

Water Resources Department

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	35,208,113	58,566,215	74,089,805	63,159,245	64,050,544
Lottery Funds	7,563,185	9,499,510	9,499,510	15,073,140	15,073,140
Other Funds	31,072,304	121,883,596	125,596,247	90,585,059	128,691,255
Federal Funds	533,042	725,000	1,119,017	703,315	703,315
Total Funds	74,376,644	190,674,321	210,304,579	169,520,759	208,518,254
Positions	177	209	241	235	244
FTE	171.79	196.81	216.82	229.18	236.20

* Includes Emergency Board and administrative actions through December 2022.

Program Description

The Water Resources Department (WRD) issues and protects water rights and implements water policy for the state. WRD is the administrative arm of the Water Resources Commission, a seven-member citizen board appointed by the Governor and confirmed by the Senate. WRD functions include enforcing the state's water laws, recording and enforcing water rights, developing water resources, inspecting wells and dams, and providing scientific and technical analysis of surface and groundwater resources. By law, all surface and groundwater in Oregon belongs to the public. The agency mission is to "serve the public by practicing and promoting wise long-term water management" through the restoration and protection of stream flows and watersheds and by directly addressing Oregon's water supply needs. Informally, WRD is known as the state's water quantity regulator as opposed to the water quality regulator, the Department of Environmental Quality.

The Water Resources Department has undertaken a significant organizational restructuring. The prior single vertical structure has been divided into two primary organization structures. The Field Services, Technical Services, and Water Rights Services divisions have been grouped under a new Water Management program and the remaining Administrative Service division and the Director's Office have been grouped under a new Strategy and Administration program.

Water Management

- Field Services – Administers water laws, including dam and well inspections, and water right regulation and enforcement. The division regulates water use in order to protect senior water rights for both in-stream and out-of-stream purposes. The WRD organized the state's 21 watermaster districts into five regions for more efficient use of field personnel. Field staff include region managers, watermasters, technicians, and assistant watermasters. Field staff responsibilities include dam inspections, enforcing water distribution among water right holders, processing water right transfers, hydrologic data gathering, well construction inspections, well monitoring, and water right record maintenance. In addition, field staff act as liaisons with Watershed Councils, municipal water

suppliers, local governments, and irrigation districts to explain Commission and Department policies, review water management plans, provide information on water availability and water rights, and bring regional policy issues back to the Department.

- Technical Services –Manages data and technical analyses of the state’s surface and ground water. The Division supports both current and long-term water management needs by collecting, analyzing, and applying information on ground water and surface water resources. Technical Services’ programs include hydrologic analysis, ground water investigations, surface water availability, hydrographics, dam safety, stream gauging, geographic and water rights information systems, well construction and enforcement, and water use reporting.
- Water Right Services – Evaluates both in-stream and out-of-stream water right applications, and administers programs such as water right certification, permit administration, water right transfers, stream flow restoration, water supply and conservation planning, adjudication of pre-1909 and federal reserved water rights, and hydroelectric licensing. It also has the lead responsibility for Oregon’s hydroelectric water right and licensing program. Approximately 154 currently authorized licensed hydroelectric projects pay annual fees to support the coordinated programs in the Departments of Water Resources, Fish and Wildlife, and Environmental Quality.

Strategy and Administration

- Administrative Services – Provides information technology, human resource, accounting, payroll, contracting, facilities management, risk management, training services, and budget preparation and execution.
- Director’s Office – Oversees all policy-related functions of the agency. The Office coordinates the development of administrative rules, provides citizen response and information services, supports the Water Resources Commission activities, develops legislative proposals, and provides oversight of agency activities related to the Oregon Plan for restoration of salmon and watersheds, the Global Warming Commission, Government-to-Government tribal activities, and Sustainability and Streamlining Efforts. The Director’s office also houses the Integrated Water Resource Strategy (IWRS) Coordinator position, providing policy direction and leadership for the agency’s IWRS program. The program operates the Water Conservation, Reuse, and Storage Grant Program established by SB 1069 (2008) providing funding for feasibility studies. The program also operates the Water Supply Development Fund established by SB 839 (2013) to provide loans and grants for water resources development projects that evaluate and plan projects to provide access to new water supplies for in-stream and out-of-stream uses. Most bond-funded projects are now administered under the Director’s Office
- Water Development Loan Program – Established by the Legislature in 1977 as a general obligation bond program to finance irrigation and drainage projects. The loan program was expanded in 1982 and 1988 through constitutional amendments approved by voters to also include community water supply, fish protection, and watershed enhancement projects.

