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Policy Option Package #101 Maintain Well Construction Program Services

Purpose

The Department protects aquifers as a public resource through programs for proper construction, maintenance, and abandonment of wells. There are approximately 270,000 water production wells in Oregon, with approximately 3,100 new water wells drilled annually. Improperly constructed wells can contribute to groundwater contamination, waste of water, declining water levels, and other adverse impacts. The Department strives to accomplish its mission through administering contractor licensing and continuing education, setting and enforcing construction standards, approving special standards, reviewing well reports, and inspecting wells. The ability of the agency to inspect wells to protect public health and safety and to prevent groundwater contamination and waste of groundwater resources requires (1) physical inspections of wells; (2) well report technical reviews; and (3) licensing of well drillers. The well construction programs are primarily funded through Start Card fees, but also has several other associated supporting fees, such as well driller licensing and landowner permit fees, and General Fund.

The Start Card fees are paid by licensed and bonded well drillers prior to starting construction and by landowners who are constructing their own well. This fee covers the costs of Department personnel that inspect the wells and review well construction. The Start Card fees were established in 1989 after the Oregon Legislature passed House Bill 2172. The fees are kept in a separate fund (Water Resources Department Operating Fund) to pay OWRD personnel who inspect wells and review well construction reports, with some administrative and technical overhead (ORS 537.762 (6)). The original 1989 fee was set at \$75, it was then increased to \$125 in 2003 through HB 2268, to \$225 in 2009 via HB 2231, and \$350 in 2021 via HB 2145. By statute, the Department allocates no less than 75 % of the fee to field and enforcement, no more than 20% to technical services, and no more than 5% to administration (ORS 537.763).

The current start card fee schedule provides biennial revenues of about \$2.17 million to fund 9.87 FTE (15 positions), of which 3.19 FTE (Well Construction Program Coordinator, Well Program Specialist, Well Construction Support Specialist, and a portion of a Construction and Compliance Manager) are in the Well Construction Section, and 5 FTE well inspectors are in the Field Services Division. In addition, 0.68 FTE are administrative staff (HR Business Partner, Accounting Technicians and Office Specialist) and 1 FTE is a Water Right Data Tech in the Administrative Services Division. The start card fee was last increased in 2021.

Well Constructor License fees are paid by well drillers licensed to construct, alter, abandon, or convert wells. License fees are paid upon obtaining or renewing a water well constructor's license. A person wishing to obtain a well constructor's license must pay an initial license fee (\$150) and renew their license every two years (\$150 renewal fee; \$100 late fee); this fee was last increased in 2001.

In Oregon, it is necessary to pass the Water and Monitoring Well Constructor license examination to obtain a new well constructor license (\$20 exam fee). This fee has not been increased since its establishment in 1981.

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Finally, the landowner permit fee is paid by an individual who is not a licensed driller, but intends to construct, alter, abandon, or convert a well on their property. These individuals must obtain a landowner permit and pay a \$500 fee to the Department before commencing the work; this fee was last increased in 2017.

The well constructor licensing and landowner permit fees pay the Department's expenses related to operating the water well constructor's licensing and renewal program, administering well constructor license examinations, supporting the well constructors continuing education committee, maintaining the well constructors continuing education database, reviewing the documentation associated with landowner permit applications, and processing and mailing the landowner permit paperwork. As of 2023-25 LAB, licensing and landowner permit fees fund 0.57 FTE.

For the 2025-2029 fee schedule, based on estimates from the Department of Administrative Services, the Department anticipates that personal services costs will increase by 14.50 percent in the 2025-27 biennium and by 9% in the 2027-29 biennium while services and supplies costs will increase by a little over 4% each biennium. The Department is proposing to increase fees by 40 percent for start card fees and 10 percent to the well driller licensing and landowner permit fees. This proposed fee increase does attempt to incorporate 6 month ending fund balances for start cards and 3 months for well driller licensing and landowner permits, as those ending fund balances have been depleted over the years. The current Start Card projections biennium do not reflect a revenue shortfall in the 2025-27 biennium but do show a significant need in the 2027-29 biennium that may result in a need to reduce 6 FTE. Projections for well driller licensing and landowner permits do not reflect a shortfall in the 2025-27 biennium however by the end of the 2027-29 biennium we project depletion of ending fund balances used to stabilize the seasonal revenues. The Department will reassess its fee projections periodically throughout the 2025-27 biennium and during the 2027-29 biennium budget build.

The Well Construction Section is responsible for ensuring that wells are properly constructed, altered, maintained, and decommissioned so as to prevent contamination, loss of artesian pressure, and waste of Oregon's groundwater resources. Ensuring the program is properly staffed and funded is critical to meeting these program objectives.

This bill is consistent with the Integrated Water Resources Strategy recommended actions 7.A (Develop and upgrade water and wastewater infrastructure), 7.C (Ensure public safety/dam safety) and 13.B (Fund water resources management activities at state agencies).

How Achieved

The fee increase package and associated legislation would provide funding for the well construction program staff through the 2025-29 biennium. The legislation would be effective July 1, 2025 – the start of the fiscal year. Generally, fees are increased on a four-year cycle and account for increased costs that occur over that four-year period. This typically means that revenues exceed expenses in the first biennium and expenses exceed revenues in the second biennium; the excess revenues collected in the first biennium provide a buffer for increased expenditures in the second.

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Staffing Impact

No impact to staffing in the 2025-27 biennium projected. The Department will reassess impacts during the 2025-27 binnium as well as for the 2027-29 budget build.

Quantifying Results

Increasing the fees to allow the Department to maintain its well program fee supported staff will help the Department to provide timely service to the public.

