Oregon Water Resources Department
2013-15 Budget Presentation to:

Joint Ways & Means Natural Resources Subcommittee
Senator Chris Edwards & Representative Ben Unger, Co-Chairs
Presented by: Phil Ward, Director
March 2013

Chapter 1: AGENCY OVERVIEW

a look at the mission, goals and programs of the Water Resources Department

Mission:

" To serve the public by practicing & promoting responsible water management."

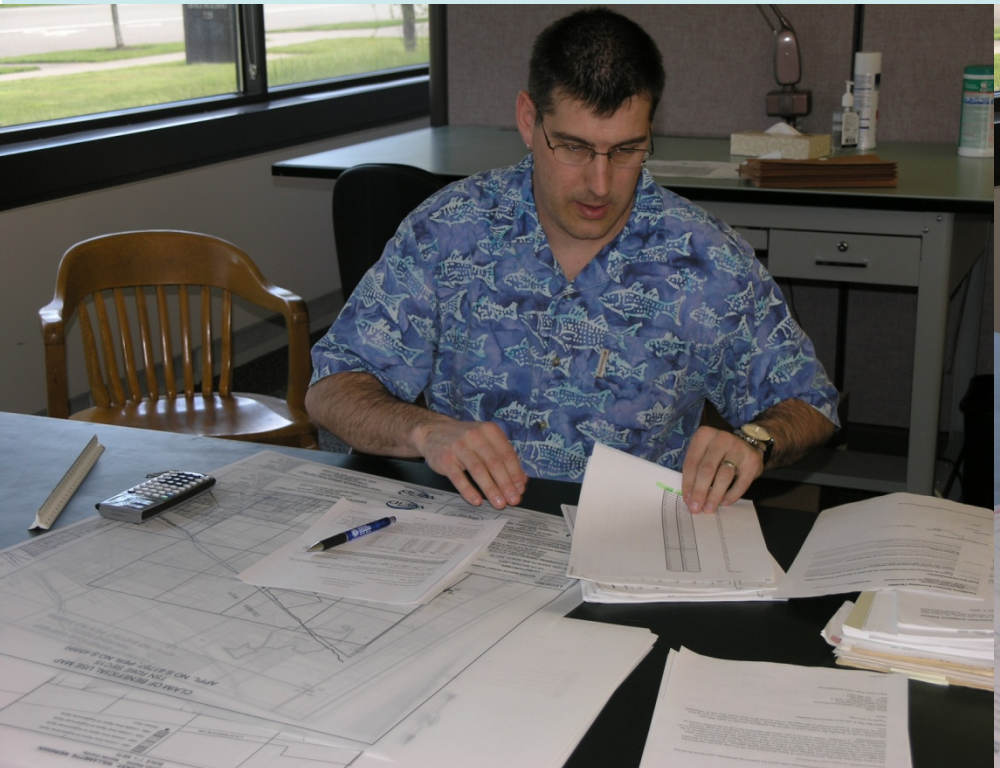
Goals:

1) *To restore and protect streamflows in order to ensure the long-term sustainability of Oregon's ecosystem, economy, and quality of life.*
2) *To directly address Oregon's water supply needs.*

***Oregon's 1909 Water Code*:**

"All water within the State from all sources of water belongs to the public."

1) Water Rights Services Division – 36.67 FTE



2) Field Services Division – 51.00 FTE

3) Technical Services Division

36.92 FTE

4) Administrative Services Division – 12.00 FTE

Chief Financial Office's
Gold Star Certificate

Awarded to

Water Resources Department

For Achieving Statewide Accounting Goals
and Excellence in Financial Reporting
Fiscal Year Ended June 30, 2012

George Naughton, Chief Financial Officer

January 31, 2013
Date

Kathryn Ross, SARS Manager

State of Oregon
Department of Administrative Services
Chief Financial Office

5) Director's Office – 8.00 FTE

Total Department FTE: 144.59

Oregon Water Resources Commission:

2012-13 Water Resources Commission

Members of the Commission (left to right)

- Phil Ward (Director),
- Jeanne LeJeune (West Side at Large),
- Ray Williams (East Side at Large),
- John Jackson (Chair, Northwest Region),
- Mary Meloy (North Central Region),
- Carol Whipple (West Central Region),
- Charlie Barlow (Vice-Chair, Eastern Region),
- John Roberts (Southwest Region)

- Seven member citizen board overseeing the activities of the Water Resources Department and setting statewide water policy consistent with state law.
- Commission members are appointed by the Governor for four-year terms, subject to confirmation by the Oregon Senate.
- The Commission includes a citizen appointed from each of the five regions of the state as well as the east-side and west-side at large.

- ***Performance Measure Summary:***

  - 14 active Key Performance Measures – KPMs relating to:

  Surface Water Restoration

  Water Resource Protection

  Water Measurement

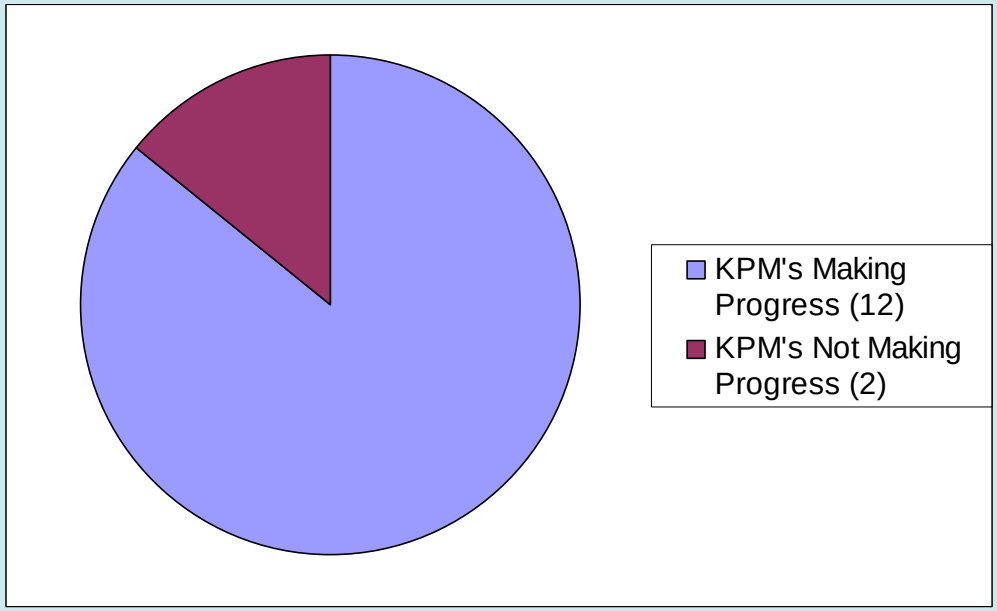
  Groundwater Monitoring

  Regulatory & Outreach Actions

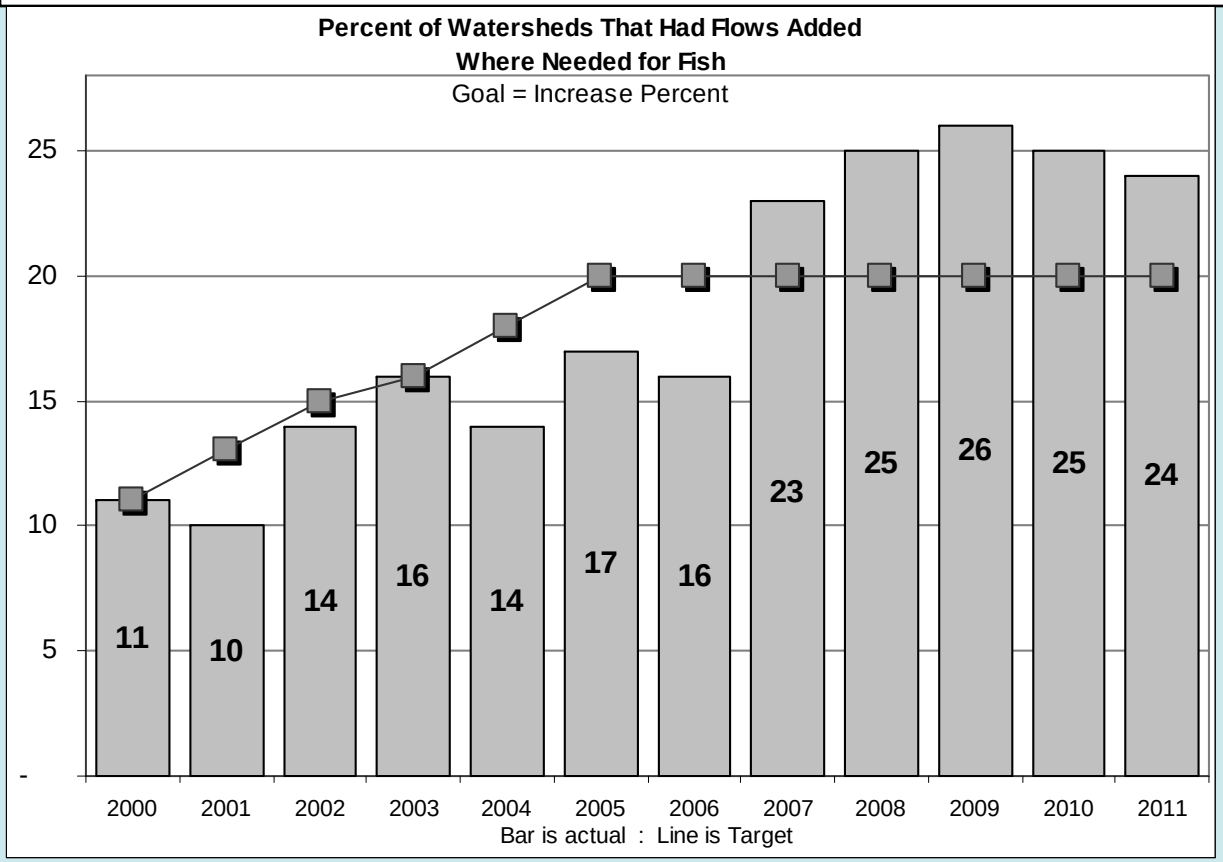
Meeting or making progress towards 12 out of 14 KPM targets

Success in the areas of:

Process Improvement - related to Water Right Applications, Transfers, and Water Management and Conservation Plans

