

HB 2010 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Adam Crawford, Department of Administrative Services

Reviewed By: Matt Stayner, Legislative Fiscal Office

Water Resources Department

2023-25

Oregon Watershed Enhancement Board

2023-25

Higher Education Coordinating Commission

2023-25

Department of Agriculture

2023-25

Department of Environmental Quality

2023-25

Department of Administrative Services

2023-25

Oregon Business Development Department

2023-25

PRELIMINARY

Budget Summary

	2021-23 Legislatively Approved Budget	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
				\$ Change	% Change
Water Resources Department					
General Fund	\$ -	\$ -	\$ 3,284,641	\$ 3,284,641	100.0%
Other Funds Limited	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	100.0%
Total	\$ -	\$ -	\$ 5,284,641	\$ 5,284,641	100.0%
Oregon Watershed Enhancement Board					
General Fund	\$ -	\$ -	\$ 1,324,989	\$ 1,324,989	100.0%
Other Funds Limited	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	100.0%
Total	\$ -	\$ -	\$ 2,324,989	\$ 2,324,989	100.0%
Higher Education Coordinating Commission					
General Fund	\$ -	\$ -	\$ 4,020,581	\$ 4,020,581	100.0%
Total	\$ -	\$ -	\$ 4,020,581	\$ 4,020,581	100.0%
Oregon Department of Agriculture					
General Fund	\$ -	\$ -	\$ 269,762	\$ 269,762	100.0%
Total	\$ -	\$ -	\$ 269,762	\$ 269,762	100.0%
Department of Environmental Quality					
General Fund	\$ -	\$ -	\$ 679,085	\$ 679,085	100.0%
Total	\$ -	\$ -	\$ 679,085	\$ 679,085	100.0%
Department of Administrative Services					
General Fund	\$ -	\$ -	\$ 4,235,000	\$ 4,235,000	100.0%
Total	\$ -	\$ -	\$ 4,235,000	\$ 4,235,000	100.0%
Oregon Business Development Department					
General Fund	\$ -	\$ -	\$ 3,271,188	\$ 3,271,188	100.0%
Other Funds Limited	\$ -	\$ -	\$ 3,000,000	\$ 3,000,000	100.0%
Total	\$ -	\$ -	\$ 6,271,188	\$ 6,271,188	100.0%

Position Summary

Water Resources Department

Authorized Positions	0	0	7	7
Full-time Equivalent (FTE) positions	0.00	0.00	5.08	5.08

Oregon Watershed Enhancement Board

Authorized Positions	0	0	2	2
Full-time Equivalent (FTE) positions	0.00	0.00	1.13	1.13

Higher Education Coordinating Commission

Authorized Positions	0	0	0	0
Full-time Equivalent (FTE) positions	0.00	0.00	0.00	0.00

Oregon Department of Agriculture

Authorized Positions	0	0	1	1
Full-time Equivalent (FTE) positions	0.00	0.00	0.88	0.88

Department of Environmental Quality

Authorized Positions	0	0	3	3
Full-time Equivalent (FTE) positions	0.00	0.00	2.38	2.38

Department of Administrative Services

Authorized Positions	0	0	0	0
Full-time Equivalent (FTE) positions	0.00	0.00	0.00	0.00

Oregon Business Development Department

Authorized Positions	0	0	1	1
Full-time Equivalent (FTE) positions	0.00	0.00	0.88	0.88

PRELIMINARY

Summary of Revenue Changes

House Bill 2010 provides funding for seven different agencies to fulfill the provisions of the bill, including: Water Resources Department (WRD), Oregon Watershed Enhancement Board (OWEB), Higher Education Coordinating Commission (HECC), Oregon Department of Agriculture (ODA), Department of Environmental Quality (DEQ), Department of Administrative Services (DAS), and Oregon Business Development Department (OBDD). The measure appropriates \$17,085,246 General Fund and provides \$6,000,000 Other Funds expenditure limitation. The Other Funds expenditure limitation will be used to expend General Fund moneys deposited into the identified funds prescribed in the measure.

Summary of Natural Resource Subcommittee Action

The measure contains several provisions relating to water quality and drought. Those sections with a fiscal impact are discussed below, along with the agency or agencies impacted.