Funding Source

Total Fund Revenue: \$920,000 Other Fund Revenues

General Fund Cost: N/A

- Staffing
- Contracting
- Other

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Policy Option Package #102 Maintain Water Right & Dam Safety Services

Purpose

Water is essential for industry, communities, agriculture, fisheries, and other uses of water. Generally, in order to use water in Oregon, one must obtain a water right from the Department. Changes in how a water right is used must also receive approval from the Department in order to ensure those changes will not injure other existing users. Since 2009, the goal has been for applicants pay for about 50 percent of the cost of the Water Rights Services Division staff to process these transactions, while the other roughly 50 percent are paid for by General Fund. With increased costs over time and decreasing water right transaction revenues as well as a one-time influx of funds from the American Rescue Plan Act (ARPA) in the 2021-23 biennium, the Department has experienced an increased reliance on general fund support. The water right fee schedule is reviewed every four years and was last modified in 2021.

The current water right fee schedule provides projected revenues of about \$2.35 million to fund 14.93 FTE (18 positions), of which 12.43 FTE are in the Water Right Services Division, 0.5 FTE are in the Groundwater Section of the Technical Services Division, and 2.0 FTE are Water Right Data Techs in the Administrative Services Division for the 2025-27 biennium.

Several factors can cause fee revenues to fall short of projections. For water rights fees, the number of water right applications and other transactions have declined over time, leading to reduced revenues to support positions. In addition, past fee increases have not been sufficient to maintain staffing levels. As a result, despite the fee increase in 2021, 6.33 permanent FTE were still reduced. The Department received a \$3 million one-time American Rescue Plan Act appropriation to hire limited duration staff and to fill in gaps in fee revenues to support existing staff; those resources are projected to spent in full by the end of the 2023-25 biennium.

For the 2025-2029 fee schedule, based on estimates from the Department of Administrative Services, the Department anticipates that personal services costs will increase by 14.50 percent in the 2025-27 biennium and by 9% in the 2027-29 biennium while services and supplies costs will increase by a little over 4% each biennium. To keep existing services, water right transaction fees will need to be increased by 135% percent. This proposed fee increase attempts to incorporate a 6 month ending fund balance, as previous ending fund balances have been depleted over the years due to insufficient fee increases to support actual costs, and to make up for lost revenue due to the downward trend in filing rates across most types of water right fee-related transactions. Despite the downward trend in filing rates, inadequate staff capacity over the years along with the increased complexity of applications, has led to backlogs; therefore, reducing the number of staff in these programs will further exacerbate backlogs. In addition, customer service measures have declined over time as backlogs and processing timelines have increased. The fee increase will allow the Department to retain all 7 FTE that was included in the package 070 revenue shortfall package for water right fees for the 2025-27 biennium. The Department will reassess its fee projections during the 2027-29 biennium budget build.

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Processing water right transactions in a timely manner is essential for farmers, cities, entities seeking to restore streamflows, and other water users. In the face of climate change, it can be critical to have timely water right decisions to meet instream and out-of-stream needs. Reductions in the water rights transactions programs will reduce the agency's capacity to meet Oregonians water needs through timely water right transactions processing.

The Department is also responsible for ensuring the safety of dams in Oregon, by evaluating new storage projects for dam safety standards, as well as evaluating the condition of existing dams in Oregon. Ensuring dams meet safety standards is critical to protect public safety as well as the reliability of water supplies, particularly with increased droughts and floods as a result of a changing climate.

Annual dam safety fees cover about 25 percent of the dam safety program budget and have been included in the Department's four-year fee schedule. The current Dam Safety Annual Fee schedule provides revenues of about \$330,000 which funds 0.95 FTE (portions of 2 engineer positions) in the Dam Safety program. To keep existing services, dam safety annual fees fees will need to be increased by 56% percent. This proposed fee increase attempts to incorporate a 9-month ending fund balance, which has been depleted over the years due to insufficient fee increases to support actual costs. Because the shortfall is not projected to occur until the 2027-29 biennium, the Department will not be submitting a revenue shortfall package for the 2025-27 biennium and will reassess fee projections periodically throught the 2025-27 biennium and for the 2027-29 budget build. The fee increase will allow the Department to retain the 0.95 FTE included in the Department's budget. Any reductions in this program would be reduce the state's effectiveness in protecting public safety.

This bill is consistent with the 2017 Integrated Water Resources Strategy recommended actions 7.C (Ensure public safety and dam safety), 10.G (Strengthen Oregon's water quantity permitting program), and 13.B (Fund water resources management activities at state agencies). One of the Department's objectives in its 2019-2024 Strategic Plan is to increase protection of public safety and health through its dam safety program.

How Achieved

The fee increase package and associated legislation would provide funding for 0.5 FTE dam safety program staff and associated services and supplies costs through the 2025-29 biennium. The package would also provide water right fee funding for 12.43 FTE of the water rights processing staff as well as 0.5 FTE in the Groundwater Section of the Technical Services Division, and 2.0 FTE are Water Right Data Techs in the Administrative Services Division through 2025-2029. The legislation would be effective July 1, 2025 – the start of the fiscal year. Generally, fees are increased on a four-year cycle and account for increased costs that occur over that four-year period. This typically means that revenues exceed expenses in the first biennium and expenses exceed revenues in the second biennium; the excess revenues collected in the first biennium provide a buffer for increased expenditures in the second.