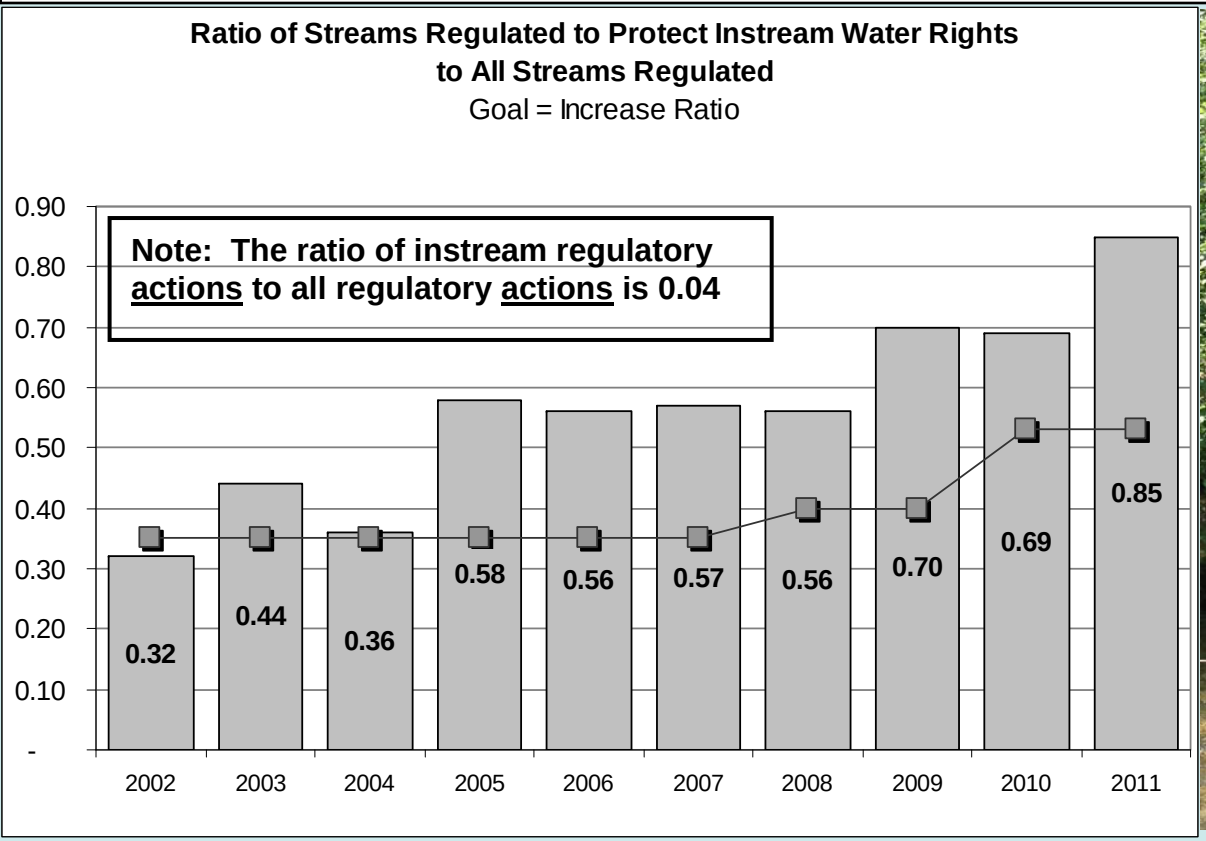


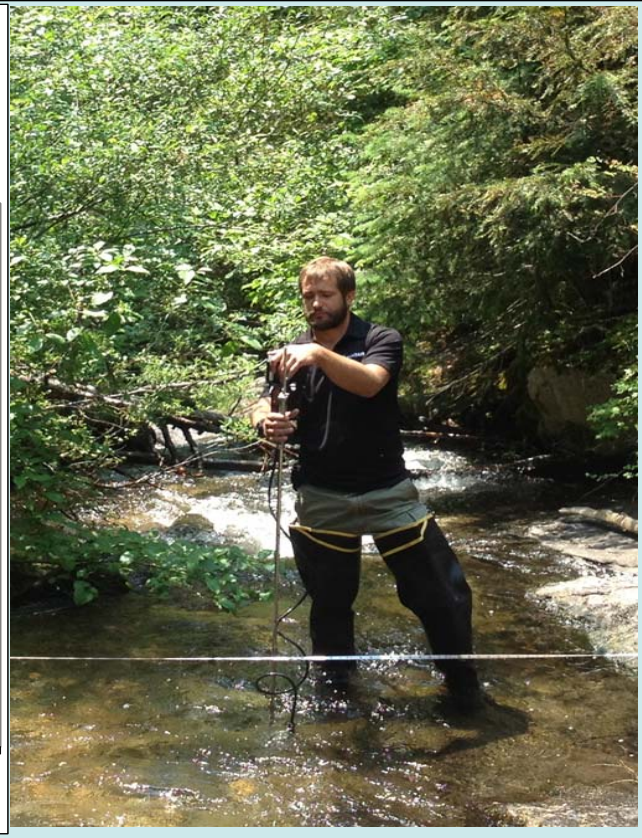
KPM 1 – FLOW RESTORATION



Oregon is a leader in streamflow restoration activities with more than 330 instream leases, instream transfers, and allocations of conserved water.

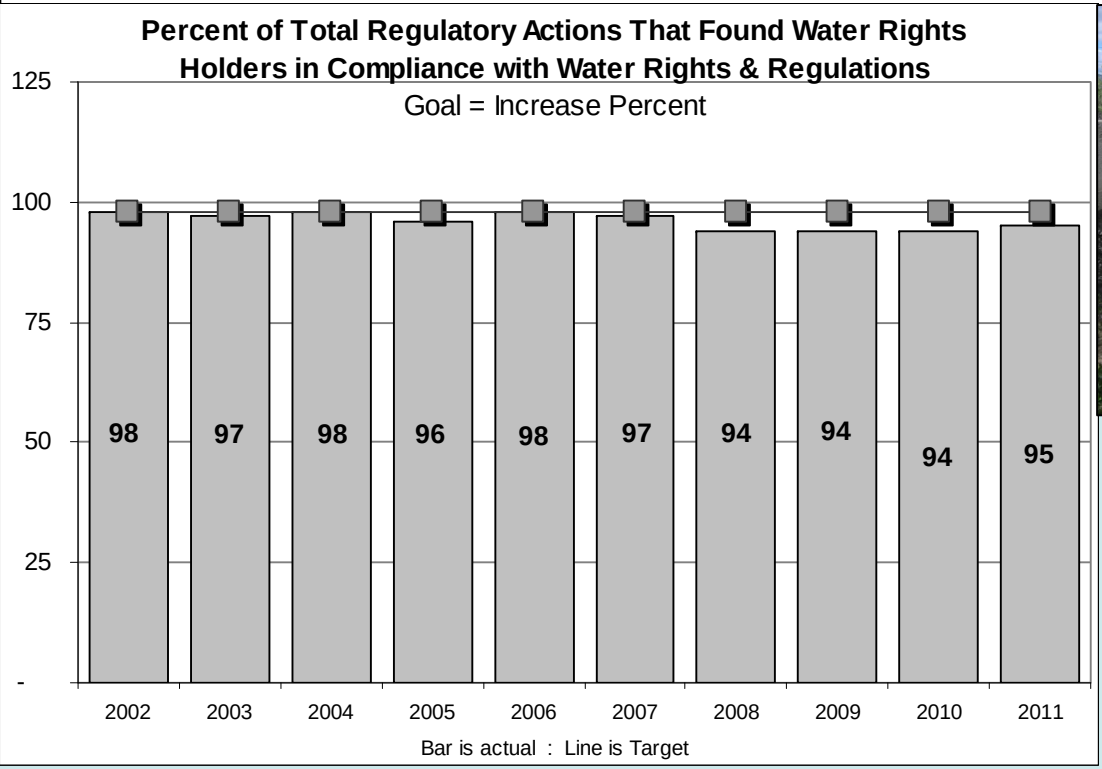
KPM 2 – PROTECTION OF INSTREAM WATER RIGHTS





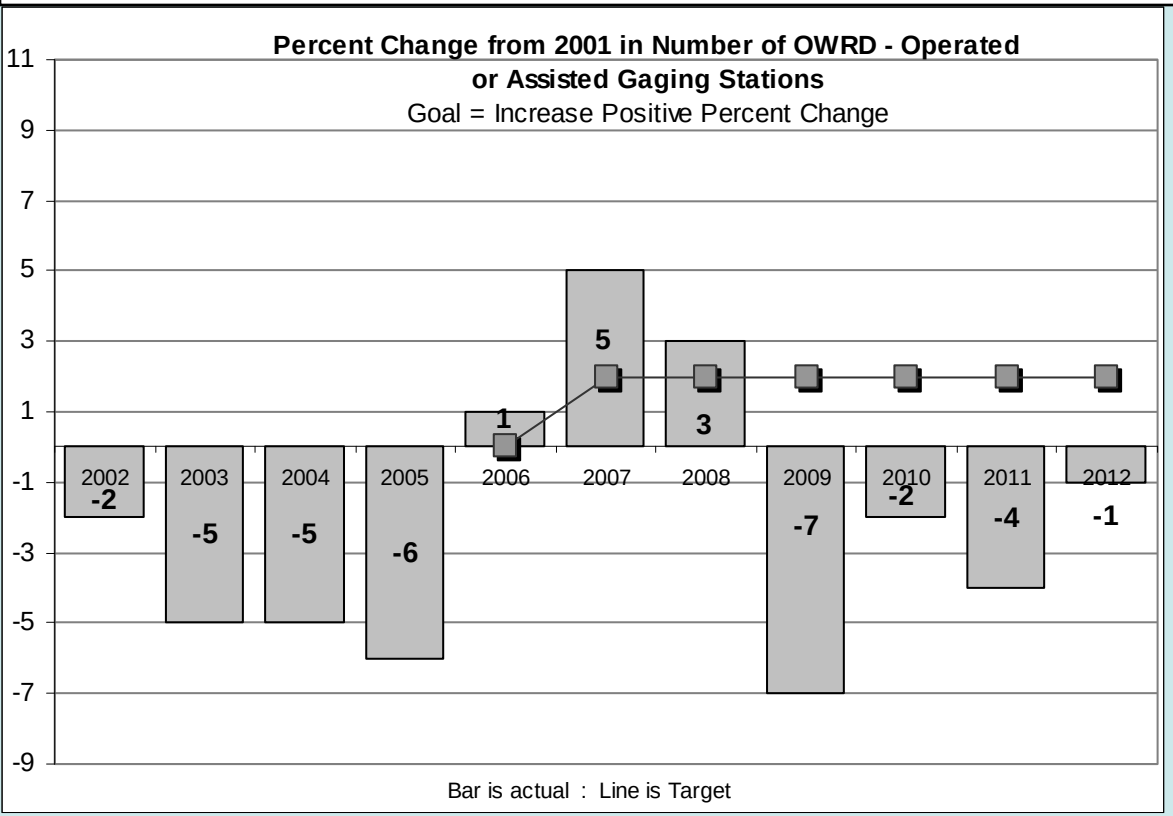
In 2011-12, more than 85 percent streams regulated included actions for the protection of instream water rights (about 4% of all regulatory actions are for instream water rights).

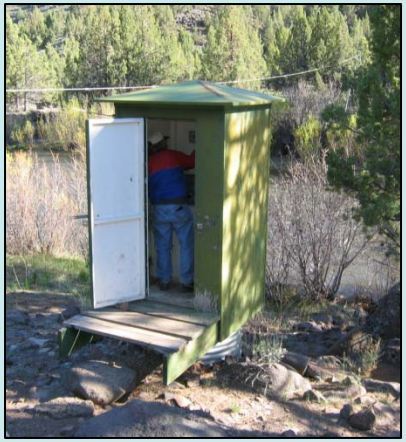
KPM 3 – MONITOR COMPLIANCE



During 2011 more than 8,137 regulatory actions were taken. Of those, 95 percent were found to be in compliance.