CSL Summary

Beginning with the 2021-23 Legislatively Approved Budget, adjustments are made both in the base budget and through essential budget packages to arrive at the current service level (CSL) budget for the 2023-25 biennium. The current service level contains the cumulative authorized expenditure and staffing levels for ongoing program activities and specific limited-duration activities. There are automated adjustments to the base budget that account for standard inflationary factors, changes to personal services for roll-up costs of permanent

positions, elimination of limited-duration positions and associated costs, anticipated debt service, and non-limited expenditure authority. Essential package adjustments include the phase-in of ongoing programs that were not fully budgeted in the prior biennium, phase-out of one time or expiring expenditure authorizations, extraordinary inflation, technical adjustments, and revenue shortfall adjustments.

The 2023-25 current service level budget for the Water Resources Department is a reduction of \$21.2 million, all funds, or 11.1% from the legislatively adopted budget for 2021-23. This reduction is entirely due to the phasing-out of Other Funds expenditure authority for bond funded grant and loan programs. Setting aside those bond related phase-outs, the current service level General Fund budget increased by \$4.6 million from the adopted budget, reflecting ongoing investments that were made in the 2022 Legislative Session. Lottery Funds supporting debt service increased by \$5.6 million, or 58.7%. Comparing the 2023-25 current service level budget to the legislatively approved budget for 2021-23 shows a \$40.8 million, or 19.4% reduction that is inclusive of the increased Lottery Funds debt service and reduction in Other Funds expenditure limitation for bond proceeds, but also includes a comparative reduction in General Fund of \$10.9 million after accounting for \$13.2 million in one-time General Fund investments in the legislatively approved budget.

Lottery Funds debt service increases in the base budget by \$5.6 million to account for debt service commitments on bonds issued in the 2021-23 biennium. Personal Services expenditure authority increases by \$5.4 million in the base budget to account for the roll-up costs of permanent positions that were established in the prior biennium. The net increase in full-time equivalent positions in the base budget is 12.36 after the removal of position authority for six limited duration positions.

The 2021-23 legislatively approved budget included significant one-time and ongoing investments to address water planning, water equity, drought, and cannabis issues. One-time General Fund investments that do not carry forward to the current service level include:

- \$3.9 million for capitalization of the Water Well Abandonment, Repair, and Replacement Fund (HB 2145), and the Domestic Well Remediation Fund (HB 3092)
- \$2.2 million to address legal backlog issues
- \$1.6 million for professional services contracts related to groundwater and dam safety
- \$1.5 million for equitable water access planning and BIPOC water needs
- \$1.7 million for stakeholder facilitation and water resource planning
- \$750,000 for grants to local governments to implement specific water projects
- \$650,000 for statewide water business case and drought vulnerability assessments

Continuing General Fund investments include:

- \$4.7 million to address cannabis issues in southwestern Oregon, including 14 additional assistant watermasters
- \$2.4 million develop and publish ground water budgets for all major hydrologic basins in Oregon in conjunction with the U.S. Geological Survey
- \$2.0 million to expand foundational data collection for groundwater studies

- \$1.5 million for expanded field staff, including five additional assistant watermasters
- \$1.0 million to address complex basin issues in the Willamette and Deschutes basins
- \$800,000 increase in funding for legal expenses
- \$700,000 for state support of the federal Harney Conservation Reserve Enhancement Program

One-time investments of American Rescue Plan Act (ARPA) funding totaling \$20.5 million that were authorized in the 2021-23 biennium were phased out of the budget at the current service level, however, the agency estimates that \$15.9 million of that total will remain unspent at the end of the current biennium and has requested the reestablishment of expenditure authority in its budget.