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Staffing Impact

Position	Class/Pay Opt	Class Desc	Working Title	Type	Months	FTE	2025-27	2027-29
Various						7	\$1,691,331	TBD

Quantifying Results

Increasing the fees to allow the Department to maintain the 7 FTE of its water right fee funded processing staff will help the Department to provide timely service to the public. This will also contribute to the Department’s performance on Key Performance Measures #9 and 10 (related to processing new water right applications and transfers of existing water rights), as well as 11 (related to the processing of Water Management and Conservation Plans), and 14 (which measure the quality of customer service and timeliness of processing). The fee increase will allow the Department to continue to serve farmers, water supply providers, entities seeking to restore streamflows, and others on their water supply proposals.

In addition, the fee increase will allow the Department to maintain engineering expertise in the dam safety program, which helps the Department ensure timely review of new dam designs and the inspection of existing dams to protect public safety and water supplies.

Funding Source

Other Fund Revenues: \$3,500,700

Total Fund Cost: \$1,691,331

Other Fund Cost:

Staffing \$1,691,331

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Policy Option Package #103 Harney Conservation Resource Enhancement Fund

Purpose

The Harney Valley CREP (Conservation Reserve Enhancement Program) is a voluntary program operated through the USDA Farm Service Agency (FSA) in partnership with OWRD. The program seeks to improve groundwater conditions in the Harney basin by incentivizing landowners to voluntarily cancel groundwater rights within the Greater Harney Valley Groundwater Area of Concern. The program is intended to provide funding for up to 15 years of payments to landowners who volunteer to permanently cancel groundwater rights. Reducing reliance on the groundwater system will ultimately benefit the entire community, as groundwater is being withdrawn faster than it is replenished – leading to groundwater declines. Groundwater declines increase pumping costs and may cause some wells to go dry or no longer produce sufficient water in the quality that users have been accustomed to. This can significantly impact domestic well owners, who often have shallower wells that may experience the impact of declining water levels sooner. Reducing groundwater use in the basin, therefore, is essential. The CREP program can provide a voluntary mechanism, while also addressing a portion of the impact on revenues as a result of reducing groundwater use.

The Department’s base budget was allocated \$500k in the 2021-23 biennium for the program in general funds; unspent funds revert back to the state general fund at the end of each biennium. This potentially will limit the number of participants that can be enrolled as it may mean that landowners need to take a lump sum payment from OWRD; this limits flexibility of CREP to meet the needs in the area. In addition, it increases the uncertainty as to whether funds will be available. With individuals participating in the program taking a big step by canceling their water rights, it is important that the state be able to pay the associated agreed upon payments.

How Achieved

The Department also has an accompanying legislative concept for this package. The bill proposes a technical change that would allow the unspent general fund allocation to be deposited into a new “other funds” account each biennium instead of reverting to the general fund, which would allow for the Department to commit to longer term contracts and increase enrollment, while structuring payments to meet the needs of the participants enrolling in the program.

Staffing Impact

None.

Quantifying Results

OWRD will be able to accommodate varying needs in payment structure, and CREP program enrollment numbers will increase.

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Funding Source

Total Fund Cost: \$544,000 Other Fund expenditure limitation

Other Fund Cost: \$544,000

Special Payments \$544,000

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Policy Option Package #104 Feasibility Studies, Water Projects, & Wells

Purpose

Oregon has significant need for investment in water supply solutions to provide water in support of Oregon’s economy, environment, communities, and cultures. Oregon’s Business Case for Investing in Water (2023) discusses and provides estimates of the value of water in Oregon. The report conservatively estimates that “businesses that depend on water for production and output contribute approximately half (48%) of the state’s total economic output and close to half (44%) of the state’s employment” (this estimate is conservative due to data methods and not including some sectors). Meanwhile funding needs for built and natural water infrastructure in need of update, replacement, or new construction are estimated to be in the billions of dollars. Additional investment is needed to address instream and out-of-stream water needs.

Federal funds are available through federal initiatives such as the Infrastructure Investment and Jobs Act, American Rescue Plan Act, Public Law 566, and more, but those programs alone will not meet Oregon’s needs and often require match funding or are temporary. Without state funds to match federal dollars, Oregon may miss out on federal investments.

Two Department funding programs – Feasibility Study Grants and Water Projects Grants and Loans – provide direct investment in water supply solutions and may serve as match for federal programs. A third program can provide funding assistance to meet the household water needs of low-to-moderate income households whose existing wells have experienced supply challenges. These programs are discussed in more detail below.

Feasibility Study Grants fund qualifying costs of studies to evaluate the feasibility of developing water conservation, reuse, and storage projects. This competitive funding opportunity helps individuals and communities investigate whether a project is worth pursuing. This early investment helps ensure that implementation funding is dedicated to viable projects that will address instream and/or out-of-stream water needs. Grants are offered on an annual basis. Grants require a 50% cost match of the total cost of the feasibility study, up to \$500,000. Any local government, Indian tribe, or person may apply for funding. Since the first funding cycle in 2009, the Department has funded 119 feasibility studies totaling more than \$9.4 million. In recent funding cycles, the annual requests for funding are about \$1 million.

Water Project Grants and Loans funds instream and out-of-stream water supply projects that achieve economic, environmental, and social/cultural public benefits. Eligible projects include: conservation, reuse, above-ground storage, below-ground storage, streamflow protection or restoration, water distribution, conveyance or delivery systems, and other water resource development projects that result in economic, environmental, and social/cultural public benefits. Grants require a 25% cost match. Any local government, Indian tribe, or person may apply for funding. Applications are accepted twice a year. Since the first funding cycle in 2016, the Department has funded forty-three water project implementation grants totaling over \$56.9 million. Additional grant awards are expected in December 2024. Funding requests per cycle vary from year to year but have ranged from \$7 to \$50 million.