Source Drinking Water Protection

The measure directs OWEB to establish a program to provide grants of up to \$3.0 million to water suppliers to protect, restore, or enhance sources of drinking water. Grants can be used to acquire lands; enter into covenants, easements, or similar agreements; or to repay loans used to finance projects that protect, restore, or enhance lands for the benefit of a source of drinking water. OWEB is to report on the program to the interim Committees of the Legislative Assembly related to water no later than April 1 of each even numbered year, with the first report submitted by April 1, 2025, and other reporting requirements notwithstanding.

Oregon Watershed Enhancement Board

This measure establishes the Community Drinking Water Enhancement and Protection Fund with moneys in the fund continuously appropriated to OWEB for the purposes of carrying out this measure; and appropriates \$1.0 million to OWEB to deposit in the fund for grants, along with the associated \$1.0 million Other Funds expenditure limitation. This grant program will be administered in the same manner as other OWEB grants, with grantees paying initial costs out of pocket before being reimbursed by the Agency.

Administrative costs include position costs of \$201,296 General Fund for one full-time Natural Resources Specialist 4 position (0.88) to oversee the grant program, \$15,753 for position-related Services and Supplies, as well as \$30,000 for additional program costs, such as legal services for rulemaking. Because grant administration is likely to continue into the 2025-27 biennium, OWEB will need to request additional position authority and funding as part of the 2025-27 budget development process.

Chewaucan River Watershed

House Bill 2010 directs the Oregon Consensus at Portland State University (PSU) and Oregon State University (OSU) to establish a collaborative process to develop a shared understanding of water management in the Chewaucan River watershed; identify broadly supported actions related to the Chewaucan River watershed that will strive to meet water needs, address the ecological health of Lake Abert and the entire Chewaucan River watershed, and consider social, economic and environmental benefits and impacts. These portions of the measure will be repealed June 30, 2025.

Higher Education Coordinating Commission

The measure appropriates \$420,000 General Fund to HECC for distribution to PSU to carry out this work and award as grants and stipends to participants in the collaborative process; and \$150,000 General Fund to HECC to distribute to OSU.

Integrated Water Resource Strategy

The measure adds OWEB and ODA to the list of agencies WRD is to work with in developing an integrated state water resources strategy. Additionally, ODA is also added to the list of agencies WRD is to work with to develop data to forecast Oregon's water needs. The topics the water resources strategy should describe is expanded and the strategy is to be updated at least every eight years.

Oregon Watershed Enhancement Board

The bill provides funding for OWEB to support 0.25 FTE of an Operations and Policy Analyst 4 position to assist with development of the integrated state water resources strategy, as OWEB is newly named as a cooperating state agency. Total costs of this position are estimated at \$77,940 General Fund, which includes \$74,095 in Personal Services and the remainder in Services and Supplies.

Agricultural Water Technical Assistance

The measure directs OSU Extension Service and the OSU Agricultural Experiment Station to jointly establish a voluntary and incentive-based agricultural water management technical assistance program. This may include:

- Staffing of agricultural water management specialists in different regions of the state to build relationships with water and land managers and develop research-based water management programs.
- Connecting agricultural producers to resources to improve water management practices and outcomes.
- Creating a voluntary demonstration network of agricultural producers.
- Organizing workshops and tours.
- Establishing and maintaining or supporting publicly available weather and irrigation information systems.
- Contracting with an organization that provides publicly accessible satellite-based evapotranspiration data, in consultation with WRD.
- Partnering with agricultural producers and other subject matter experts on use of tools, accuracy of data, and best management practices.
- Performing and publishing research related to agricultural water management.
- Developing and updating Oregon-specific guides, manuals, and other resources with a focus on resources that will increase the likelihood of securing federal funding and assistance and increase the effective delivery of desired outcomes.
- Providing technical assistance to small farmers or ranchers to access state and federal assistance programs.

OSU Extension Service and the OSU Agricultural Experiment Station may acquire and maintain equipment for the collection of data, and form partnerships with agricultural producers to site data collection equipment and use the data collected in on-farm management practices. They may also form partnerships and enter into cost sharing agreements with institutions capable of maintaining data collection equipment and

processing data and convene advisory or work groups. OSU Extension Service and the OSU Agricultural Experiment Station are to prepare an annual report describing climate-related impacts on agricultural producers, including, but not limited to, flood and drought impacts, and recommendations to increase agricultural resilience; and submit the report to the interim Committees of the Legislative Assembly related to agriculture no later than September 15 of each year. They are also to jointly report on the progress of the technical assistance program to the interim committees of the Legislative Assembly related to agriculture by September 15 of each even-numbered year.

