

SB 5545 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
2021-23**

PRELIMINARY

Budget Summary*

	2019-21	2021 - 23	2021-23	Committee Change from 2019-21	
	Legislatively Approved Budget ⁽¹⁾	Current Service Level	Committee Recommendation	Committee Change from 2019-21 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 35,217,838	\$ 39,873,994	\$ 49,810,869	\$ 14,593,031	41.4%
Lottery Funds Debt Service	\$ 7,563,194	\$ 13,470,490	\$ 13,470,490	\$ 5,907,296	78.1%
Other Funds Limited	\$ 100,263,082	\$ 73,956,617	\$ 29,797,701	\$ (70,465,381)	(70.3%)
Federal Funds Limited	\$ 1,148,011	\$ 725,000	\$ 725,000	\$ (423,011)	(36.8%)
Total	\$ 144,192,125	\$ 128,026,101	\$ 93,804,060	\$ 14,593,031	10.1%

Position Summary

Authorized Positions	178	176	194	16
Full-time Equivalent (FTE) positions	172.67	171.51	185.42	12.75

⁽¹⁾ Includes adjustments through January 2021

* 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. Federal Funds revenues are specific to cooperative studies and monitoring, in addition to providing some position support. Lottery Funds from the Administrative Services Economic Development Fund are used to pay debt service on outstanding lottery bonds.

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 recommended a total funds budget of \$93,804,060, including \$49,810,869 General Fund, \$13,470,490 Lottery Funds for debt service, \$29,797,701 Other Funds expenditure limitation, \$725,000 Federal Funds expenditure limitation, and 194 positions (185.42 FTE). The total funds budget is a 34.9% decrease from the 2019-21 biennium legislatively approved budget; this is primarily due to the elimination of expenditure limitation totaling \$43.0 million Other Funds bond proceeds from bond sales in the 2019-21 biennium that were not completed.

Administrative Services Division

This program provides fiscal, human resources, and business support services for the 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 recommended a total funds budget of \$24,836,262 and 31 positions (30.02 FTE). The Subcommittee recommended the following packages:

Package 087, August 2020 Special Session. This package carries forward decisions made during the August 2020 special legislative session. An increase of \$215,000 General Fund is included for the biennial costs associated with moving certain information technology hardware and services to the State Data Center.

Package 099, Microsoft 365 Consolidation. This package reduces individual line-item expenditure authority related to the licensing of Microsoft 365. Those licenses have been consolidated at the Department of Administrative Services and are included in the agency's budget as a component of the state government service charges assessed to the agency by the Department of Administrative Services.

Package 101, Protecting Public Safety and Water Supplies. This package, in the Administrative Services program, authorizes the establishment of a Training and Safety Coordinator position (0.88 FTE) to develop and implement a general agency safety program to be applied agency wide. The position cost for the 2021-23 biennium is \$169,825 General Fund. This package is included as part of the legislative water investment package.

Package 102, Strategic Modernization of IT Systems and Tools. This package expands the information technology capacity of the agency by adding a systems analyst position (0.88 FTE), a database administrator position (0.88 FTE), and a records officer/coordinator position (0.88 FTE) at a cost of \$593,781 General Fund in the 2021-23 biennium. The package also increases funding by \$225,000 General Fund for State Data Center charges. The funding and positions will be used for the development of electronic records tools and processes, migration of paper records to electronic, and support for systems moved to the state data center. This package is included as part of the legislative water investment package.

Field Services Division

This Division 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 recommended a total funds budget of \$19,956,967 and 68 positions (64.87 FTE). The Subcommittee recommended the following packages:

Package 090, Analyst Adjustments. The package makes one-time investments in two Racial Justice Council recommendations; \$1,000,000 General Fund for equitable water access and \$500,000 General Fund for Indigenous energy resiliency. Both of these items came from

recommendations by the Racial Justice Council. Investments focus on exploring water needs of Black, Indigenous, Tribal, rural and communities of color, addressing Indigenous treaty water rights, water scarcity, hydropower, and ecosystem services.

Package 109, Timely Water Management and Distribution. This package establishes five new Assistant Watermaster positions (4.40 FTE) and a Deputy Division Manager position (0.88 FTE) for the Field Services Division at a cost of \$1,297,064 General Fund and \$3,118 Other Funds, in the 2021-23 biennium. Additionally, \$78,394 General Fund is added to accommodate the upward reclassification of eight existing positions. The Assistant Watermaster positions will be allocated one for each water region in the state. This package is included as part of the legislative water investment package.