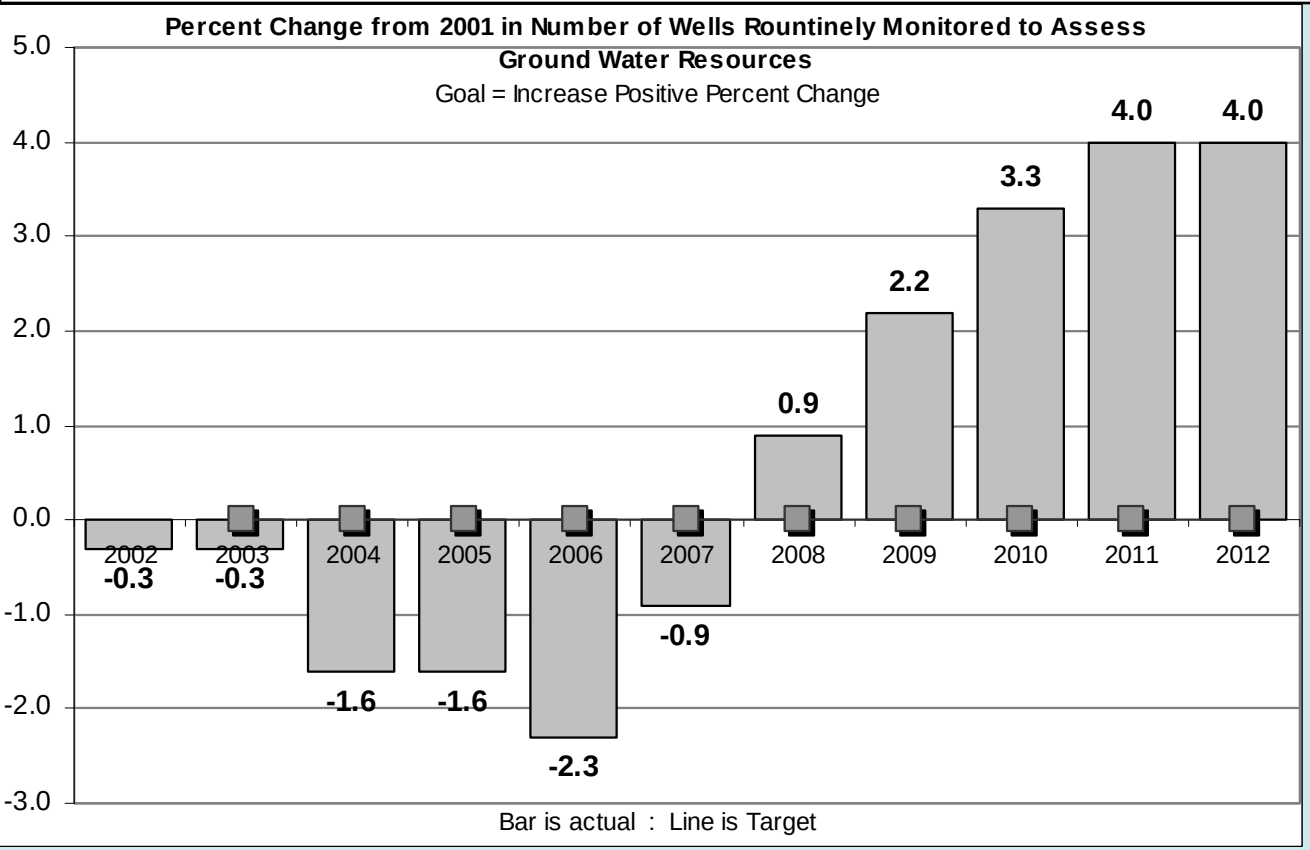
KPM 4 – STREAMFLOW GAGING





213 GAGES IN 2012 – compared to 215 in 2001

KPM 5 – GROUNDWATER MONITORING WELLS

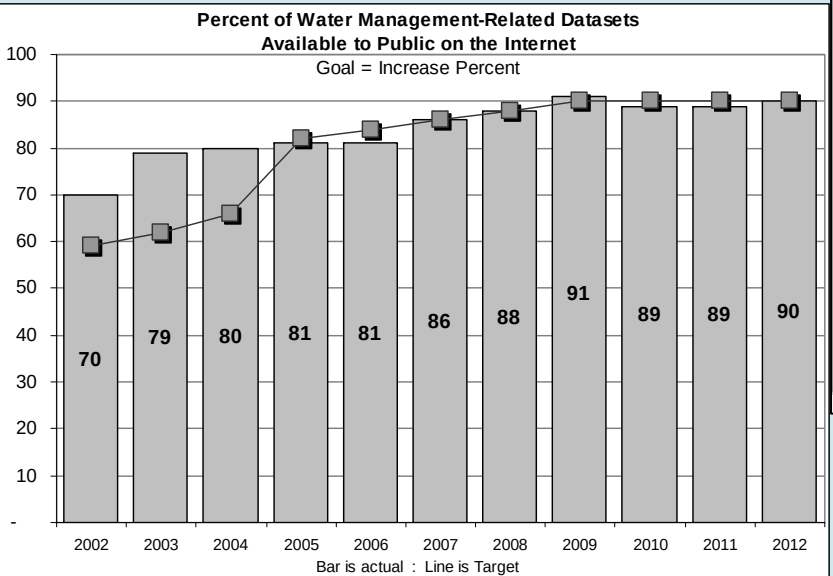


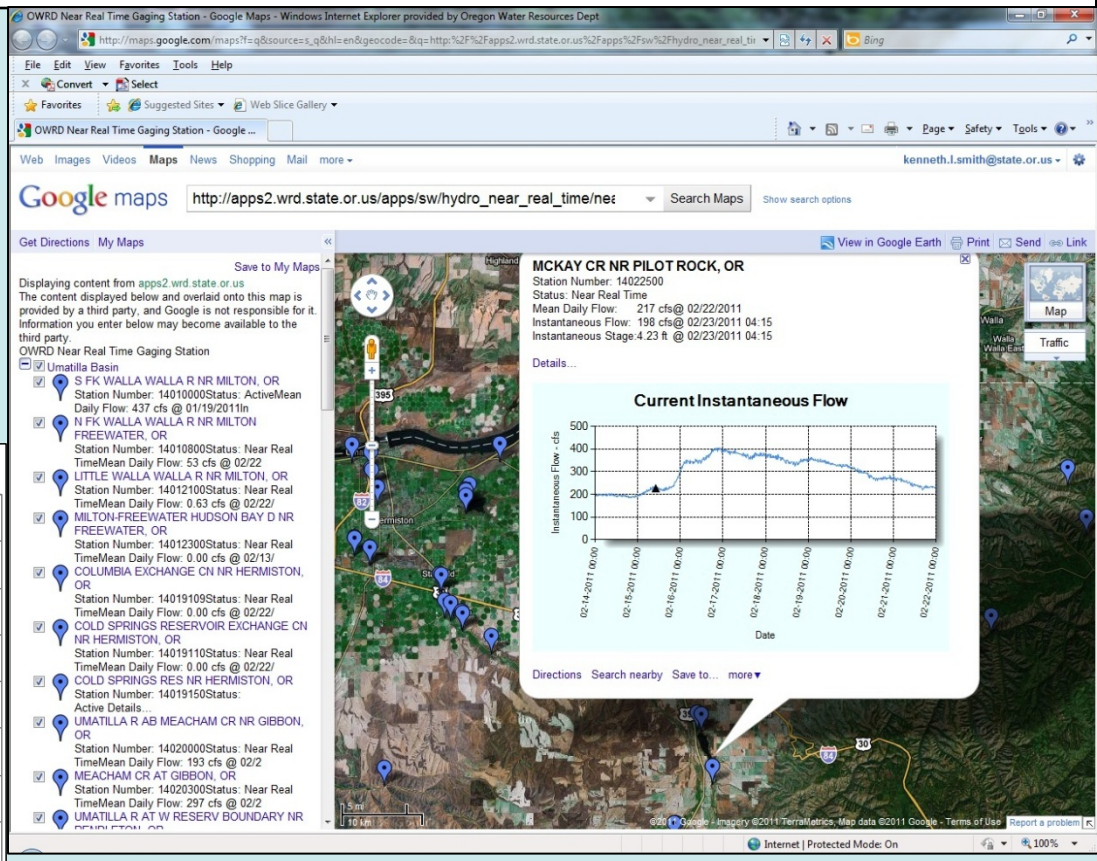
363 wells in 2012, compared to 350 wells in 2001

KPM 6 – EQUIP CITIZENS WITH DATA

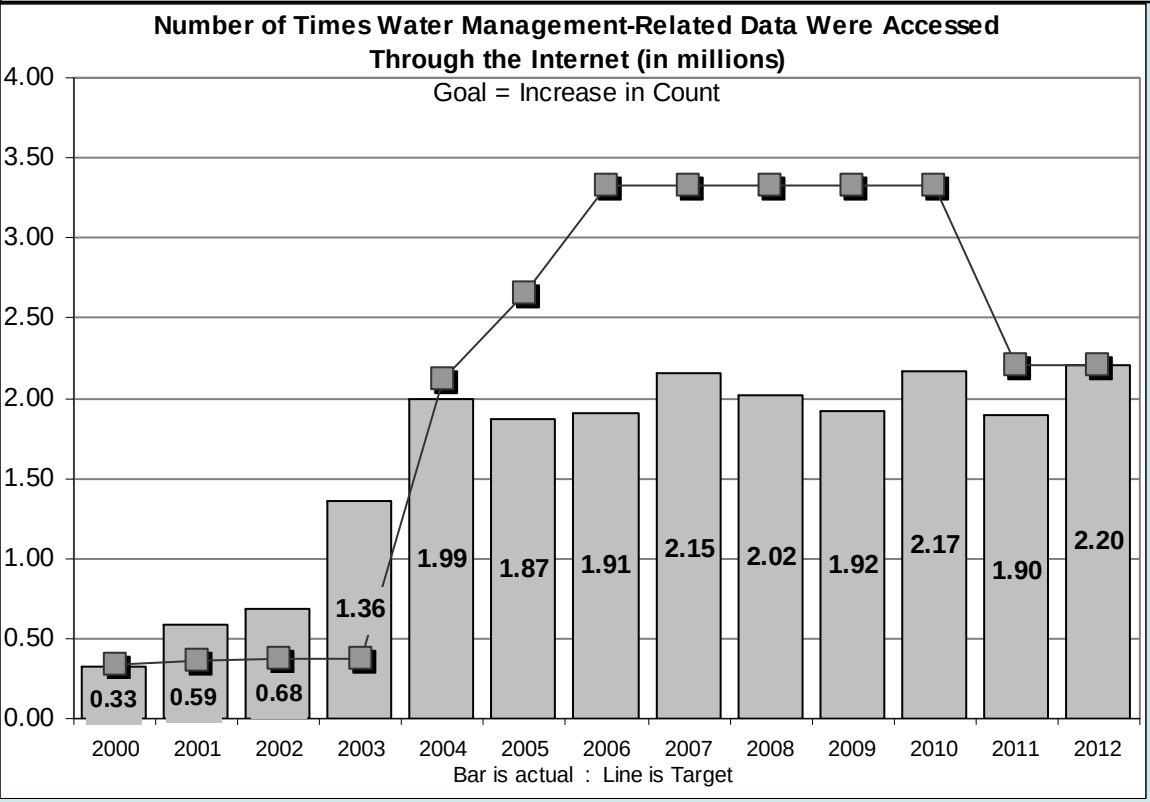
IT has placed information on-line for staff, partners, & customers

- ***interactive maps***
- ***a well log database***
- ***near real-time stream flow records***
- ***a water right database, etc.***





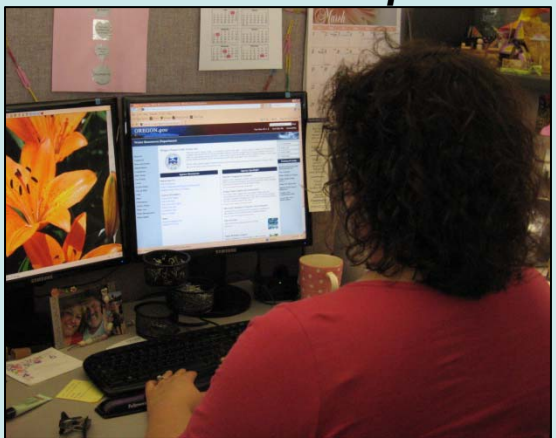
KPM 7 – EQUIP CITIZENS WITH DATA



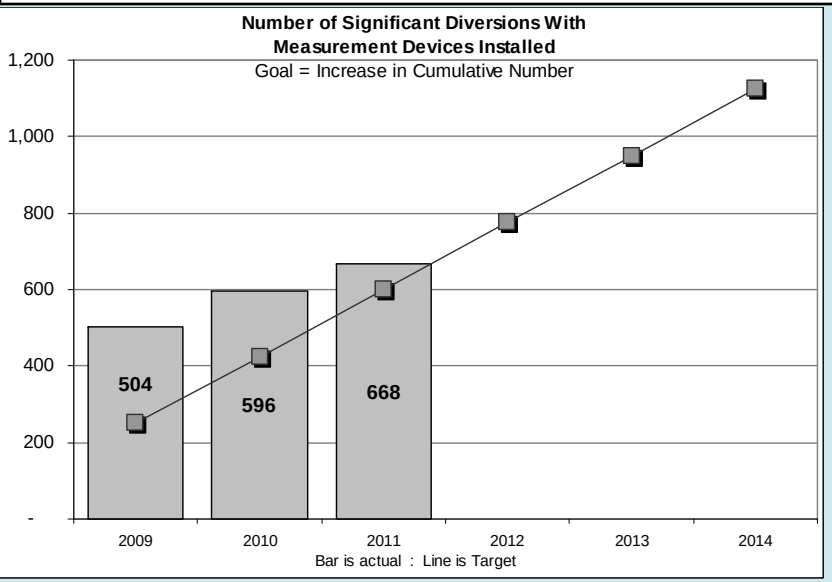
WRD's website receives an average of 2 million website "hits" a year.