Higher Education Coordinating Commission

The measure appropriates \$3,085,581 General Fund to HECC as passthrough funding for OSU to fulfill the requirements of the measure.

Place Based Planning

The measure establishes the Place-Based Water Planning Fund, which is continuously appropriated to WRD. WRD may use funds to award grants to fund the costs of actions supporting place-based integrated water resources planning or be used by WRD to further place-based integrated water resources planning by entering into agreements or contracting for certain efforts.

The measure requires WRD to consult with specified agencies before issuing funding. These agencies are also to be consulted when WRD is conducting rulemaking, are to provide information and assistance to and enter into contracts or agreements with a person, public body, Indian tribe, or nonprofit organization to facilitate implementation.

Water Resources Department

The measure appropriates \$2 million General Fund for deposit in the Place-Based Water Planning Fund along with a \$2 million Other Funds expenditure limitation to expend monies from the Fund. The bill also provides WRD with funding to support administrative costs of \$154,870 General Fund in the 2023-25 biennium and, which are expected to be \$218,046 in the 2025-27 biennium. The Department would hire one permanent full-time Natural Resource Specialist 2 position (0.75 FTE) to provide place-based planning grant support and support of other grant programs, at a cost of \$138,583 for Personal Services and \$16,287 for Services and Supplies in the 2023-25 biennium. WRD also indicated the need for a Natural Resource Specialist 4 position to serve as a planning coordinator. This position is included in the 2023-25 recommended budget for the agency.

Oregon Department of Agriculture

ODA will hire one permanent full-time Natural Resource Specialist 4 (0.88 FTE) for support of place-based planning, as well as work related to other sections of this measure. Total costs are \$269,762 General Fund in the 2023-25 biennium and expected to be \$259,740 in the 2025-27 biennium. Costs in 2023-25 include \$203,516 Personal Services, \$31,246 for position-related Services and Supplies, and a one-time Capital Outlay cost of \$35,000 General Fund for a vehicle.

Department of Environmental Quality

DEQ would hire two new permanent full-time Natural Resource Specialist 3 positions (each 0.75 FTE) to support place-based planning projects. Total costs for these positions are \$387,200 General Fund in the 2023-25 biennium, which includes \$310,200 Personal Services and \$77,000 Services and Supplies; and expected to be \$480,979 in the 2025-27 biennium.

Water Reuse and Recycling

The measure directs DEQ, in consultation with WRD, to address barriers to, and develop technical assistance resources to support, expanded beneficial water reuse or recycled water programs and projects. DEQ is to submit a progress report on the resources developed to the interim Committees of the Legislative Assembly related to water no later than December 31, 2023; and a final report, which includes completed resources developed, to the interim committees of the Legislative Assembly related to water no later than September 15, 2024. This portion of the measure sunsets on January 2, 2025.

Department of Environmental Quality

DEQ cost total \$291,885 General Fund for this work. To implement this measure, DEQ would hire one limited duration Natural Resource Specialist 4 (0.88 FTE) to support project management, policy evaluation, stakeholder engagement and coordination, and to develop recommendations and draft the required reports. Total costs of the position are estimated at \$203,384 Personal Services and \$38,501 Services and Supplies.

Additional costs for DEQ are an estimated \$50,000 General Fund to contract for outreach and guidance materials supporting local communities considering water reuse projects to navigate permitting options.

Water Resources Department

The measure provides \$100,000 General Fund to WRD to consult on the work required by DEQ under this measure. WRD may use funding provided under this measure to hire temporary staff to participate in research, creation of materials, and review of regulations; the Department anticipates this funding would be sufficient to hire one limited duration part-time Operations and Policy Analyst 3 for 14 months (0.33 FTE), until this portion of the measure sunsets.

Small Community Water Systems

The measure appropriates \$1,000,000 General Fund to DAS for the 2023-25 biennium to contract with the Oregon Association of Water Utilities to:

- Perform or subcontract to perform a study of the vulnerabilities and needs of small and very small community systems.
- Provide technical, financial, and managerial support and resources to small and very small community water systems.
- Hire and employ one training specialist and two technical assistance providers to address the identified needs and vulnerabilities.

The Oregon Association of Water Utilities is to report to the interim Committees of the Legislative Assembly related to water by December 31, 2024.

Water Supply Development Account Grant Frequency & Water Well Abandonment, Repair and Replacement Fund Program Changes

The measure directs the Water Resources Commission to make grant and loan funding decisions for awards from the Water Supply Development Account at least twice per year, instead of once per year. Applications passing the preliminary review are forwarded to a technical review team with representatives from WRD, ODFW, OBDD, DEQ, and ODA.