The 2021-23 budget for the agency carried-forward \$17.1 million in Other Funds expenditure limitation for proceeds of bonds issued in prior biennia and added an additional \$68 million in Other Funds expenditure authority for bonds authorized to be issued by the end of the current biennium. The current service level for the 2023-25 biennium carries-forward all the expenditure authority for 2021-23 biennium bond proceeds and \$5.5 million for prior biennia bond proceeds, phasing out \$11.6 million of that original \$17.1 million. After adjusting for the phase-outs, these amounts are available from bond proceeds at the current service level for the following uses:

- Water Supply Development Account water project grants and loans - \$39 million
- Big Creek Dam Replacement - \$14 million
- Wallowa Lake Dam Rehabilitation - \$14 million
- Deschutes Basin Board of Control project - \$5 million
- Water Feasibility Studies (SB 1069) - \$1.5 million

A significant technical adjustment package moves 10 positions out of the Technical Services division and houses them in a new budgetary subdivision known as the Planning, Collaboration, and Investments sub-program of the Director's Office division. Ostensibly, the positions are related to the agency's operation of the water projects grants and loans program. Of the 10 positions, one, a Natural Resource Specialist 4 Grant Analyst position, is slated to be abolished as part of a permanent finance plan change. Three of the other positions are also subject pending finance plans. The moving of these positions to new sub-program for planning, collaboration, and investments makes the functional use of these positions more explicit in the budget. The package also moves \$73.5 million of Other Funds expenditure limitation for bond funded programs and projects from the Technical Services division to the Planning, Collaboration, and Investments sub-program.

Policy Issues

The agency requested budget narrative indicated that there was a legislative concept associated with policy option package 106 dealing with water planning. That bill is assumed to be HB 3163. Legislative concepts related to the Water Resources Department brought forward by the House Interim Committee on Agriculture, Land Use, and Water include:

- HB 3097 Provides that a municipal corporation or people’s utility district may apply to the Water Resources Department for a certificate to use water for hydroelectric purposes within an artificial delivery system, even if they are not the holder of the underlying water right, provided that they obtain authorization from the holder of the underlying water right
- HB 3124 Directs the Water Resources Department to study drought
- HB 3099 Directs the Water Resources Department to study water management in the Chewaucan River watershed.
- HB 3100 Establishes certain requirements concerning the integrated state water resources strategy, and establishes the Integrated State Water Resources Strategy Advisory Committee to advise the Water Resources Commission and Water Resources Department on implementing and updating the strategy
- HB 3356 Creates an Interagency Water Officer in the office of the Governor and specifies position responsibilities. Establishes the Strategic Water Management Council and describes the duties of the council.

The establishment, increase, or elimination of fees are not directly contemplated in the agency’s budget. Although a significant amount of the agency’s work involves the regulation of water users, an ever-shrinking proportion of the agency’s overall budget is supported by fee revenues. Some of the reason for this is that there have been major investments in planning and strategy development that does not directly correlate to the provision of services initiated by water users. However, due in part to increasing complexity, functional requirements, legal challenges, policy goals, etc., a larger portion of General Fund revenues have been used to support programs where fee revenues have failed to keep pace with the cost of providing services, particularly related to establishing, transferring, or maintaining water rights. Three million General Fund was provided to the agency in the 2021-23 biennium as an undefined backfill for shortfalls in fee-supported programs.

Governor’s Budget Summary

The Governor’s budget includes two packages (POP 090 and 091) that make unspecified reductions to personal services expenditures across all programs. Four undefined positions are removed in the Field Services Division, but one “data tech” position is established in the Administrative Services program. Undefined reductions in evapotranspiration funding, groundwater investigation funding, water management cost share, facilitation funding, outreach funding, and gauging station funding were made. Offsetting investments included \$200,000 General Fund for studies and water projects in Harney County and an additional \$600,000 General Fund for water basin studies. The net result of the two packages is a reduction of \$4.18 million General Fund and the elimination of three positions.

Two packages (POP 092 and 093) make negative adjustments for assumed Attorney General rates and Department of Administrative Services charges that are assumed in the Governor’s budget.

The Governor has included \$851,985 General Fund and \$1.5 million American Rescue Plan Act funds in two policy packages (POP 105, and 108) to backfill and support fee-supported programs where there are insufficient fee revenues. The requested funding would support expanding staffing in the Water Rights Services division for water right transfer processing and contested case backlogs.