Many of these are related to people making choices about:

- ***where to live,***
- ***when to recreate,***
- ***how to use their land, and***
- ***what businesses to operate.***



KPM 8 – FULLY IMPLEMENTS WRC's 2000 WATER MEASUREMENT STRATEGY



- ***WRC strategy is to "major on the majors" by having measurement devices installed on "significant diversions" in "high priority watersheds."***
- ***This is a new KPM, but no new funding.***

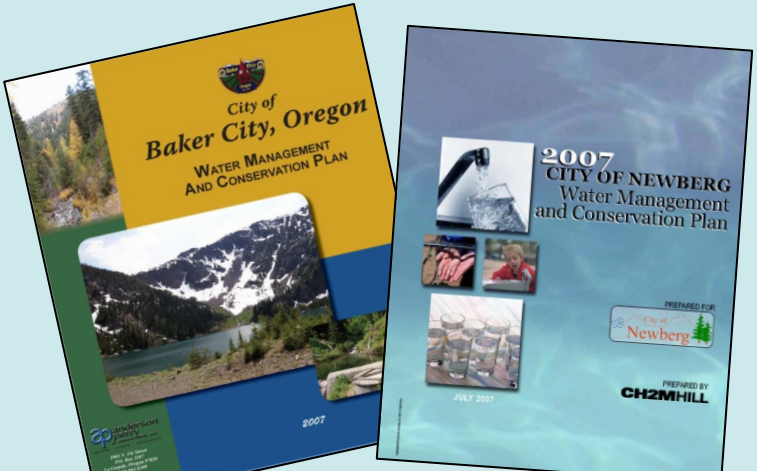
Weir

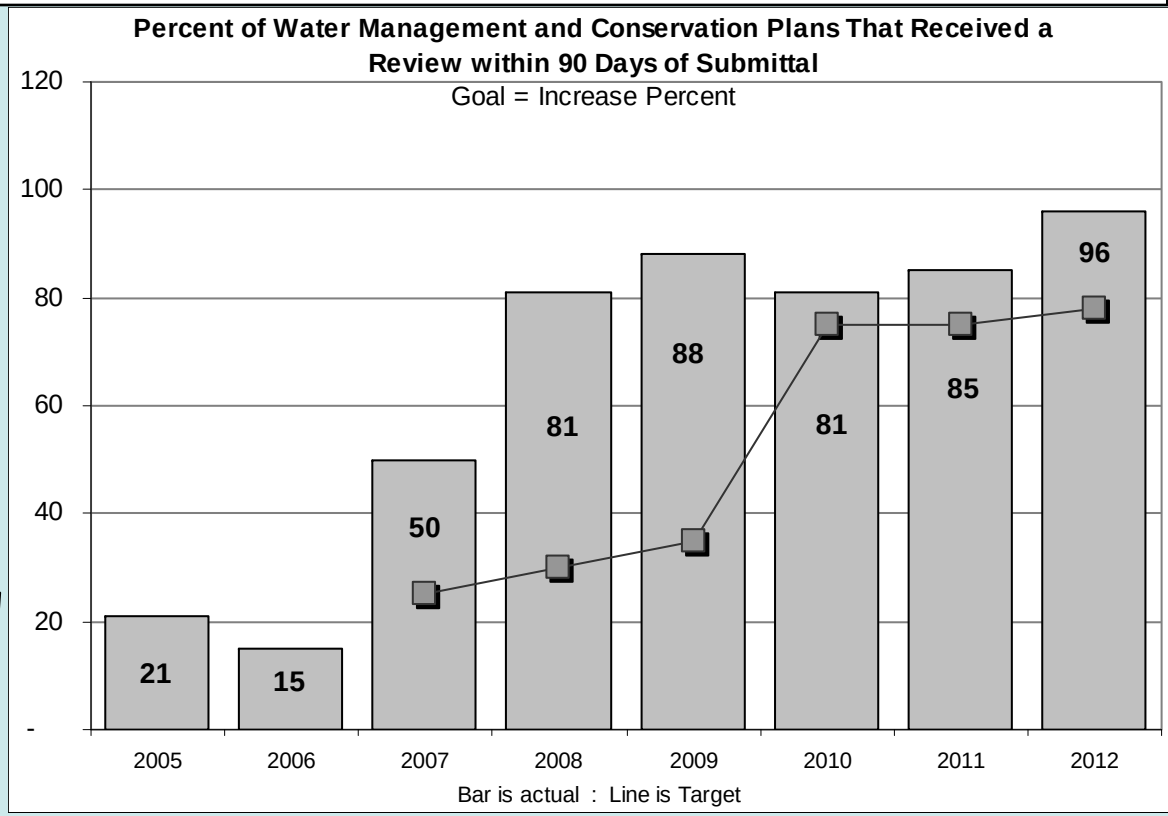
Flowmeter in transmission pipe

Ramp flume with staff gage

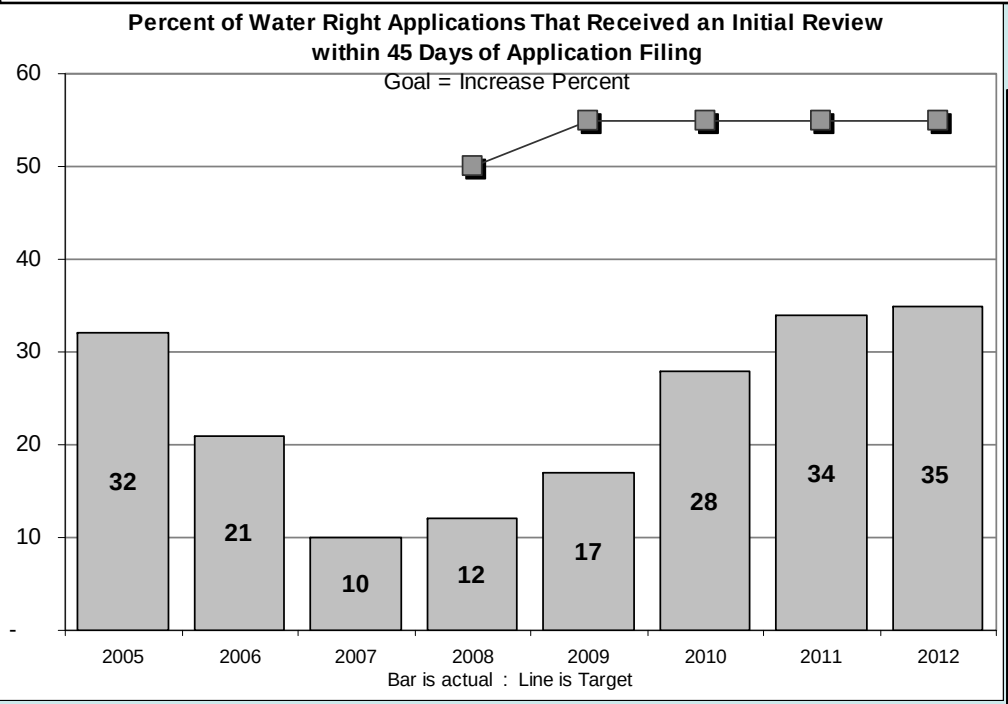
KPM 9 – EFFICIENCY IN WMCP REVIEWS

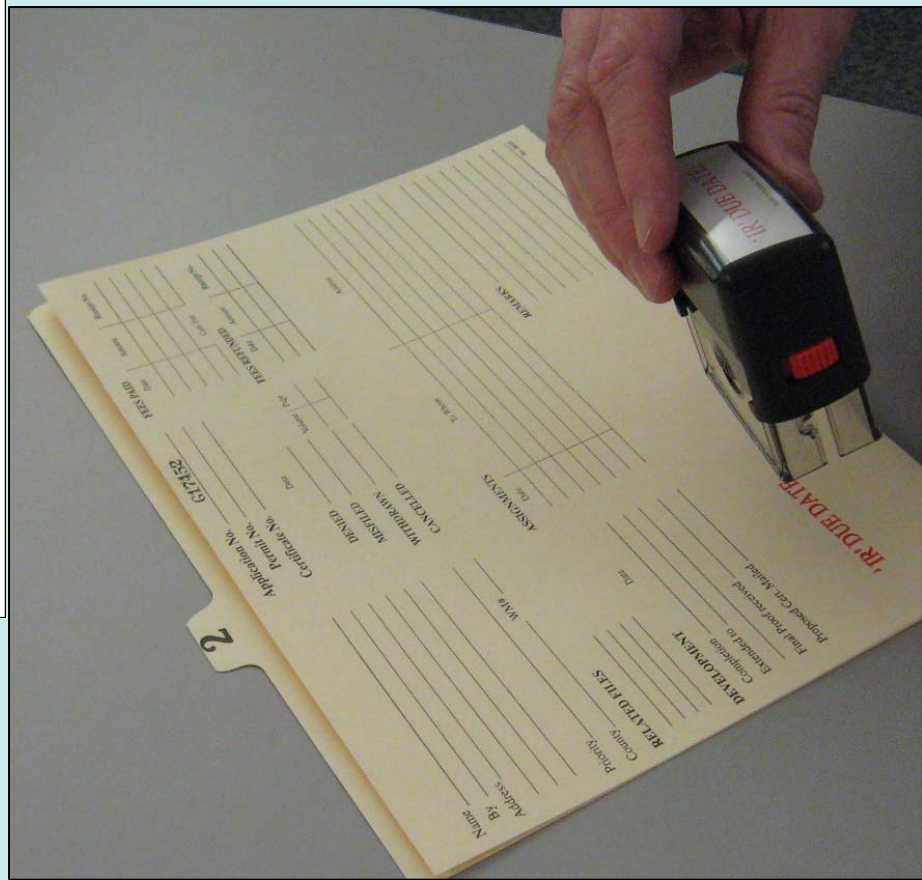
Partners have helped the Department develop a guide for agricultural and municipal water suppliers in the preparation of these plans.