Water Resources Department

Adding additional grant funding cycles will increase the administrative work done by WRD, including review of applications, coordination of the review team, preparation of materials, and development and administration of grant agreements. Included here are the positions that would perform this work, as well as any additional work related to expansion of qualification for funding from the Water Well Abandonment, Repair and Replacement Fund outlined in section 5 of this measure, and any additional grant-related administration needed under this measure. WRD would hire three permanent, full-time positions (all 1.00 FTE), a Program Analyst 4 to perform increased work related to additional grant cycles, an Accountant 1, and an Accounting Technician position to process and finalize grant agreements and distribute and track funds. In addition to these three positions, the Department would hire one permanent, part-time Administrative Specialist 2 (0.50 FTE) to perform work related to the Water Well Abandonment, Repair and Replacement Fund. The budget bill for the WRD also included a Program Analyst 4 position to support grant programs agencywide. This totals \$322,185 in Personal Services and \$54,147 in Service and Supplies (2 positions, 1.50 FTE) in the Directors Office, and for Administrative Services there is appropriated \$332,891 for Personal Services and \$65,678 for Services and Supplies (2 positions, 2.00 FTE).

Aquifer Recharge Due Diligence Grant Program

This measure directs OBDD to establish the Aquifer Recharge Fund and administer the Aquifer Recharge Due Diligence Grant Program. Grants may be awarded to perform certain due diligence activities related to aquifer recharge and aquifer storage and recovery. The measure also directs OBDD to establish and administer an Aquifer Recharge Testing Forgivable Loan Program for certain costs associated with aquifer recharge, storage, and recovery testing. Grant and loan funded activities must be at least partially in basins or aquifers where waters have been restricted in use and quantity of use as classified by the Water Resources Commission, withdrawn from further groundwater appropriation, or designated as critical. Various public bodies may apply for funding, including municipalities, port districts, tribal governments, cities, and counties.

Projects qualifying for loans require a valid limited license to conduct aquifer recharge testing, storage, and recovery testing issued by WRD. Loans may be made in the principal amount equal to 100 percent of the costs set forth in the application for that license over a period, not to exceed five years of the limited license issued by WRD. Loan forgiveness is predicated on the completion of activities for which loans were made

and documentation that 100 percent of the water placed in recharge went into the available waters of the state. Loan amounts and interest are to be credited to the Aquifer Recharge Fund.

OBDD and the recipients of funding are to report on these programs to the interim committees of the Legislative Assembly related to water, by September 15 of each year. These programs will be repealed January 2, 2032, and all money remaining in the Aquifer Recharge Fund at that time are to be transferred to the Administrative Services Economic Development Fund.

Oregon Business Development Department

The bill provides OBDD \$271,188 General Fund in the 2023-25 biennium, which will be used to hire one limited duration full-time Program Analyst 3 (0.88 FTE) to develop and implement program policies, act as the program lead, administer the program, and coordinate the technical review. Additional costs include position-related Services and Supplies and legal costs for program implementation. There may be significant additional direct and indirect costs associated with the program including, at a minimum, agency administrative support, professional services, state agency coordination, and legal costs associated with civil actions for collections.

The measure makes a one-time appropriation of \$3.0 million General Fund for deposit in the Aquifer Recharge Fund and provides an equal amount Other Funds expenditure limitation.

Juniper Removal Program

The measure directs DAS to provide grants to soil and water conservation districts and counties for treatment of western juniper. Eight percent of grant funds may be used for grant recipient administrative costs. Grant applicants may consult with OSU or local governments to identify treatment areas; must work with OSU to track and monitor the effects of the program, and must report to OSU at two and five years after receiving a grant; must provide quarterly and annual reports to DAS; and must work with a local workforce development board or other organizations to create or expand an existing workforce program, which provides services to individuals performing western juniper treatment. OSU is to work with grant recipients to establish monitoring areas in central Oregon, Harney County, and Klamath County with certain types of monitoring occurring for at least five years.

Department of Administrative Services

DAS is to provide a grant to an organization formed pursuant to an intergovernmental agreement that will coordinate grant recipient activities, and coordinate efforts to identify and apply for funding for western juniper treatment or other water conservation projects. The measure appropriates \$85,000 General Fund to DAS for this grant.