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With persistent drought and water scarcity increasing across Oregon, household wells are running dry as groundwater levels decline. In some areas, poor well construction leads to water loss or contamination. Funding is limited to address these well deficiencies and water declines. In response to these challenges, the Oregon Legislature established a statewide Water Well Repair, Replacement and Abandonment Fund to provide financial assistance to persons or members of a federally recognized Indian tribe in Oregon to permanently abandon, repair, or replace a water well used for household purposes. Since the program started in 2021, the Department has funded work on 202 wells, totalling \$5.4 million dollars. Funding requests vary per well but have typically averaged about \$26,500 per award. The Legislature provided \$1 million during the 2024 session; however, based on prior demands for the program, those funds are anticipated to be spent before June 30, 2025.

This package supports the following IWRS recommended actions: 5.B Assist with Climate Change Adaptation and Resiliency Strategies, 10.E Continue the Water Resources Development Program, 12.A Ensure the safety of Oregon’s drinking water, 13.D Invest in Feasibility Studies for Water Resources Projects, 13.E Invest in Implementation of Water Resources Projects.

How Achieved

This package addresses these challenges by requesting additional funding, plus debt service and cost of issuance, to be awarded as grants for the following programs:

Funds Requested	Funding Program (authorizing statute)	Investment Outcome	Type of Funding Requested
\$20 million	Water Project Grants and Loans (2013 - SB 839)	Address instream and out-of-stream water supply needs and produce economic, environmental, and community benefits	Lottery Revenue Bonds
\$1 million	Feasibility Study Grants (2008 - SB 1069)	Determine the feasibility of water conservation, reuse, and storage projects to address water supply needs	Lottery Revenue Bonds
\$1 million	Well Abandonment Repair, and Replacement Fund (2021 - HB 2145)	Restore access to water in low to moderate income households in areas impacted by drought and wildfire	Lottery Revenue Bonds

Staffing Impact

None.

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Quantifying Results

Authorization	Quantified Results
Water Project Grants and Loans (2013 - SB 839)	<ul style="list-style-type: none"> • Ability to offer two annual funding cycles in 2025-27 biennium (If not funded, no grant cycles will be offered in 2026 and 2027) • Fund approximately 10-12 projects (number of applications and funded projects varies each year) that address water needs for Oregon's economy, environment, and communities • Potential use as cost-match for federal funding
Feasibility Study Grants (2008 - SB 1069)	<ul style="list-style-type: none"> • Ability to offer one annual funding cycle in 2025-27 biennium (If not funded, no grant cycles will be offered 2026) • Fund approximately 14-20 water conservation, reuse, or storage studies (number of applications and funded studies varies each year) to help project proponents assess feasibility of projects • Potential use as cost-match for federal funding
Well Abandonment Repair, and Replacement Fund (2021 - HB 2145)	<ul style="list-style-type: none"> • Restoration of access to water at 25-40 households (minimum 25 households if each household received the maximum \$40K award per household) to provide water for drinking, cooking, bathing, etc.

Funding Source

Total Fund Cost: \$23,340,077

Other Fund Cost:

Special Pay (Lottery Revenue Bond Proceeds) \$22 million
 Cost of Issuance \$337,725

Lottery Fund Cost:

Debt Service \$1,002,352

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Policy Option Package #105 Expanding Engagement & Equity in Complex Issues

Purpose

OWRD has \$600,000 of uncommitted facilitation dollars that were appropriated via package 801 in the 23-25 biennium. OWRD would like to broaden the scope of what that funding can be used for. Work on complicated water issues doesn't just require facilitation, it requires outreach and communications materials, community engagement events, and applying an equity lens - seeking to engage communities that are impacted by the Department's decisions, including those that are under-resourced and/or underrepresented.

Broadening the authorization of this funding from facilitation services would allow for the expenditure of these funds on preparing outreach and communications materials, conducting outreach and community engagement events, providing trainings for communications, facilitation and outreach/engagement, contracting for additional translation of materials, providing more accessible materials and website, and contracting to support DEI-EJ work including trainings and consulting services.

How Achieved

This package would broaden the scope of \$600,000 general funds appropriated via package 801 in the 23-25 biennium to allow them to be used for facilitation, outreach and engagement, communications, trainings, translations, and other consulting services, with an emphasis on centering equity. This broadening will help the agency accomplish the goal of addressing Oregonian's water needs and working to implement solutions to those water needs in a manner that engages with the people we serve.

Staffing Impact

None.

Quantifying Results

- Number of facilitations performed by trained staff or contracted; timeliness of outcomes from facilitation and resolution of issues
- Number of trainings provided and staff trained in outreach, facilitation, community engagement, and diversity, equity, inclusion, and environmental justice
- Number of outreach events conducted and people engaged
- Number of materials translated
- Number of webpages and materials made accessible
- Number of materials offered in more than one language

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- DEI-EJ organizational assessment completed
- Actions advanced to improve DEI-EJ integrated into agency programs
- Number of DEI Team members feeling supported by the agency in their efforts

Funding Source

Total Fund Cost: N/A

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Policy Option Package #106 American Rescue Plan Act Carryover

Purpose

This package proposes to carry forward American Rescue Plan Act funding authorized in the 2021-2023 budget in order for those efforts to be completed and to achieve the desired outcomes set forth by the legislature.