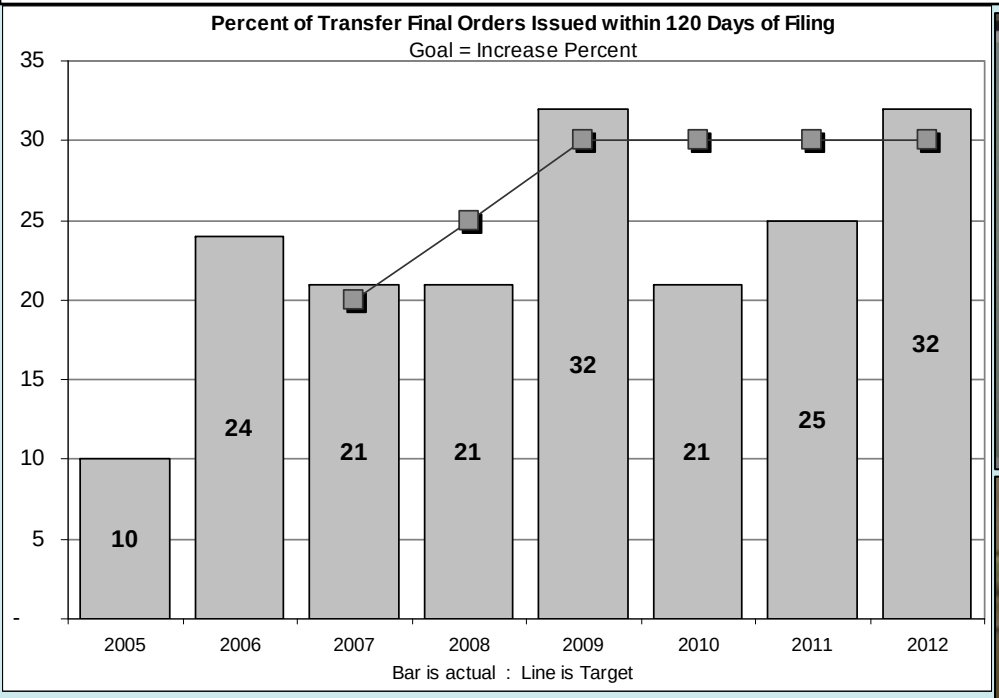
KPM 10 – EFFICIENCY IN WATER RIGHT APPLICATION PROCESSING





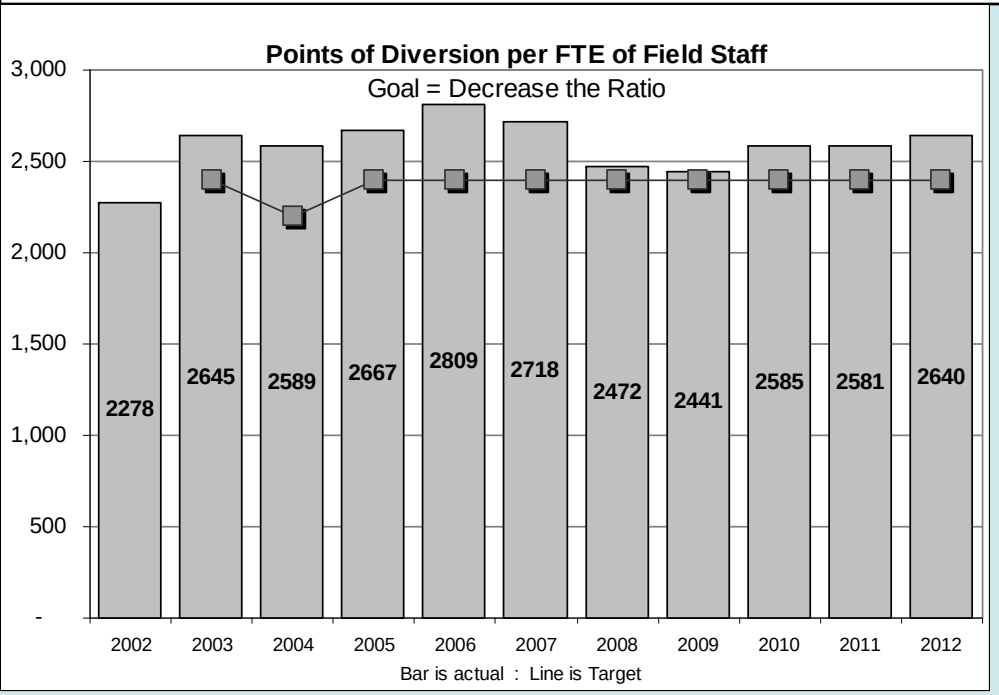
The Department has decreased its groundwater application backlog from 130 in 2008 to less than 20 today.

KPM 11 – EFFICIENCY IN TRANSFER APPLICATION PROCESSING



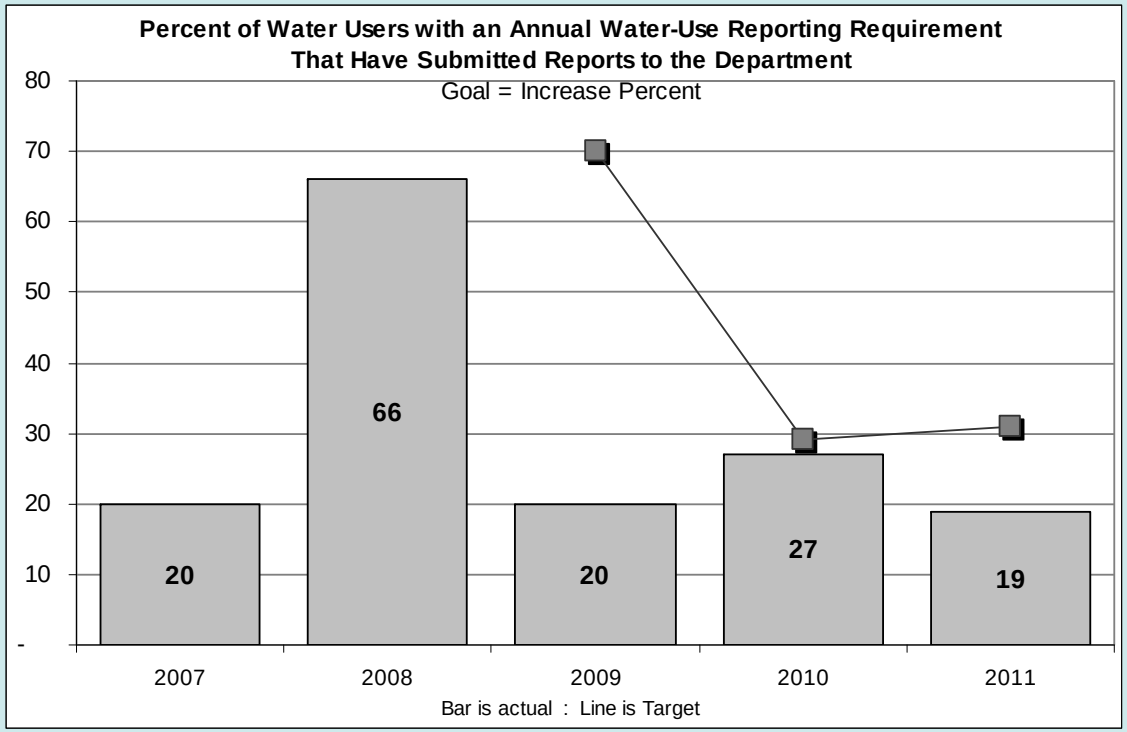
The Department has decreased its transfer backlog by almost 70 percent since 2004, from 760 to less than 230 applications.

KPM 12 – EFFICIENCY IN FIELD REGULATORY ACTIVITIES



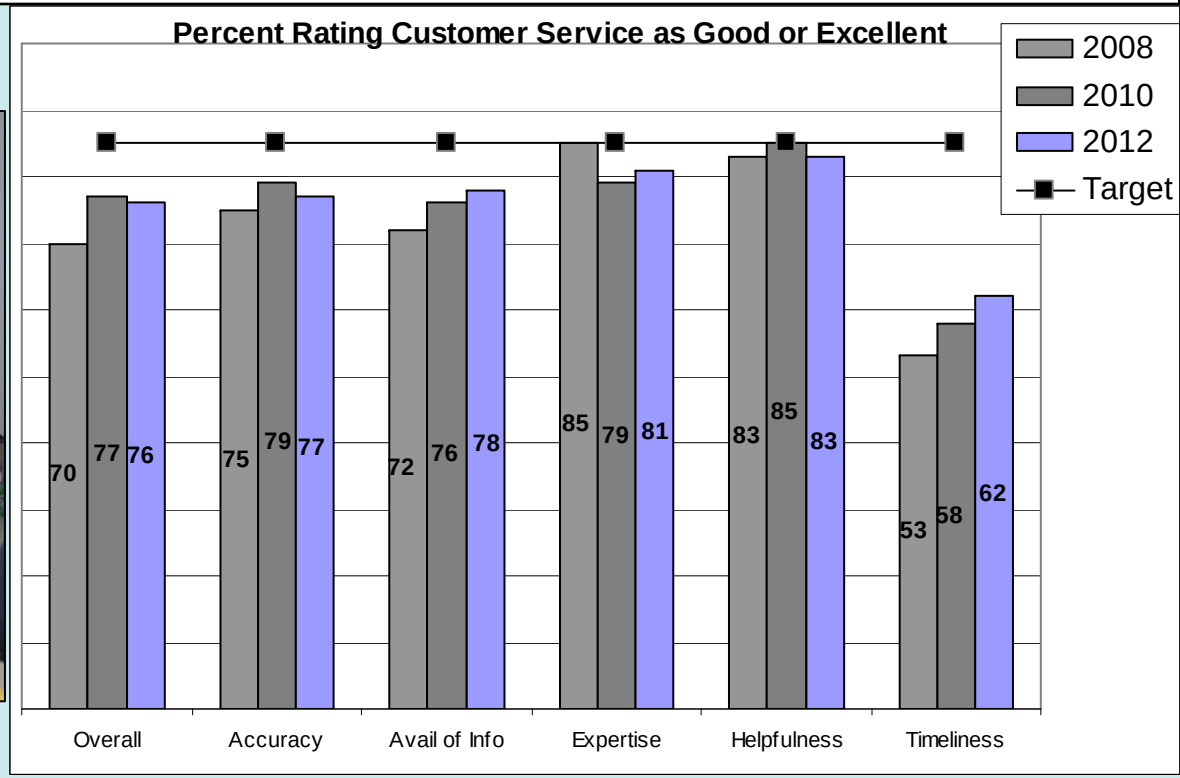
If each surface water point of diversion were to be checked monthly, it would require that field staff visit more than 130 diversions <u>each day</u>.

KPM 13 – WATER USE REPORTING



New KPM; lone position for this work cut in 2009-11.

KPM 14 – CUSTOMER SERVICE SATISFACTION



Biennial Customer Satisfaction Survey – shows improvements in: Available Information, Expertise and Timeliness

OVERVIEW

Department Role:

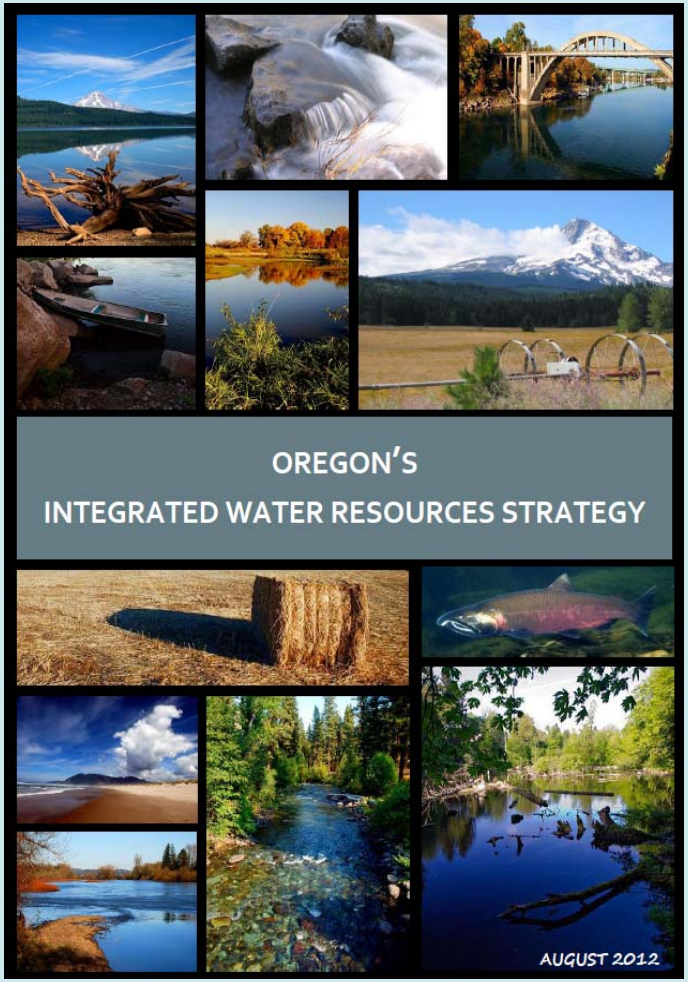
- Oregon Water Resources Department is Oregon's water quantity agency
- Founded in 1905, prior to the adoption of the Oregon Water Code
- Oregon's Water Code (adopted in 1909): the purpose was to create a rational system of water allocation & distribution
- Prior to the Water Code, rule of capture led to many unseemly conflicts between users… rumored that Oregon's first two watermasters were named "Smith and Wesson"
- Today water is managed rationally through a system of state permitted water rights for surface and groundwater
- There is no federal counterpart to the Oregon Water Resources Department

LONG TERM PLANNING

HB 3369 – passed during the 2009 Legislative Session directed the Department to develop a state-wide Integrated Water Resources Strategy.