The measure also appropriates to DAS specific amounts to provide as grants to soil and water conservation districts in the following counties, which are to be provided no later than 60 days after the effective date of the measure:

- \$850,000 for Crook County

- \$325,000 for Jefferson County
- \$125,000 for Klamath County
- \$125,000 for Deschutes County
- \$300,000 for Harney County
- \$125,000 for Lake County
- \$300,000 for Wheeler County

Higher Education Coordinating Commission

The measure appropriates \$365,000 to HECC for distribution to OSU for this work. Funds are not appropriated to OSU for work on establishing monitoring areas under section 36 of the measure.

Voluntary Ground Water Agreements

The measure appropriates General Fund to WRD to fund a staff position or to contract with an entity to advise ground water stakeholders regarding voluntary agreements among ground water users from the same ground water reservoir in the Greater Harney Valley Groundwater Area of Concern.

Water Resources Department

The bill provides WRD a total of \$254,870 General Fund in the 2023-25 biennium for this work. Because this measure provides funding on a one-time basis and does not establish an ongoing program, assuming costs will only be incurred in the 2023-25 biennium.

The funding supports the addition of one part-time Natural Resource Specialist 5 position (0.50 FTE) to work on rulemaking related to voluntary agreements, evaluating agreement proposals, and working with those involved in the voluntary agreements. Costs include \$125,895 Personal Services, \$28,975 in position-related Services and Supplies, and \$100,000 for Department of Justice costs for review of agreements, based on WRD's previous experience negotiating water agreements and contract review.

High Desert Partnership Projects

Department of Administrative Services

The measure appropriates \$1.0 million General Fund to DAS to distribute to the High Desert Partnership. Funds are to be used to design and implement projects on the Silvies River Floodplain, Donner und Blitzen River Floodplain, Malheur Lake, and in the Malheur National Wildlife Refuge that restore or maintain wet meadow, wetland, and lake conditions. Funds are also to be used for research, public engagement, and support of collaborative partnerships related to these projects.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Multiple Agencies
Adam Crawford -- (971) 707-8106

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SUBCOMMITTEE ADJUSTMENTS									
Water Resources Department									
SCR 69000-010-01 - Administrative Services									
Personal Services	\$ 332,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 332,891	2	2.00
Services and Supplies	\$ 65,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,678		
SCR 69000-010-06 - Water Right Services Division									
Personal Services	\$ 125,895	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,895	1	0.50
Services and Supplies	\$ 128,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,975		
SCR 69000-010-07 - Director's Office									
Personal Services	\$ 560,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560,768	4	2.58
Services and Supplies	\$ 70,434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,434		
Special Payments-6060 Intra-Agency GF Transfer	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000		
Special Payments	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000		
Watershed Enhancement Board									
SCR 69100-010 - Operations									
Personal Services	\$ 275,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,391	2	1.13
Services and Supplies	\$ 49,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,598		
SCR 69100-020 - Grants									
Special Payments-6060 Intra-Agency GF Transfer	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000		
Special Payments	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000		
Higher Education Coordination Commission									
SCR 52500-210 - Public University State Programs									
Special Payments	\$ 935,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 935,000		
SCR 52500-211 - Statewide Public Services									
Special Payments	\$ 3,085,581	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,085,581		
Department of Agriculture									
SCR 60300-040 - Natural Resource Policy Area									
Personal Services	\$ 203,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,516	1	0.88
Services and Supplies	\$ 31,246	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,246		
Capital Outlay	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000		
Department of Environmental Quality									
SCR 34000-002 - Water Quality									
Personal Services	\$ 513,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 513,584	3	2.38
Services and Supplies	\$ 165,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,501		
Department of Administrative Services									
SCR 10700-099 - Special Governmental Payments									
Special Payments	\$ 4,235,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,235,000		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Oregon Business Development Department									
SCR 12300-300 Infrastructure									
Personal Services	\$ 211,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,730	1	0.88
Services and Supplies	\$ 59,458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,458		
Special Payments-6060 Intra-Agency GF Transfer	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000		
Special Payments	\$ -	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 3,000,000		
TOTAL ADJUSTMENTS	\$ 17,085,246	\$ -	\$ 6,000,000	\$ -	\$ -	\$ -	\$ 23,085,246	14	10.35
SUBCOMMITTEE RECOMMENDATION	\$ 17,085,246	\$ -	\$ 6,000,000	\$ -	\$ -	\$ -	\$ 23,085,246	14	10.35

PRELIMINARY