The following are reasons for the carry forward need:

- The federal requirements for these dollars state they must be obligated by December 31, 2024 and expended by 2026. It was not the intent to have all funds expended within the 2021-2023 or 2023-2025 biennium.
- Work could not start until the Department had received approval to expend the funds by DAS. Federal guidance and requirements took some time to be received from the federal government. The Department received approval for spending plans based on the federal guidance and requirements from DAS in April 2022. Additional clarification was needed on some requirements and not received until summer 2022.
- Recruiting took some time. Filling critical positions responsible for moving the new work along has been a priority for program managers and Human Resources staff, however, these processes take time and it's a competitive job market for employers.
- Procurement and Contracting processes takes time, especially with the large investment to the Department in several different program areas.

How Achieved

This package would carryforward the following funding authorizations from the 2021-23 biennium:

Funding Allocation	Original Funding Amount	Carry Forward Request	Recipients or Beneficiaries	Integrated Water Resources Strategy Recommended Action
Place-based planning	\$1,000,000	\$350,000	Eligible entities within the four groups undertaking place-based planning	9.A Continue to undertake place-based integrated, water resources planning 13.C Invest in local or regional water planning efforts
Ordnance Project	\$6,000,000	\$600,000	Umatilla County	13.E Invest in implementation of water resources projects

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Engineering Services for Flood Methodology & Inundation Assessments	\$4,000,000	\$1,200,000	Communities served by public drinking water supply dams; individuals that live downstream of dams	7.C Ensure public safety/dam safety
Support for Surface Water Data Collection Field Equipment	\$3,000,000	\$250,000	Public, water managers, and others interested in expanded water quantity data statewide	1.B Improve water resource data collection & monitoring
Water Measurement Cost Share Program	\$1,000,000	\$800,000	Water users interested in measuring water use and need assistance with the installation of measuring devices	1.B Improve water resource data collection & monitoring 2.B Improve water-use measurement & reporting
Fish Passage	\$500,000	\$150,000	Local governments with fish passage requirements associated with dam upgrade projects	11.D Protect and restore instream habitat and habitat access for fish and wildlife

Staffing Impact

None.

Quantifying Results

Funding Allocation	Quantified Results
Place-based planning	<ul style="list-style-type: none"> Completion of the surface water portion of the Harney Community Based Water Collaborative’s plan Continued implementation of the Upper Grande Ronde, Mid-Coast, and Lower John Day plans
Ordnance Project	<ul style="list-style-type: none"> Construction of the third of three pipelines needed to deliver irrigation water from the Columbia River into a number of critical groundwater areas enabling the basin to shift away from groundwater use while still supporting agricultural production.
Engineering Services for Flood Methodology & Inundation Assessments	<ul style="list-style-type: none"> Improved understanding of, safety and resiliency of public drinking water supply dams, and potential threats to life and property if dams were to fail
Support for Surface Water Data Collection Field Equipment	<ul style="list-style-type: none"> The statewide stream gauge network will be upgraded to replace obsolete equipment at approximately twenty stations.

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	<ul style="list-style-type: none"> • Additional gages will be added with remaining dollars (estimating ten to fifteen gages) in targeted locations.
Water Measurement Cost Share Program	<ul style="list-style-type: none"> • Additional resources available for landowners who want to install measurement devices, which will result in an increase in the number of points of diversions across the state with measurement devices.
Fish Passage	<ul style="list-style-type: none"> • Design and construction of a fish passage structure at Mercer Dam owned by the City of Dallas <ul style="list-style-type: none"> • Preliminary work necessary to develop a fish passage project at the City of Drain’s Bear Creek Dam, which supplies the City’s drinking water

Funding Source

Total Fund Cost: \$3,350,000

Other Fund Cost:

Professional Services \$1,350,000

Capital Outlay \$250,000

Special Pay \$1,750,000

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Policy Option Package #107 Strategic Modernization of IT Systems & Tools

Purpose

The IT Strategic Plan identified key IT initiatives that advance the agency's IT maturity from being a reactive Firefighter to a more proactive Trusted Operator. IT maturity will be key to the agency's ability to execute on many of its desired goals and strategic priorities. IT is a foundational piece of agency operations and at its current maturity level, many agency strategic objectives are at significant risk. A long list of IT project needs has been identified but not yet adequately scoped or resourced.

Examples of some key areas where there is a need for IT to help the agency deliver on goals to improve employee engagement and satisfaction, while also better serving the public and being more effective with our resources are discussed here. For example, well construction information systems are not meeting needs and creating productivity losses in staff workflows. Systems like the Field Operations Database need resources to continue modernization efforts (a business case was completed but the Department does not have resources to move a solution forward) and allow staff to function more efficiently by allowing more direct data entry methods in the field and reducing duplicative data entry and the potential for errors. Further, OWRD's water rights transactions (applications for permits, transfers, etc) have a backlog and our customers have expressed dissatisfaction with processing times and service, while fees to maintain the existing service continue to increase. Improvements to that program will require investments in our information technology systems; staff have identified a number of problems and improvements, however, there is little IT capacity to move those forward. In addition, water users and those that use the data have expressed a desire for improvements in our system that we use for water use reporting; as interest in increasing water use reporting has grown, this system needs to be modified to fulfill changing needs. Improvements in these areas are needed not only to improve staff workflows and efficiency, but also to better serve the needs of our customers and the public. Finally, there is a lot of interest in making water data more accessible; however, many of our systems are difficult to access for members of the public that are not familiar with our user interfaces, and often the manner in which our data is made available requires more expertise and analysis. As we work to empower communities to engage in addressing water needs and working towards solutions, access to data continues to be a common request. Ensuring that our information systems are easy to use, and that our databases are structured appropriately to meet the needs and store data in a manner that allows the data to be used effectively will continue to be a challenge for the agency in meeting data demands.