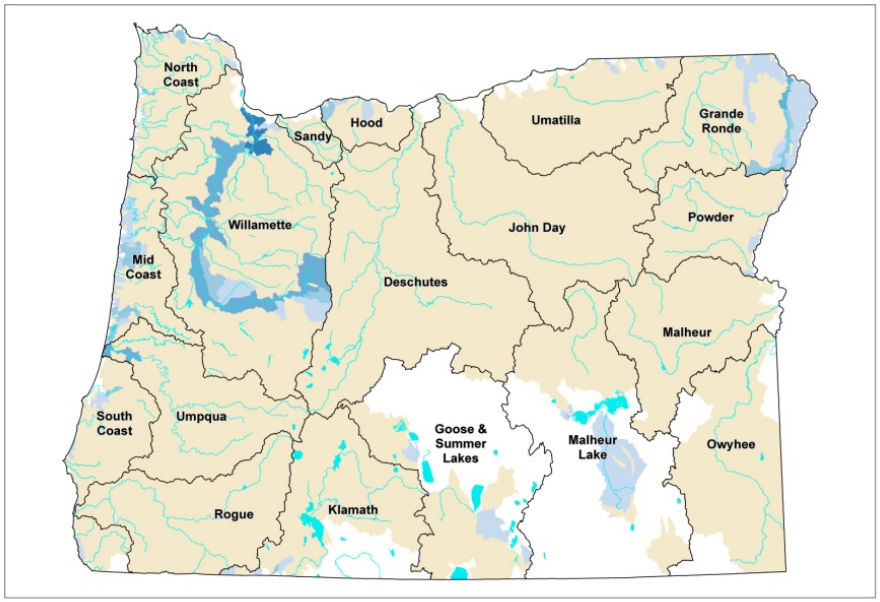
The IWRS provides a blueprint to help the state better understand and meet its instream and out-of-stream needs – in the areas of water quantity, water quality, and ecosystem needs.

Endorsed by the state's boards and commissions, the Strategy was adopted on August 2, 2012 by the Water Resources Commission.



SATISFYING DEMANDS IN A LARGELY APPROPRIATED SYSTEM

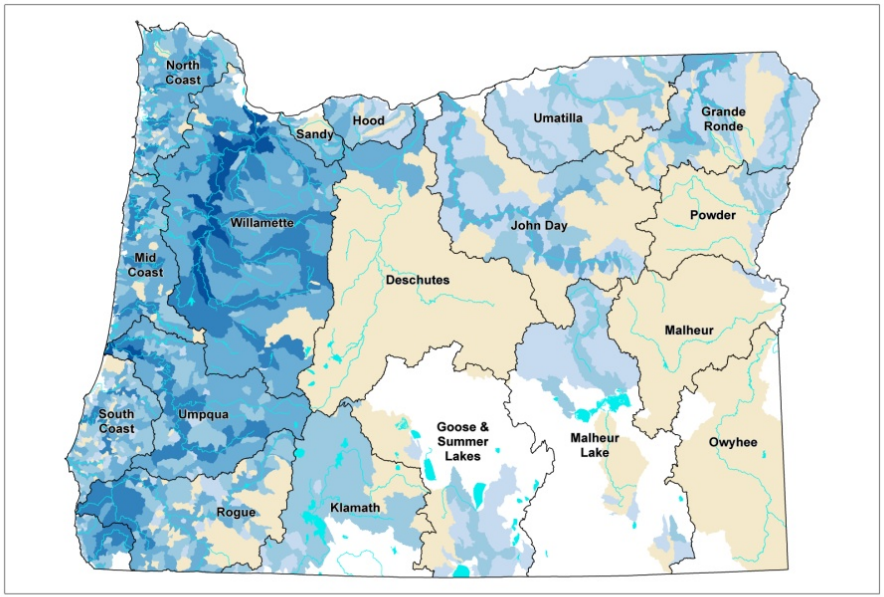
The August Map -- where water is available for live flow allocation (most of the state color coded brown, meaning no water is available).



AUGUST AVAILABLE STREAMFLOW
Calculated at 80% Exceedance

Surface Water Bodies: Lakes, Streams
Administrative Boundaries: OWRD Basins
Available Streamflow (CFS): No Data, No Water Available, 0.1 - 10, 10.1 - 100, 100.1 - 1000, 1000.1 - 10000, >10000

The January Map -- where water is available for storage during high winter flows. (blue areas represent where water is available for allocation.



JANUARY AVAILABLE STREAMFLOW
Calculated at 50% Exceedance

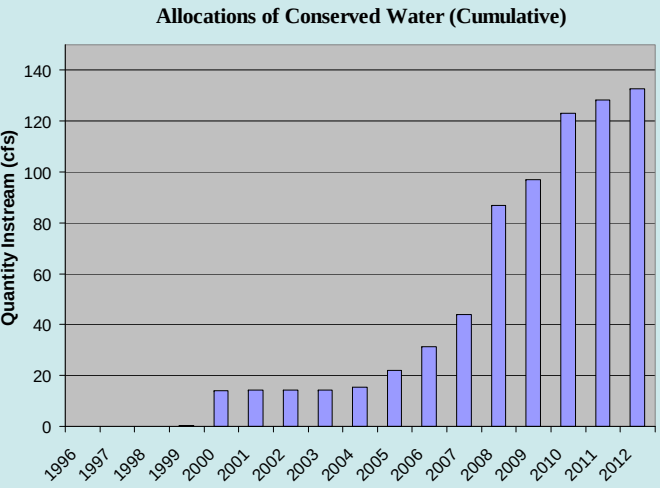
Surface Water Bodies: Lakes, Streams
Administrative Boundaries: OWRD Basins
Available Streamflow (CFS): No Data, No Water Available, 0.1 - 10, 10.1 - 100, 100.1 - 1000, 1000.1 - 10000, >10000

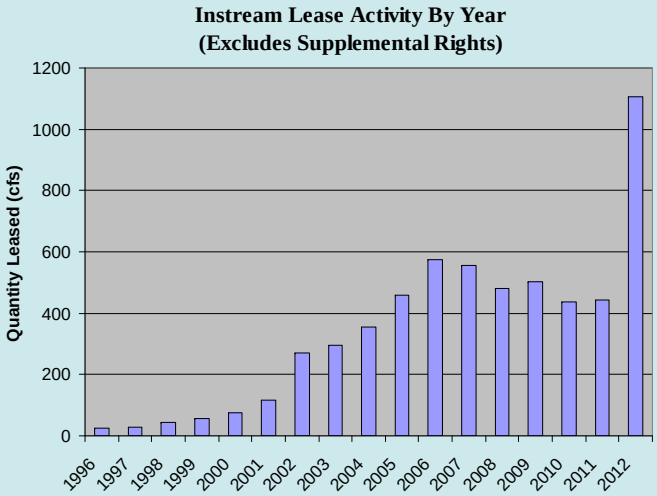
SATISFYING DEMANDS IN A LARGELY APPROPRIATED SYSTEM

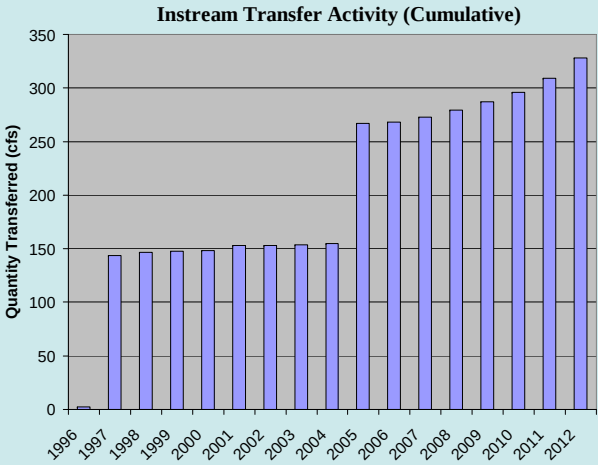
Oregon is a national leader in flow restoration, with more than 330 current instream leases, instream transfers and allocations of conserved water.

During 2012 54 percent of instream leases came through partnerships with The Freshwater Trust, Deschutes River Conservancy, and Klamath Basin Rangeland Trust.

The Department has completed 98 permanent long-term instream transfers, representing more than 320 cfs.





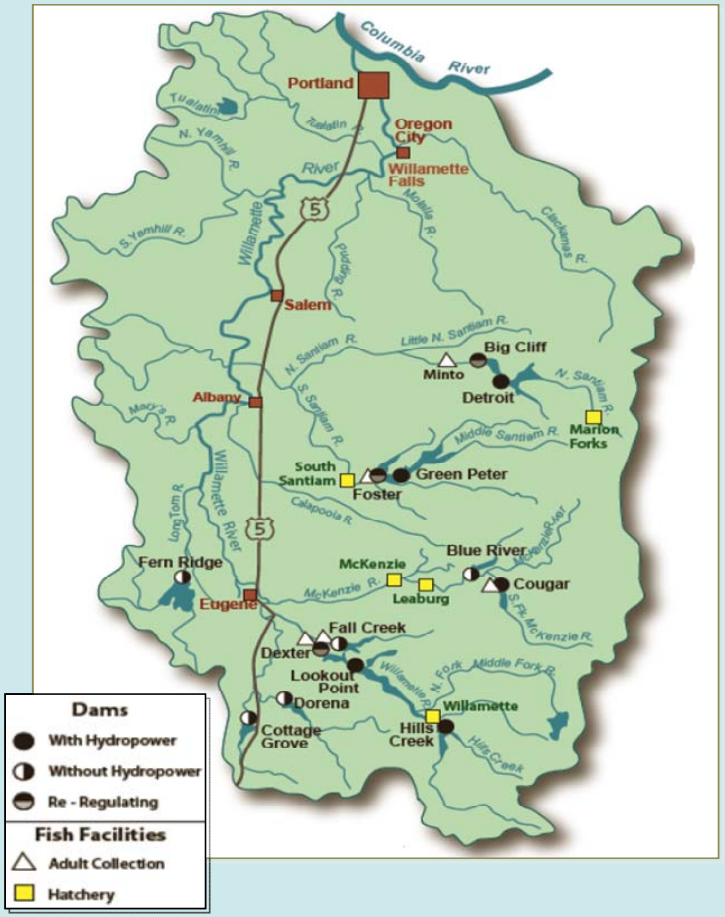


THE WILLAMETTE BASIN RESERVOIR SYSTEM

The U.S. Army Corps of Engineers operates 13 dams in the reservoirs located on the Willamette River and its tributaries (see accompanying map).

There is approximately 1.6 million acre-feet of stored water available for contracts from the Willamette Basin reservoirs.

The Department, Federal agencies, and stakeholders are working together on a re-allocation study for this water.



The Umatilla Basin Aquifer Recovery Project

-Effective water treatment and storage technology.

-Recipient of $3.25M in state grants since 2008

-Expanding to commercial scale

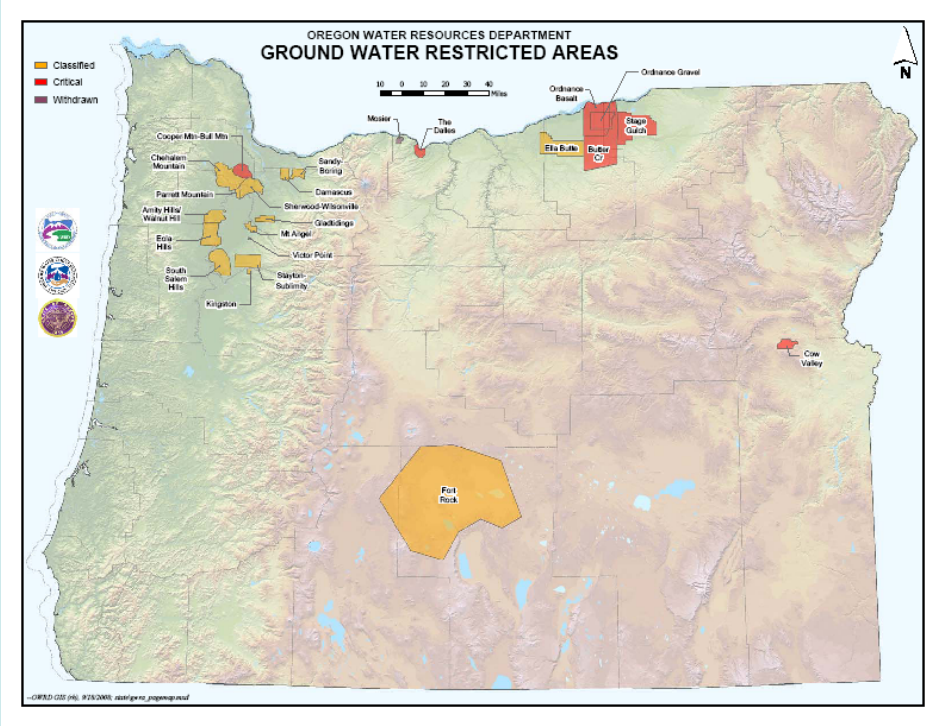
GROUNDWATER CHALLENGES

Oregon has become increasingly reliant on groundwater resources, resulting in the depletion of groundwater levels.