Package 112, Harney Conservation Reserve Enhancement Program. This package provides a General Fund appropriation of \$706,607 and authorizes the establishment of a Field Hydrologist position (0.88 FTE). The package supports the implementation of a Conservation Reserve Enhancement Program by providing incentives for voluntary non-use of groundwater either on a temporary or permanent basis. The program will work within the federal Conservation Reserve Program, which is a federally funded voluntary program providing payments to agricultural producers to provide specific conservation benefits. The associated position costs are \$206,607. Of the total funding, \$500,000 will be used to provide a 20% state cost share for the enrollment of private lands in the Harney Basin into the program. Federal payments will be made directly to program participants. This package is included as part of the legislative water investment package.

Technical Services Division

The Technical Services Division 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 recommended a total funds budget of \$35,176,691 and 51 positions (49.05 FTE). The Subcommittee recommended the following packages:

Package 101, Protecting Public Safety and Water Supplies. This package, in the Technical Services program, authorizes the establishment of two professional engineer positions (1.76 FTE) at a cost of \$520,654 General Fund, in the 2021-23 biennium. Additionally, a one-time investment of \$1.0 million General Fund is made for contracted professional engineering services. The additional staffing and contracted services will be used to do ongoing analyses of seismic, flood, internal erosion, and other safety risks, and prioritization of dam repair and funding. This package is included as part of the legislative water investment package.

Package 104, Maintain Water Right and Dam Safety Services. This package recognizes revenues, anticipated from changes in fees, authorized by HB 2142 (2021). For the Technical Services Division, this package increases Other Funds expenditure limitation by \$40,667 to maintain engineering expertise in the dam safety program. This package is included as part of the legislative water investment package.

Package 110, Foundational Data for Groundwater Studies. This package authorizes the establishment of seven permanent positions (6.16 FTE) to expand the agency's capacity for the development and evaluation of groundwater basin studies in cooperation with the U.S. Geological Society and the Oregon Department of Geology and Mineral Industries. The package provides \$1,401,470 General Fund for these position costs in the 2021-23 biennium. This added capacity will allow the agency to produce a groundwater budget for each basin in Oregon and expands baseline water level and water use data collection. This package continues and expands upon the investments made for this same purpose in the prior biennium to conduct the studies. The package also includes a one-time investment of \$600,000 General Fund for professional services contracting related to the studies. This package is included as part of the legislative water investment package.

Package 801, LFO Analyst Adjustments. This package includes a single adjustment that decreases expenditure limitation by \$43.0 million Other Funds to remove expenditure limitation carried-forward into the current service level for the 2021-23 biennium, associated with bonds not issued in the 2019-21 biennium.

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 also for the negotiation of Native American reserved water rights. The Subcommittee recommended a total funds budget of \$8,424,339 and 33 positions (30.84 FTE). The Subcommittee recommended the following packages:

Package 070, Revenue Shortfalls. This package reduces Other Funds expenditure limitation by \$1,688,993 and eliminates eight positions (8.83 FTE) due to a revenue shortfall in Water Right fees. Changes in fees contemplated in HB 2142 (2021) produce sufficient revenues to partially restore these reductions. Those restorations are included in Package 104.

Package 104, Maintain Water Right & Dam Safety Services. This package recognizes revenues anticipated from changes in fees authorized by HB 2142 (2021). Those revenues allow for the reestablishment of a transfer application specialist position (1.00 FTE), a water rights analyst position (1.00 FTE), and a water right application caseworker position (0.50 FTE) at a cost of \$486,292 Other Funds. The positions were eliminated in Package 070, due to a shortfall in projected revenues. This package is included as part of the legislative water investment package.

Package 105, Maintain Hydroelectric Services at Agencies. This package recognizes fee revenues provided by the increase in hydroelectric project fees included in HB 2143 (2021). There are no additional expenditures recognized in the Water Resources Budget from these revenues; however, 25% of the associated revenues are transferred to the Oregon Department of Fish and Wildlife and 66% of the associated revenues are transferred to the Department of Environmental Quality. This package is included as part of the legislative water investment package.

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 recommended a total funds budget of \$5,409,801 and 11 positions (10.64 FTE). The Subcommittee recommended the following packages:

Package 101, Protecting Public Safety and Water Supplies. This package, in the Director's Office program, authorizes a Public Information Coordinator position (0.88 FTE) to provide external and internal communications on water supply and safety issues. This position will provide coordination, planning and outreach on earthquakes, drought, floods, climate change, and dam failures to better prepare for these risks. The position cost for the 2021-23 biennium is \$210,706 General Fund. This package is included as part of the legislative water investment package.