The agency needs added IT resources to advance the IT Strategic Plan in support of the agency's strategic objectives and supporting initiatives. OWRD needs to modernize its IT staff and IT functions and begin by investing in training, business analysis, and project management to ensure that we can successfully scope and execute much needed modernization projects. Due to the limitation on funding requests for the 2025-27 biennium, this package contains a request for a portion of those resource needs.

How Achieved

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In the current biennium, the Department has begun identifying resources needed to upskill staff and modernize our applications portfolio. This package would add a permanent Business Analyst to begin assessing and documenting the business modernization needs of prioritized projects within the Department. Once projects are documented and prioritized through IT Governance structure, the analyst would map the current state, assist the program areas in identifying and documenting the critical areas of concern and need, work with the program area to map the desired state, and lead the discussions on alternative solutions and selection. From there, the position would assist with project planning, work with the program areas and IT on project implementation, testing, and monitoring and conduct evaluation of the implemented solutions. This position is one of several identified as a need in the agency's IT Strategic Plan.

Staffing Impact

Position	Class/Pay Opt	Class Desc	Working Title	Type	Months	FTE	2025-27	2027-29
2507001	OA0 C0872 AP	Operations and Policy Analyst 3	Business Analyst	PF	21	0.88	\$251,331	\$295,000

Quantifying Results

The modernization process will require an extensive understanding of all agency systems and business process to be automated. Collecting, organizing and properly documenting this understanding across teams is a very time-consuming, yet critical task. Existing subject matter experts (SMEs) and managers within the agency are already allocated to their assigned tasks and simply don't have the time necessary to fulfill this role. Also, properly documenting full agency functions is frequently a cross-division and cross-sectional task. The individual in this role, with this responsibility, will move across all internal organization lines to ensure that the existing processes are fully documented, and all modernization needs are communicated and road mapped. This documentation is a most critical component of a successful modernization effort. The output from this role will directly feed the input of the software development or software purchase pipelines. In addition, to documentation produced by this position, success will also be monitored by the number of projects scoped, advanced, and implemented with the support of this position. Other metrics for consideration are reductions in project completion timelines due to better scoping of projects and freeing up developers to do the work, while the business analyst works with sections to understand and document needs.

Further, this position would directly contribute to efforts to modernize and advance objectives of each business unit. Depending on the projects that move forward, examples of metrics for success for a few projects in need could include:

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- Time saved as a result of reduced data entry by field staff (if Field Activities Database moves forward). Increased site visits or completion of other watermaster duties, and improved Key Performance Measures.
- Time saved as a result of modernizing systems associated with water rights processing. This could include reduced water rights division backlogs, shorter processing times, and improved Key Performance Measures such as greater customer service satisfaction.

Funding Source

Total Fund Cost: \$251,331

General Fund Cost:
Staffing \$251,331

BUDGET NARRATIVE

Policy Option Package #108 Human Resources & Workplace Safety Needs

Purpose

Workload and responsibilities in Human Resources have significantly increased over the last several biennia with the agency adding nearly 100 positions. In addition, ensuring the agency is meeting the Governor's expectations related to human resources responsibilities (such as implementing the Department's Succession Plan, conducting Employee Engagement Surveys, ensuring timely recruiting, monitoring compliance with New Employee Orientation, and quarterly performance check in reporting), administering the new programs like the Paid Leave Oregon program, and implementing Workday system reporting, and process improvements have increased demands and workloads for agency HR staff. As a result, the position assigned to address workplace safety has not had sufficient capacity to undertake this important body of work. There is simply insufficient capacity to give the dedicated attention necessary for one Employee Services Manager to scale the workplace safety program to an acceptable level to meet the new and growing demand within a reasonable time frame.

The agency now consists of over 250 employees, many of which work in field locations scattered throughout the state. Some employees work in remote settings that they must hike to in order to access, or to the bank of a fast flowing river, or to a wooded forest alongside a slow moving creek. Some employees are present while a driller drills a new well or when a farmer has questions while installing new center pivots on his property or when local law enforcement conducts a raid on an illegal grow operation. Many of our employees are using specialized technical equipment as they work which their focus is tuned to while conducting their work. It is safe to say that today's employees are conducting portions of their work in different types of work environments and are using more varying types of equipment than they have in the past. Given this, the agency is experiencing an increase in safety concerns being voiced by our employees. Staff are expecting more timely action from the agency to address their safety concerns than our current capacity allows. Some concerns expressed are for things like regular safety training and more focus on documentation of control plans around the hazards that staff are more likely to encounter in their field work. Further, across the enterprise, agencies have seen an uptick increased risk management charges. Therefore, it is imperative that we work to address safety issues to protect our most valuable assets and keep risk management costs at an acceptable level.

How Achieved

This package creates a 0.75 FTE Safety Specialist position dedicated to working with the agency executive leadership team and the agency staff to develop, implement, and administer an agencywide safety, worker's compensation, health and wellness program. Core elements of this program will include the administration of the Department's Safety Committee, addressing employee safety concerns, encouraging worker participation in the program, ensuring the agency meets all safety related regulatory requirements, hazard identification, assessment, prevention and control, safety education and training, and safety program evaluation and improvement.

BUDGET NARRATIVE

This package also reclasses one Administrative Specialist 2 Employee Services Coordinator to a Human Resource Analyst 1 HR Business Partner per recommendation from the Chief Human Resources Office’s Classification and Compensation section.