The Columbia River Basalt is the Department's foremost "aquifer of concern" for long-term supplies, extending from Eastern Oregon through the Dalles and south into the Willamette Valley.

- Groundwater classified (or limited) areas (of 14 in Oregon, 12 are in the Willamette Valley)
- Critical areas (7)
- Withdrawn areas (2)

(See areas in yellow)

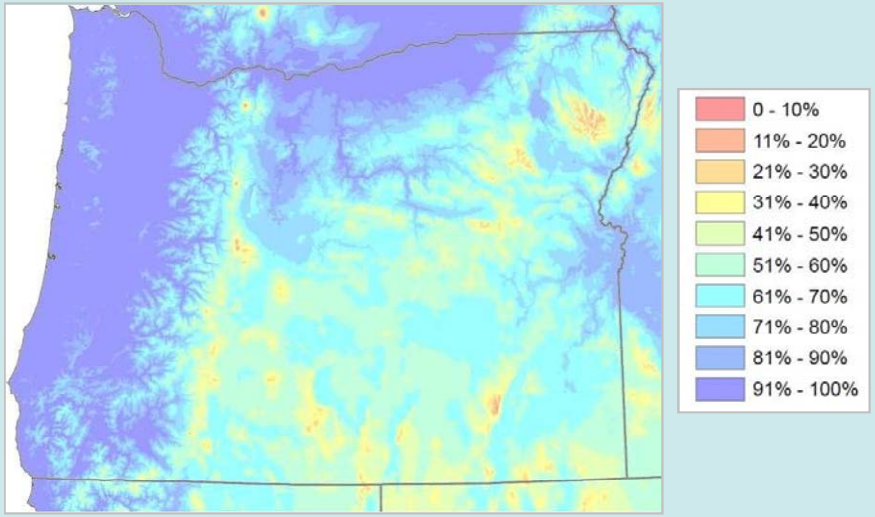


CLIMATE CHANGE PROJECTIONS – DECLINING SPRINGTIME SNOWPACK

Precipitation arriving as rain instead of snow could pose several challenges:
-flashier flood-prone systems,
-decreased summertime run-off to surface water
-reduced recharge to groundwater aquifers.

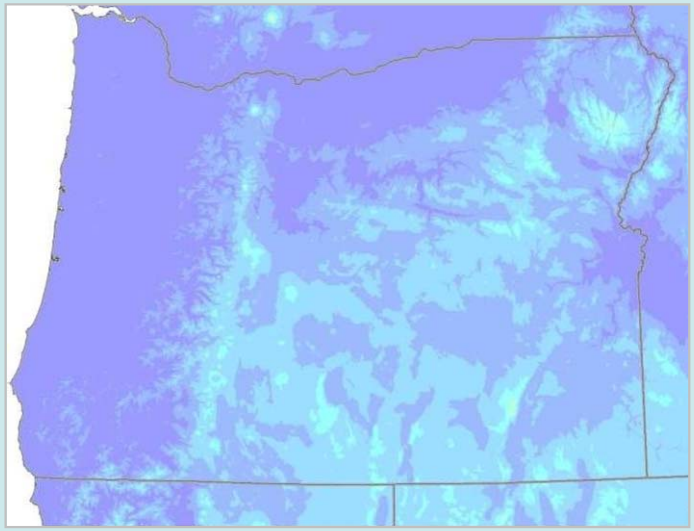
Water users who are dependent on snowpack for summertime water could see significant decreases in water when they need it most.

Current Precipitation Conditions



Red, yellow, and orange hues represent areas where a large percentage of precipitation falls as snow.

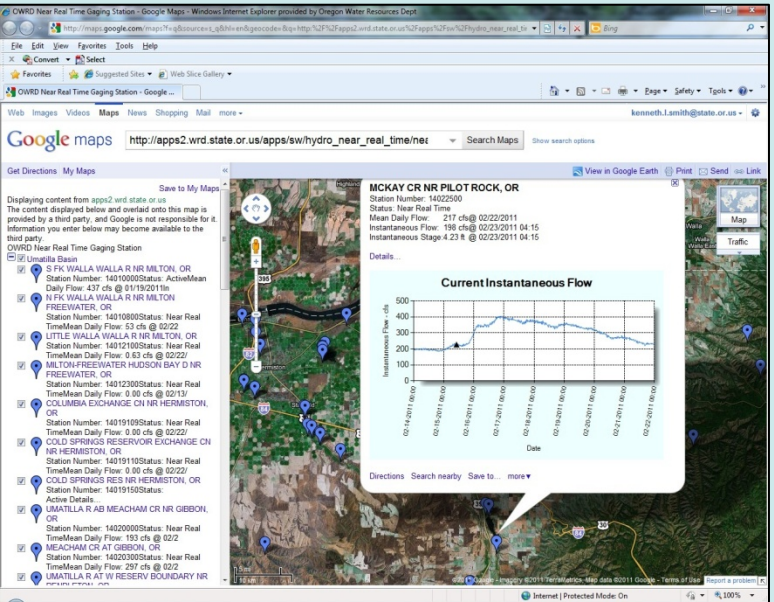
Future Scenario (3.0°C Temp Increase)

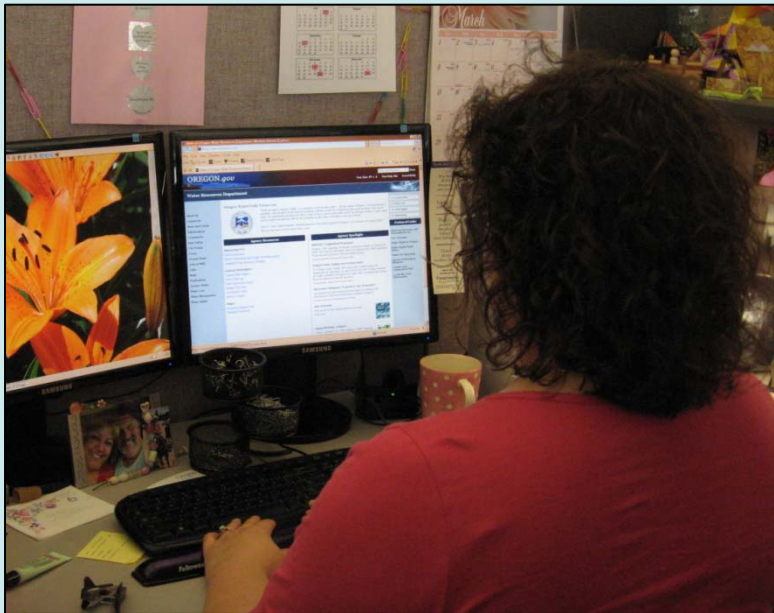


Snow-dominant areas largely disappear with a rise in air temperature.

INFORMATION TECHNOLOGY NEEDS

- Improvements include automated mapping & transactions for staff and the public at large.
- The Department website experiences more than two million hits per year.
- The online “Web Mapping Tool” allows customers to create their own maps using Dept. data.
- A new web page has real-time and historic streamflow and lake level data for Oregon.
- But recent reductions in I.T. staff mean that online resources are not as complete or as timely as they should be.





KLAMATH ADJUDICATION

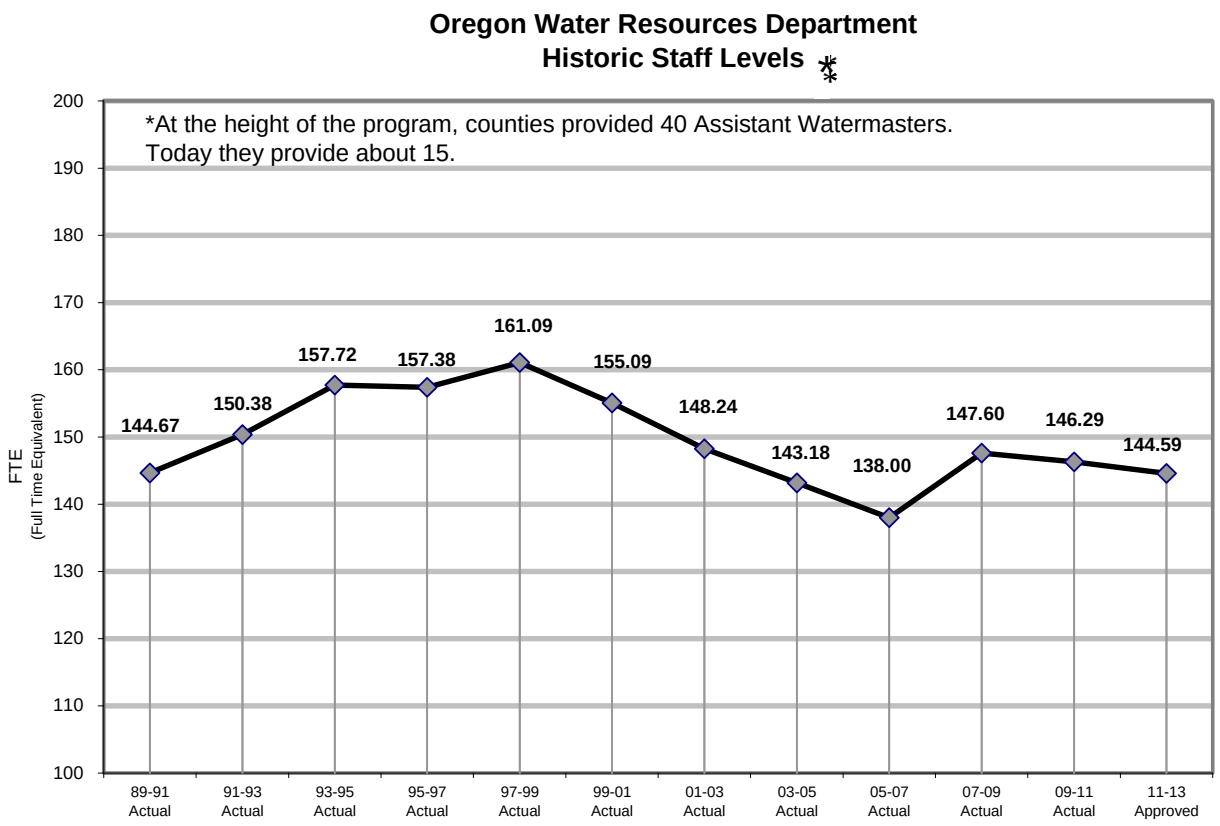
Completed the Administrative Phase
March 7, 2013

- 730 Claims
- 5,660 Contests
- 38 Years
- Delivered Findings of Fact and Final Order of Determination to Klamath County Circuit Court
- Now able to manage water in the Klamath according to Oregon Water Law

FEASIBILITY STUDIES

- Feasibility Studies help determine the environmental, engineering, economic and social implications of water projects.
- This stage of project development is difficult to fund.
- Since 2008, the Department has awarded 35 grants, worth $2.55 million for feasibility studies.
- Projects include 16 storage, 16 water conservation, and 11 water re-use studies.