Package 103, Fund Legal Expenses. For the past few biennia, the Agency's legal costs have exceeded the agency's current service level budget for these expenditures. This package makes an ongoing adjustment to the Agency's budget by increasing support for legal costs by \$800,000 General Fund. This package is included as part of the legislative water investment package.

Package 111, Complex Water Issues: Deschutes & Other Basins. This package works in conjunction with Package 113, to support to work on complex water basin issues and help implement agency priorities in priority water basins. This includes but is not limited to the complex issues in the Deschutes and Willamette River basins and other water basins determined by the department. The package, at a cost of \$422,190 General Fund, includes the establishment of a communications and policy development position (0.88 FTE) in the Director's office and \$200,000 General Fund of professional contracting capacity for facilitators to resolve issues with stakeholders. This package is included as part of the legislative water investment package.

Package 113, Willamette Basin Reallocation Pre-Implementation. This package works in conjunction with Package 111 to support to work on complex water basin issues and help implement agency priorities in priority water basins. This includes but is not limited to the complex issues in the Deschutes and Willamette River basins and other water basins determined by the Department. The package includes the establishment of a Willamette Basin Coordinator position (0.88 FTE) in the Director's office, at a cost of \$221,040 General Fund. The package also provides \$100,000 General Fund of professional contracting capacity for facilitation services. The funding in the package will allow the Agency to begin the work required to implement proposed changes in water rights held by the U.S. Army Corps of Engineers for water held in 13 reservoirs in the Willamette River Basin. This package is included as part of the legislative water investment package.

Summary of Performance Measure Action

See attached Legislatively Adopted 2021-23 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Water Resources Department
Linnea Wittekind 971-900-9992

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
2019-21 Legislatively Approved Budget at Jan. 2021*	\$ 35,217,838	\$ 7,563,194	\$ 100,263,082	\$ -	\$ 1,148,011	\$ -	144,192,125	178	172.67	
2021-23 Current Service Level (CSL)*	\$ 39,873,994	\$ 13,470,490	\$ 73,956,617	\$ -	\$ 725,000	\$ -	128,026,101	176	171.51	
SUBCOMMITTEE ADJUSTMENTS (from CSL)										
SCR 010-01 - Administrative Services										
Package 087: August 2020 Special Session Services and Supplies	\$ 215,000	\$ -	\$ -	\$ -	\$ -	\$ -	215,000			
Package 099: Microsoft 365 Consolidation Services and Supplies	\$ (124,856)	\$ -	\$ -	\$ -	\$ -	\$ -	(124,856)			
Package 101: Protecting Public Safety and Water Supplies										
Personal Services	\$ 141,555	\$ -	\$ -	\$ -	\$ -	\$ -	141,555	1	0.88	
Services and Supplies	\$ 28,270	\$ -	\$ -	\$ -	\$ -	\$ -	28,270			
Package 102: Strategic Modernization of IT Systems and Tools										
Personal Services	\$ 519,576	\$ -	\$ -	\$ -	\$ -	\$ -	519,576	3	2.64	
Services and Supplies	\$ 299,205	\$ -	\$ -	\$ -	\$ -	\$ -	299,205			
SCR 010-03 - Field Services										
Package 090: Analyst Adjustments Services and Supplies	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	1,500,000			
Package 112: Harney Conservation Reserve Enhancement Program										
Personal Services	\$ 163,881	\$ -	\$ -	\$ -	\$ -	\$ -	163,881	1	0.88	
Services and Supplies	\$ 542,726	\$ -	\$ -	\$ -	\$ -	\$ -	542,726			
Package 109: Timely Water Management and Distribution										
Personal Services	\$ 1,024,708	\$ -	\$ 3,118	\$ -	\$ -	\$ -	1,027,826	6	5.28	
Services and Supplies	\$ 350,750	\$ -	\$ -	\$ -	\$ -	\$ -	350,750			
SCR 010-04 - Technical Services										
Package 101: Protecting Public Safety and Water Supplies										
Personal Services	\$ 427,808	\$ -	\$ -	\$ -	\$ -	\$ -	427,808	2	1.76	
Services and Supplies	\$ 1,092,846	\$ -	\$ -	\$ -	\$ -	\$ -	1,092,846			
Package 104: Maintain Water Right & Dam Safety Services										
Special Payments - 6085 Other Special Payments	\$ -	\$ -	\$ 40,667	\$ -	\$ -	\$ -	40,667			
Package 110: Foundational Data for Groundwater Studies										
Personal Services	\$ 1,160,293	\$ -	\$ -	\$ -	\$ -	\$ -	1,160,293	7	6.16	
Services and Supplies	\$ 841,177	\$ -	\$ -	\$ -	\$ -	\$ -	841,177			