Staffing Impact

Position	Class/Pay Opt	Class Desc	Working Title	Type	Months	FTE	2025-27	2027-29
2508001	OAD C1346 AP	Safety Specialist 2	Safety Manager	PF	18	0.75	\$206,600	\$270,000
9921026	MMN X1320 AP	Human Resource Analyst 1	Reclass AS2 to HR Business Partner	PF	24	1.00	\$6,939	\$6,939

Quantifying Results

The Safety Manager will work with agency leadership to ensure commitment to safety, encourage worker participation and set the example. Procedures will be put in place to identify workplace hazards, appropriate controls are put in place for the hazards, and those controls are documented, verified, enforced and evaluated. Job or situation appropriate training will be provided to all staff on a regular basis. Safety program will be evaluated on a periodic basis to ensure effectiveness.

Funding Source

Total Fund Cost: \$213,539

General Fund Cost:
Staffing \$213,539

BUDGET NARRATIVE

Policy Option Package #109 Complying with Internal Audit Requirement

Purpose

The Department met the criteria in 1(c) of Oregon Administrative Rule 125-700-0125 as of Fiscal Year 2016, requiring an internal auditing function (ORS 184.360). The Department received a waiver for fiscal years 2015 through 2023, while exploring options for meeting this requirement. Based on the new rules adopted earlier this year, the Department believes that we will continue to require an auditing function based on the dollar value of cash and cash equivalents as well as the composition of funding for the Department due to the amount of Lottery Revenue Bond proceeds that fund our Water Project Grants and Loans programs. The Department has reached out to the Oregon Watershed Enhancement Board for sharing a position and is intending to share the Internal Auditor position, if funded.

How Achieved

After the new rules have been implemented, should DAS determine that the Department still meets the requirements for an internal audit function, the Department proposes to add an Internal Auditor Chief Executive to be able to be in compliance with the new rules. An internal audit function would provide critical information for senior management to understand risks, deficiencies, and needed improvements. This position would be shared with the Oregon Watershed Enhancement Board.

Staffing Impact

Position	Class/Pay Opt	Class Desc	Working Title	Type	Months	FTE	2025-27	2027-29
2509001	MMC X5619 AP	Internal Auditor Chief Executive	Internal Auditor	PF	21	0.88	\$311,038	\$355,000

Quantifying Results

The Department would quantify the results on this POP based on the number of programs audited by the internal auditor, as well as the number of improvements made as a result of the auditors recommendations.

BUDGET NARRATIVE

Funding Source

Total Fund Cost: \$311,038

General Fund Cost: \$155,519
Staffing \$155,519

Other Fund Cost: \$155,519
Staffing \$155,519

BUDGET NARRATIVE

Policy Option Package #110 State Scenic Waterway Revenue Gap

Purpose

The Oregon Water Resources Department has experienced gaps in funding to support Scenic Waterways work, as funding has not kept pace with increased costs. General fund dollars are needed to fill in these funding gaps. Over the last several biennia, contract inflationary increases have not kept pace with state employee personal services costs for the Department's six positions that provide support for the State Scenic Waterways program, which is administered with the Oregon Parks and Recreation Department. Oregon's Scenic Waterways Act was passed in 1970 to maintain the free-flowing character of designated rivers and lakes in quantities necessary to support recreation, fish, and wildlife uses. The Scenic Waterways Act specifically prohibits construction of dams or other impoundments within a scenic waterway. It limits new surface water rights within or above scenic waterways. It also limits new groundwater rights, if groundwater pumping (individually or cumulatively) will measurably reduce surface water flows.

Six positions are funded partly by the general fund and partly with Oregon Parks and Recreation Department provided Scenic Waterways funds. These six staff spend a portion of their time ensuring that a proposed water right application or transfer is not going to negatively impact a state scenic waterway. The contract with OPRD has increased by the standard inflation rate when inflation was allowed as part of the budget and has been reduced when OPRD has had to take budget reductions. In order to maintain Scenic Waterways services and retain the positions that are partially funded by the contract funds, WRD has been using general fund vacancy savings and other means to cover the costs that are above the contracted amount for this valuable work.

This package supports the Integrated Water Resources Strategy recommended actions: 10.G Strengthen Oregon's Water Quantity and Water Quality Permitting Programs, and 13.B Fund Water Resources Management Activities at State Agencies.

How Achieved

This package would backfill the six existing split funded positions with general fund in the amount above the existing contracted amount with the Oregon Parks and Recreation Department for Scenic Waterway work. This package would also better align the positions and position funding with the current staff positions that perform Scenic Waterway work. These positions are currently funded with a blend of Scenic Waterway funds and with general fund. As of the 2025-27 Current Service Level, base position costs attributable to the Scenic Waterways work were budgeted at \$472,811. Assuming the published state employee inflation rate per the budget instructions, total costs for the 2025-27 biennium are projected to be \$541,323. The 2025-27 contract for Scenic Waterways work is projected to be \$251,158, resulting in a shortfall of \$290,165. This action would provide full funding for the existing positions for the 2025-27 biennium and would allow the Department to better align the Scenic Waterway work

BUDGET NARRATIVE

with the available funding and would realign the funding for the 2027-29 base budget build. Not funding this request would continue current practices of using vacancy savings or other means to fund the shortfall resulting in some vacant general fund positions remaining vacant for longer periods of time and ultimately impact the services provided by those positions.