Requested re-establishment of expenditure authority in the 2023-25 biennium for American Rescue Plan Act (ARPA) monies that were allocated to WRD but are projected to remain unspent at the end of the 2021-23 biennium is contemplated by POP 105. The following table presents the individual funding allocations, the original funding amount, and the anticipated unspent amount that the agency is seeking to have expenditure limitation reestablished for.

American Rescue Plan Act Funding

Funding Purpose	Original Amount	Amount to be Reestablished
Grant to Umatilla Count for the Ordinance Project. This project provides water supplies to industrial, domestic, and food production uses in the central project region.	\$6,000,000	\$6,000,000
Contracts for professional engineering services to perform flood methodology and inundation assessments for dams and engineering analyses on dams.	\$4,000,000	\$2,500,000
Support for surface water and ground water data collection field equipment utilized to inform water management and planning that includes, but is not limited to, upgrades to gaging stations, adding observation wells in priority basins and updating aging hydrographic equipment.	\$3,000,000	\$2,600,000
Support for fee-based programs during the 2021-2023 biennium and to provide facilitation for stakeholder engagement as the Department works with stakeholders to develop more sustainable, long-term funding mechanisms to support these programs.	\$3,000,000	\$1,500,000
For deposit in the Water Well Abandonment, Repair and Replacement Fund established by House Bill 2145 (2021). The fund is used to provide financial assistance to permanently abandon, repair, and replace water wells used for household purposes when deficiencies in well construction might result in water waste, cause contamination, or provide a detriment to public health or safety.	\$2,000,000	\$1,000,000
Expanded support and development of place-based planning efforts of communities for the specific water resource needs and challenges of the location in which planning efforts take place to build a collaborative and inclusive process; gather information to understand water resources and identify knowledge gaps; examine current and future water needs for people, place, and nature; identify and prioritize strategic, integrated solutions to addressing water needs; and develop a place-based integrated water resources plan.	\$1,000,000	\$800,000
Water Measurement Cost-Share Program	\$1,000,000	\$1,000,000
Creation of a program to work with local governments to find and assist with funding to meet fish passage requirements for dam upgrade project	\$500,000	\$500,000
Total	\$20,500,000	\$15,900,000

The conversion of a single limited duration position to permanent, full-time in the Director's Office is included for the purpose of carrying out an monitoring implementation of the Integrated Water Resource Strategy and its future updates, to ensure coordination and integration among the participating state, federal, and local agencies, as well as educational and non-governmental organizations. Two positions, a diversity, equity, and inclusion coordinator, and a water and environmental justice coordinator are included to continue the agency's work on these issues. All of these positions are funded with General Fund.

The Governor's budget proposes to hire a team – Assistant Surface Water Manager, Hydrologist, Data Scientist, and a Hydrographer - to coordinate research, provide outreach, project management, technical activities, refine estimates of water availability, incorporate new data and analytical approaches to update the statewide water availability model, and develop computer programs critical for updating the model using these new approaches. That team does not, however, include the information technology, programming, or software development resources to affect the update.

One million General Fund is included in the Governor's budget for capitalization of the Water Well Abandonment, Repair, and Replacement Fund established in HB 2145 (2021) on a one-time basis. The current service level budget carries forward \$3.4 million Other Funds expenditure limitation for the anticipated unexpended balance in the fund from the total of \$5.4 million of fund capitalization provided in the 2021-23 biennium. Another \$1.5 million General Fund is allocated to increase the agency's capacity for contract facilitation and public process expertise. This includes funding for five priority basins at \$100,000 per biennium each, funding for negotiations with the Confederated Tribes of the Umatilla Indian Reservation (\$250,000), bi-state issues (\$250,000), and other ad-hoc policy and complex basin issues (\$500,000).

Other Funds expenditure limitation of \$22 million is included in the Governor's budget in the anticipation of bond proceeds from the sale of bonds for water supply development grants and loans (\$20 million) and feasibility study grants (\$2 million).

Key Performance Measures

A copy of the Water Resources Department Annual Performance Progress Report can be found on the LFO website:

[https://www.oregonlegislature.gov/lfo/APPR/APPR WRD 2022-10-03.pdf](https://www.oregonlegislature.gov/lfo/APPR/APPR_WRD_2022-10-03.pdf)