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 801: LFO Analyst Adjustments									
Special Payments	\$ -	\$ -	\$ (43,000,000)	\$ -	\$ -	\$ -	\$ (43,000,000)		
SCR 010-06 - Water Right Services Division									
Package 070: Revenue Shortfall									
Personal Services	\$ -	\$ -	\$ (1,683,607)	\$ -	\$ -	\$ -	\$ (1,683,607)	(8)	(8.83)
Services and Supplies	\$ -	\$ -	\$ (5,386)	\$ -	\$ -	\$ -	\$ (5,386)		
Package 104: Maintain Water Right & Dam Safety									
Personal Services	\$ -	\$ -	\$ 486,292	\$ -	\$ -	\$ -	\$ 486,292	3	2.50
SCR 010-07 - Director's Office									
Package 101: Protecting Public Safety and Water									
Personal Services	\$ 183,586	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,586	1	0.88
Services and Supplies	\$ 27,120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,120		
Package 103: Fund Legal Expenses									
Services and Supplies	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000		
Package 111: Complex Water Issues: Deschutes & Other Basins									
Personal Services	\$ 198,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,785	1	0.88
Services and Supplies	\$ 223,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 223,405		
Package 113: Willamette Basin Reallocation Pre-Implementation									
Personal Services	\$ 198,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,785	1	0.88
Services and Supplies	\$ 122,255	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,255		
TOTAL ADJUSTMENTS	\$ 9,936,875	\$ -	\$ (44,158,916)	\$ -	\$ -	\$ -	\$ (34,222,041)	18	13.91
SUBCOMMITTEE RECOMMENDATION *	\$ 49,810,869	\$ 13,470,490	\$ 29,797,701	\$ -	\$ 725,000	\$ -	\$ 93,804,060	194	185.42
% Change from 2019-21 Leg Approved Budget	41.4%	78.1%	(70.3%)	0.0%	(36.8%)	0.0%	(34.9%)	9.0%	7.4%
% Change from 2021-23 Current Service Level	24.9%	0.0%	(59.7%)	0.0%	0.0%	0.0%	(26.7%)	10.2%	8.1%

*Excludes Capital Construction Expenditures

Legislatively Approved 2021 - 2023 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 2022	Target 2023
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	24%	32%	32%
2. PROTECTION OF INSTREAM WATER RIGHTS - Ratio of regulatory orders issued to protect senior water rights when the senior water right is an instream right to all regulatory orders issued to protect senior water rights.		Approved	51%	50%	50%
3. MONITOR COMPLIANCE - Percent of total regulatory actions that found water right holders in compliance with water rights and regulations.		Approved	97%	99%	99%
4. STREAM FLOW GAGING - Percent change from 2001 in the number of WRD operated or assisted gauging stations.		Approved	16%	23%	25%
5. ASSESSING GROUND WATER RESOURCES - Percent change from 2001 in the number of wells routinely monitored to assess ground water resources.		Approved	6%	10%	10%
7. EQUIP CITIZENS WITH INFORMATION - Number of times water management related data was accessed through the WRD's Internet site.		Approved	3.98	4.30	4.50
8. NUMBER OF SIGNIFICANT DIVERSIONS WITH MEASUREMENT DEVICES INSTALLED - To fully implement the Water Resources Commission's 2000 Water Measurement Strategy		Approved	1,099	1,265	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%	100%	100%
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	12%	55%	55%
11. PROMOTE EFFICIENCY IN TRANSFER APPLICATION PROCESSING - Percent of transfer final orders issued within 120 days of application filing.		Approved	19%	40%	40%
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	81%	85%	85%
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	52%	90%	90%
	Expertise		73%	90%	90%
	Helpfulness		84%	90%	90%
	Accuracy		81%	90%	90%
	Availability of Information		68%	90%	90%
	Overall		68%	90%	90%

SB 5545

LFO Recommendation:

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

SubCommittee Action:

The subcommittee approved the key performance measures and target as recommend by LFO

PRELIMINARY