Staffing Impact

Position	Class/Pay Opt	Class Desc	Working Title	Type	Months	FTE	2025-27	2027-29
3000032				PF	24	1.00	-	-
3000049				PF	24	1.00	-	-
3000061				PF	24	1.00	-	-
4000022				PF	24	1.00	-	-
4000038				PF	24	1.00	-	-
4000042				PF	24	1.00	-	-
9913102				PF	24	1.00	-	-
9921034				PF	24	1.00	-	-
9930062				PF	24	1.00	-	-

Quantifying Results

This package fills a budget gap that has been developing over time and supports existing staff in existing programs. When the Department has budget shortfalls, one option to balance the budget is using vacancy savings. Filling the shortfall will give increased ability to fill positions more timely, fewer positions left vacant for extended periods of time, and increased ability provide services and accomplish work that would otherwise be affected by vacancy savings (impacts depend on what positions are vacant but can impact all sections of the agency depending on severity of shortfall).

Funding Source

Total Fund Cost: \$0

General Fund Cost: \$290,165

Staffing \$290,165

BUDGET NARRATIVE

Other Fund Cost: (\$290,165)

Staffing (\$290,165)

BUDGET NARRATIVE

Policy Option Package #111 Improving Accessibility of Agency Website

Purpose

The Department currently does not have a primary staff member in charge of updating and maintaining the agency website and the duties are split among multiple staff members throughout the agency based on their own limited skill sets. While website traffic has increased over the previous years, the disjointed nature of the updates has made it more difficult for users to find what they are searching for in a timely manner. In addition, the Department has received feedback that the website is difficult to navigate and that information is not accessible. OWRD has seen increased interest in water issues, is working on more complex and high-profile water issues, and is seeking to build relationships with communities to address water challenges. This work requires building trust and having an up-to-date website where people can reliably find information and have confidence that the agency is being transparent.

How Achieved

This package would add a 0.5 FTE part-time web coordinator responsible for ensuring the Department's website is up-to-date with information desired by the public, while also considering ease of use, transparency and website accessibility. Content updates would be updated by the position to ensure consistency of design, content, methods, and accessibility.

Staffing Impact

Position	Class/Pay Opt	Class Desc	Working Title	Type	Months	FTE	2025-27	2027-29
2511001	C0864 AP	Public Affairs Specialist 1	Web Coordinator	PP	12	0.5	\$127,851	\$145,000

Quantifying Results

The Department currently has a Key Performance Measure (KPM) which evaluates the number of website hits annually. If the position was filled, the Department would seek to assess more advanced web analytic tools such as unique visitors, page views, bounce rate, and session durations. In addition, the Department would have more timely information as shown by more frequently updated and vetted webpages, including its frontpage. The Department would also modernize the site to make it accessible and meet ADA requirements.

BUDGET NARRATIVE

Funding Source

Total Fund Cost: \$127,851

General Fund Cost: \$127,851

Staffing \$127,851

BUDGET NARRATIVE

Policy Option Package #070: Water Rights Transactions Fee Schedule Revenue Shortfalls Package

Purpose

The majority of the Department’s fees for water right transactions are set in statute. The fee schedule was last modified in 2021 to increase fees by approximately 17.4 percent using the Department of Administrative Service’s estimated inflation increases for the 2021-24 biennia. Even with the fee increase, five positions (6.33 FTE) were permanently reduced due to insufficient revenues.

The current water right fee schedule provides projected revenues of about \$2.35 million. Fees are supposed to fund 14.93 FTE (18 positions), of which 12.43 FTE are in the Water Right Services Division, 0.5 FTE are in the Groundwater Section of the Technical Services Division, and 2.0 FTE are Water Right Data Techs in the Administrative Services Division for the 2025-27 biennium. For the 2025-2029 fee schedule, based on estimates from the Department of Administrative Services, the Department anticipates that personal services costs will increase by 14.50 percent in the 2025-27 biennium and by 9 percent in the 2027-29 biennium, while services and supplies costs will increase by a little over 4 percent each biennium. It is also anticipated that water rights fees related to groundwater applications will decline by 30 percent each biennium combined with a slight uptick of transfer applications. A decline of revenue being received, combined with unforeseen negotiated labor costs and projected inflationary increases in expenditures, has lead to the depletion of beginning funds balances and the inability to support 7 positions (7.00 FTE) in the 2025-27 biennium. This package reduces the total fee funded positions to 11. Given the magnitude of the shortfall, the Department will need to monitor its fee position throughout the biennium as well as during the 2027-29 budget development cycle.

To maintain existing services levels and staffing for the 2025-2029 fee schedule, a fee increase of 135 percent would be needed.

How Achieved

Without a fee increase in the 2025-27 biennium, this package will eliminate 7.00 FTE funded by water rights fees. The fee increase package, POP 102, if approved, would allow the Department to buy back all 7.00 FTE eliminated.

Staffing Impact

Position	Class/Pay Opt	Class Desc	Working Title	Type	Months	FTE	2025-27	2027-29
Various				PF		7.00	(\$1,691,331)	TBD

BUDGET NARRATIVE

Quantifying Results

The Department anticipates that with the reduced staff, the timeliness of processing these application types will gradually decrease as the backlogs build. This means that farmers, water supply providers, entities seeking to restore streamflows, state agencies, and others may have to wait longer to receive determinations on their water right applications, claims of beneficial use, transfers, and extensions. With reduced staff, the Department would increase challenges meeting Key Performance Measures #10 and 11 related to processing new water right applications and transfers of existing water rights respectively, and would likely be unable to meet KPM #9 related to the processing of Water Management and Conservation Plans. Given that timeliness is the greatest factor affecting customer service satisfaction, KPM# 14 will also continue to suffer.

Funding Source

Total Fund Cost: (\$1,691,331)

Other Fund Cost:

Staffing (\$1,691,331)