAL FUND



Distribution of Natural Resources Program Area Funding



Joint Committee on Ways and Means, Subcommittee on Natural Resources

Assigned Budget Bills and Analyst Contact Information

Agency	Bill Number	LFO Analyst	CFO Analyst
Agriculture - fee bill	SB 5503	Paul Siebert	Cathy Connolly
Agriculture, Department of	SB 5502	Paul Siebert	Cathy Connolly
Columbia River Gorge Commission	SB 5510	Ken Rocco	Robert Otero
Energy, Department of	HB 5009	Amanda Beitel	Cathy Connolly
Environmental Quality, Department of	SB 5518	Paul Siebert	Cathy Connolly
Fish and Wildlife, Department of	HB 5010	Paul Siebert	Cathy Connolly
Forestry, Department of	SB 5519	Matt Stayner	Cathy Connolly
Geology and Mineral Industries, Department of	HB 5011	John Terpening	Cathy Connolly
Land conservation and Development, Department of	SB 5527	Matt Stayner	Cathy Connolly
Land Use Board of Appeals	SB 5528	Gregory Jolivet	Robert Otero
Oregon State Marine Board	HB 5022	Theresa McHugh	Robert Otero
Oregon Water Enhancement Board	HB 5040	Paul Siebert	Patrick Heath
Oregon Water Enhancement Board - local grants	HB 5041	Paul Siebert	Patrick Heath
Parks and Recreation Department	HB 5028	Matt Stayner	Lisa Pearson
Parks and Recreation Department - fee bill	HB 2318	Matt Stayner	Lisa Pearson
State Lands, Department of	SB 5537	Matt Stayner	Lisa Pearson
Water Resources Department	SB 5542	Matt Stayner	Cathy Connolly
Water Resources Department - fee bill	HB 2295	Matt Stayner	Cathy Connolly

LFO Analysts	Office	Email
Amanda Beitel	503-986-1506	Amanda.Beitel@oregonlegislature.gov
Gregory Jolivet	503-986-1845	Gregory.Jolivet@oregonlegislature.gov
John Terpening	503-986-1824	John.C.Terpening@oregonlegislature.gov
Ken Rocco	503-986-1844	Ken.G.Rocco@oregonlegislature.gov
Matt Stayner	503-986-1840	Matt.Stayner@oregonlegislature.gov
Paul Siebert	503-986-1843	Paul.R.Siebert@oregonlegislature.gov
Theresa McHugh	503-986-1815	Theresa.McHugh@oregonlegislature.gov

CFO Analysts	Office	Email
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Robert Otero	503-378-3127	Robert.OTERO@state.or.us
Patrick Heath	503-378-3742	Patrick.HEATH@oregon.gov
Lisa Pearson	503-373-7501	lisa.pearson@oregon.gov

Joint Committee on Ways and Means

Oregon State Capitol
900 Court Street NE, H-178
Salem, OR 97301

Matt Stayner, Committee Coordinator, 503-986-1840
Julie Jensen, Committee Assistant, 503-986-1822
jwmnr.exhibits@oregonlegislature.gov



Subcommittee on Natural Resources

Sen. Lew Frederick, Senate Co-Chair
Rep. Brad Witt, House Co-Chair
Sen. Fred Girod
Sen. Kathleen Taylor
Rep. Sal Esquivel
Rep. Vic Gilliam
Rep. Ken Helm
Rep. Karin Power

AGENDA

February //, 2017
1:00 p.m.
H-174

Public Hearing

SB 5599 Department of Government Efficiency
Jim Dandy, Executive Director

Work Session

SB 5523 Office of the Governor

HB 5022 Oregon State Library

Public Hearing and Possible Work Session

HB 2104 Relating to medical imaging – Public Testimony

SB 102 Relating to education fees – Public Testimony

CASS Scheduling Worksheet

Subcommittee on Natural Resources

1:00 p.m. H-174

Meeting Date	Meeting Type	Bill #	Agency Name <u>OR</u> Relating To Clause	Notes
MONDAY Date: 1/30				
			No Meeting	
TUESDAY Date: 1/31				
			No Meeting	
WEDNESDAY Date: 2/01				
			No Meeting	
THURSDAY Date: 2/02				
			No Meeting	
FRIDAY Date: 2/03				
			No Meeting	

Meeting Types

PUB Public Hearing

WRK Work Session

PAW Public Hearing and Work Session

PPW Public Hearing and Possible Work Session

INF Informational Meeting

Posting Requirement: 48 hours

First Public Hearing: 72 hours

CASS Scheduling Worksheet

Subcommittee on Natural Resources

1:00 p.m. H-174

Meeting Date	Meeting Type	Bill #	Agency Name <u>OR</u> Relating To Clause	Notes
MONDAY Date: 2/06				
	INF		Subcommittee Orientation	
TUESDAY Date: 2/07				
	INF		Subcommittee Orientation	
WEDNESDAY Date: 2/08				
			No Meeting	
THURSDAY Date: 2/09				
	PUB	SB 5528	Land Use Board of Appeals - Agency Budget Presentation	
			Public Testimony	
FRIDAY Date: 2/10				
			No Meeting	

Meeting Types

PUB Public Hearing

WRK Work Session

PAW Public Hearing and Work Session

PPW Public Hearing and Possible Work Session

INF Informational Meeting

Posting Requirement: 48 hours

First Public Hearing: 72 hours