WORKLOAD & RESOURCES



BUDGET NOTE

Evaluating the Adequacy & Equity of the New Fees:

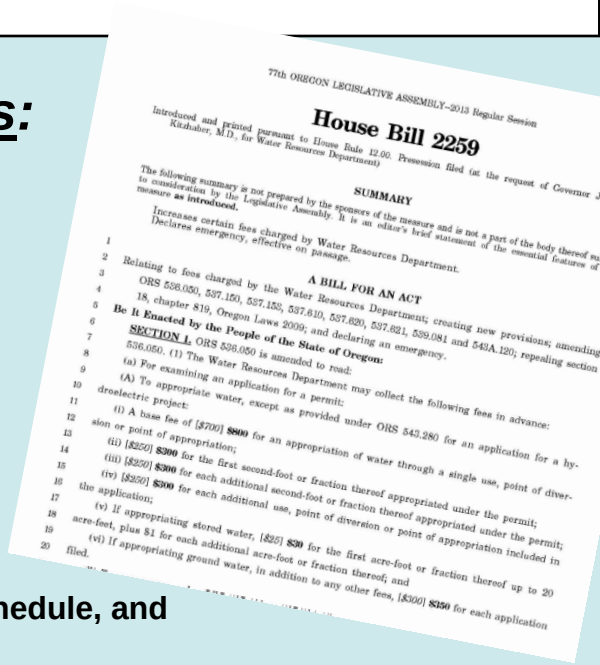
- Assigned in 2009
- Stakeholder discussions in 2012 to evaluate equity
- Adjusted some fees downward in response
- Outcome – HB 2259 (2013)

- **HB 2259**

  1) **Remove the sunset on OWRD's fee schedule**

  2) **Adjust additional fees, to bring consistency to the overall fee schedule, and**

  3) **Account for the increased cost of doing business;**
     these increased costs, set each biennium by the Oregon Department of Administrative Services, will be approximately 13 percent higher during 2013-15.



77th OREGON LEGISLATIVE ASSEMBLY–2013 Regular Session

House Bill 2259

Introduced and printed pursuant to House Rule 12.00. Presession filed (at the request of Governor J
Kitzhaber, M.D., for Water Resources Department)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof su
to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of
measure **as introduced.**

Increases certain fees charged by Water Resources Department.
Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to fees charged by the Water Resources Department; creating new provisions; amending
ORS 536.050, 537.150, 537.153, 537.610, 537.620, 537.621, 539.081 and 543A.120; repealing section
18, chapter 819, Oregon Laws 2009; and declaring an emergency.

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

SECTION 1. ORS 536.050 is amended to read:

536.050. (1) The Water Resources Department may collect the following fees in advance:

(a) For examining an application for a permit:

(A) To appropriate water, except as provided under ORS 543.280 for an application for a hydroelectric project:

(i) A base fee of [$700] **$800** for an appropriation of water through a single use, point of diversion or point of appropriation;

(ii) [$350] **$300** for the first second-foot or fraction thereof appropriated under the permit;

(iii) [$350] **$300** for each additional second-foot or fraction thereof appropriated under the permit;

(iv) [$350] **$300** for each additional use, point of diversion or point of appropriation included in the application;

(v) If appropriating stored water, [$25] **$30** for the first acre-foot or fraction thereof up to 20 acre-feet, plus $1 for each additional acre-foot or fraction thereof; and

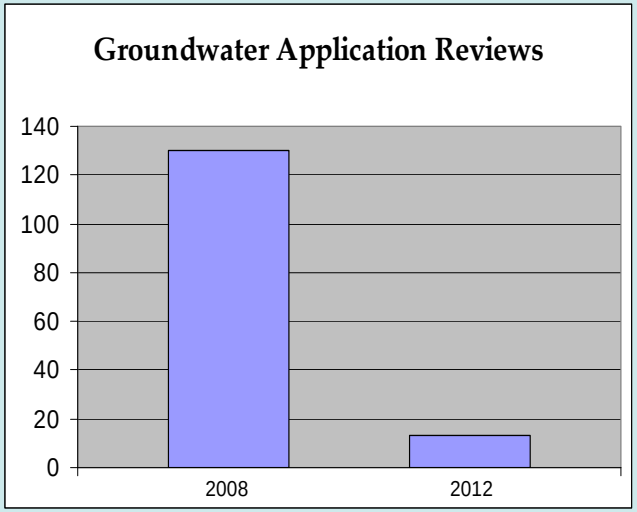
(vi) If appropriating ground water, in addition to any other fees, [$300] **$350** for each application filed.

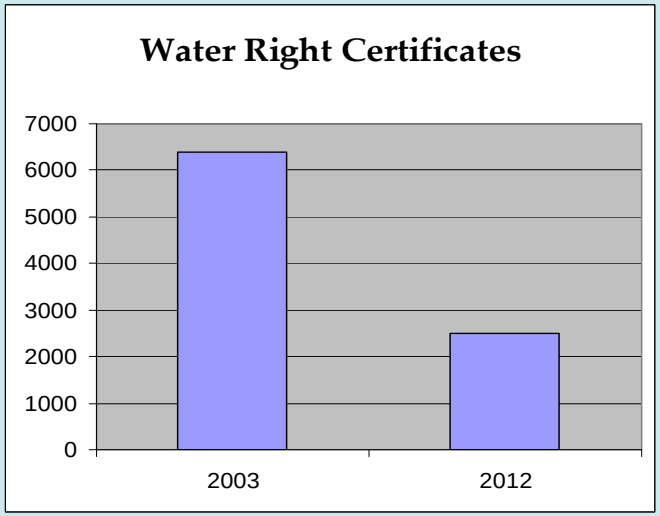
MAKING SIGNIFICANT PROGRESS REDUCING BACKLOGS

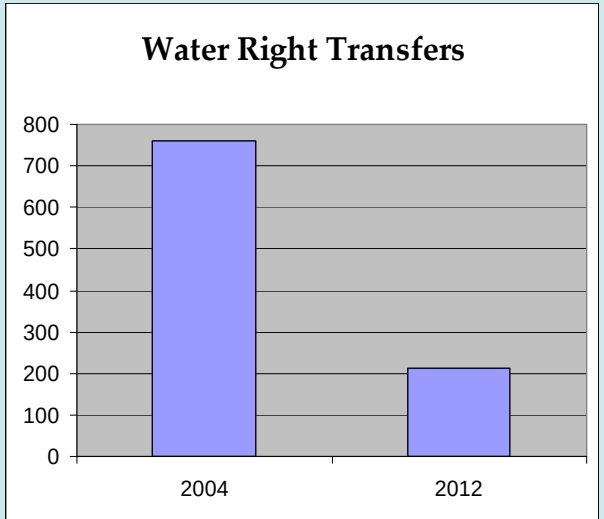
The Department reviews applications for groundwater availability, injury to existing water rights, and interference with surface water resources.

Securing a water right certificate is the final step in "perfecting" a water right. By 2003 an extensive backlog had developed of over 6,400 certificates. A Lean-Kaizen effort in 2009 has reduced the number to about 2,500 in 2012.

After receiving a water right certificate, water rights holders can then use "water right transfers" to make changes. The backlog for this process in 2004 was at 760 applications, by 2012 it had dropped to 212.







LEAN-KAIZEN 2009-2013

Goal: **reduce the number of steps to process water rights, certificates & transfers.**
Results: **better customer service, with paperwork and processes that are less complicated for the public and staff alike.**

The Department continues to use this process improvement technique on other processes within the Water Right Services Division.

EFFICIENCY REVIEW GROUP 2009

Goal: **Convene outside experts, who are very familiar with Department processes and transactions programs, to improve process efficiency.**

Results: **Recommended statutory, rule and administrative changes, including removal of requirements for "hard copy" communications; reduced requirements for newspaper notice, etc.**

This group has committed to help the Department build support for changes that may result from their work.

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Governor's Recommended Budget:***

	2011-13 Legislatively Adopted Budget	2013-15 Governor's Balanced Budget
General Fund	$ 20,614,684	$ 25,109,984
Other Funds, including fees	10,403,841	13,146,316
Other Funds (grants and loans)	18,758,324	24,816,940
Lottery Fund (Debt Service)	706,751	1,623,026
Federal Funds	1,195,479	1,275,645
Total Funds	$ 51,679, 079	$ 65,971,911
Full-Time Equivalent (FTE)	144.59	159.42

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 101 – Reinstate Water-Use Reporting Program (1 FTE; $175K in General Fund)
Related to Integrated Water Resources Strategy Recommended Action #2b

- Re-instates position removed in 2009.
- Helps water users—public entities and those with permit conditions—who are still required to report their water use.
- Measuring and reporting the amount of surface water and groundwater diverted for beneficial use helps the state understand & characterize Oregon's water resources.

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 102 – Instream Protections (2 FTE; $367K in General Fund)
Related to Integrated Water Resources Strategy
Recommended Action #3a, #11b

- The 2 FTE at the Department are for hydrologists.
- Partner with Oregon Department of Fish & Wildlife to determine and protect additional instream flows to support instream needs.

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 103 – Re-Capitalize the Measurement Cost Share Fund ($40K in General Fund)
Related to Integrated Water Resources Strategy Recommended Action #2b

- Continue implementation of the Water Resources Commission's "2000 Measurement Strategy."
- This requires measurement devices on significant point of diversion in high priority watersheds.
- The cost to install measurement devices can be significant.
- Cost Share dollars are critical to the success of the program.

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 108 – Water Right Management Fee (7FTE for implementation; $1,996K in Fees)
Related to Integrated Water Resources Strategy Recommended Action #13b

- Purpose: to help support core field and scientific functions that need improvement and investment.
- Senate Bill 217 would provide the authorization.
- Annual Fee on each water right of record (permits, certificates, decrees and groundwater registrations).
- $2,500 cap for municipalities; $1,000 cap for all other water right holders.
- Revenues in first biennium dedicated to building the program (IT, billing, etc.)
- Revenue in subsequent biennia estimated at $10M-$12M.

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 201 – Implement Oregon's Integrated Water Resources Strategy
(1FTE; $209K in General Fund)
Related to Integrated Water Resources Strategy Recommended Action #13a

- Implement & coordinate Oregon's 2012-17 Integrated Water Resources Strategy
- Negotiate with federal partners for stored water
- Assist communities with water resource planning at the local level

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 202 – Conduct Basin Groundwater Investigations (250K in General Fund)
Related to Integrated Water Resources Strategy Recommended Action #1a

- Understanding the relationship between surface water and groundwater is critical
- Determining location and characteristics of groundwater is necessary for economic development and streamflow protection
- Cost-share with the U.S. Geological Survey
- Previous budget for this item has been up to $1.2 million

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 203 – Build Field Services Capacity (1.83 FTE; $342K in General Fund)

Related to Integrated Water Resources Strategy Recommended Action #2c,10

- Provides a Watermaster for Wallowa County – currently there is not one
- Provides an Assistant Watermaster in Klamath County to help implement the Klamath Adjudication

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 204 – Water Supply Development Program (2 FTE in GF; 10 Million in Bonds)

Related to Integrated Water Resources Strategy Recommended Action #2c, 10

- Funding available to pursue water supply development opportunities, potentially partnering with the state of Washington, the Federal Government, and others
- Staff roles include: Engineering, Water Right/Legal and Fiscal Responsibilities
- Additional debt services calculated at approximately $900K

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 205 – Water Development Loan Fund – Umatilla Project ($10 Million in Bonds)

Related to Integrated Water Resources Strategy Recommended Action #10b

- Loan funds first put into place in 2009
- Loan of up to $10 million with repayment occurring over 30 years
- Additional debt services calculated at approximately $700K

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 206 – Feasibility Study Grants (0.5 FTE in Other Funds; $750K in Bonds)
Related to Integrated Water Resources Strategy Recommended Action #13c

- In previous sessions the Oregon Legislature granted $2.5 million to 35 Oregon communities to study the feasibility of water conservation, reuse, and storage projects
- Debt service is approximately $140K

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 207 – Update Water Right Certificates with Contact Information (2FTE; $369K in fees)
Related to Integrated Water Resources Strategy Recommended Action #2d

- HB 2257 would allow the Department to change the name on a water right certificate, for water right holders who request such a service.
- This change would involve a fee to pay for the required staff time.

Chapter 5: 2013-15 GOVERNOR'S RECOMMENDED BUDGET

- ***2013-15 Significant Changes:***

Pkg. 208 – Extend Water Transaction Fee Schedule ($966K in fees)
Related to Integrated Water Resources Strategy Recommended Action #13b

- HB 2259 would remove the sunset on the Department's fee schedule for water right transactions. It would also adjust a number of fees to reflect increased cost of doing business.
- It adjusts several fees to bring consistency to the fee schedule.
- The bill as written maintains customer service and staffing levels as they are today.

Thank You