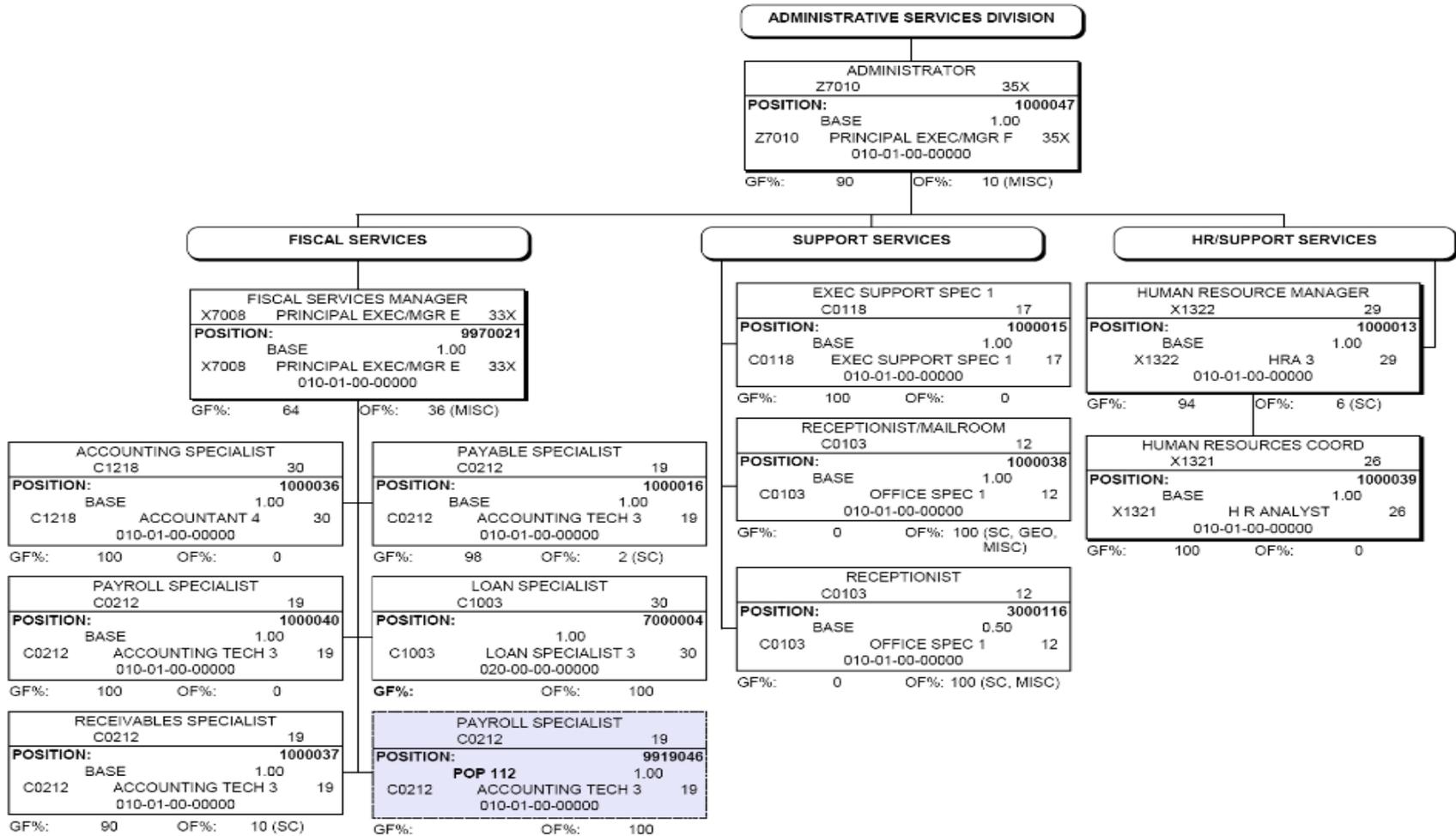


BUDGET NARRATIVE

ADMINISTRATIVE SERVICES



BUDGET NARRATIVE

-- This page intentionally left blank --

BUDGET NARRATIVE

ADMINISTRATIVE SERVICES

The Administrative Services Division provides business and administrative services to the Department in support of the agency's mission. Division responsibilities include budget preparation and execution, human resource services, accounting and internal control, payroll and benefits, contracting, facilities management, risk management, training, reception and mail-room support services, transportation coordination, and telecommunication administration. The Division is divided into four sections: Water Development Loan Fund, Human Resources, Fiscal Services, and Business Services.

Program Contact: Lisa Snyder
(503) 986-0921

Program Funding Request

Water Resources Department proposed an additional \$2.4 million General Fund and \$32.7 million Other Funds and Lottery Funds primarily for grants to help communities evaluate the feasibility of water projects and grants and loans to implement water supply projects. In addition, positions are proposed to assist with human resources, accounting, and internal auditing.

The Administrative Services Division has 12 budgeted staff and one limited duration position providing a variety of administrative functions with a General Fund budget during the 2017-2019 biennium at \$4.6 million. In addition, the Division has a budget of \$55.2 million in Other Funds and Lottery Revenue Bond Funds, which are primarily for grants and loans for feasibility studies and water resources development projects.

Program Description

HUMAN RESOURCES

The Human Resources Section provides hiring, training, safety, and other human resources services to promote integrity, diversity, and respect. A professional, empowered workforce is vital for the Department to achieve its goals and provide quality services. The Section's customers include everyone from the general public to managers and front-line employees in both the Salem office and field offices located throughout Oregon. The Section strives to ensure that all aspects of employee services are handled timely, accurately, and courteously.

The Section's responsibilities include the maintenance of the official personnel files, as well as generating reports on affirmative action, risk management and workers compensation. The Section also maintains and posts the required legal notices in all Water Resources Department offices located throughout Oregon. Staff in this section are also responsible for updating the Department's affirmative action plan, which

BUDGET NARRATIVE

values and embraces diversity. The affirmative action goals set by the Department are monitored by this Section as recruitments and training are considered.

The Section is also responsible for providing Department managers with human resources advice. In addition to providing guidance to management, the Section counsels staff regarding career opportunities. The Section also carries out progressive discipline as necessary.

Risk Management activities are also coordinated in this Section. The Section works with SAIF on workers compensation claims, provides ergonomic assessments, and coordinates telecommuting and return-to-work programs.

The Human Resources Section provides many of the above-referenced services to the Oregon Watershed Enhancement Board (OWEB) under a contractual agreement.

Other responsibilities of the Human Resources Section include payroll and benefits processing and tracking for Department staff, as well as 5 other agencies, including open enrollment, under a Shared Services pilot program that the Department proposes to make permanent beginning in the 2019-21 biennium.

FISCAL SERVICES

The Fiscal Services Section's primary responsibility is accounting, including accounts payable, accounts receivable, and general ledger. The Section establishes and monitors internal controls related to safeguarding State and Department assets and is responsible for the development and preparation of the Department's Statewide Financial Report (SFR), which is combined with other agencies' SFRs to complete the Comprehensive Annual Financial Report for the State. The Section has been continuously recognized as a "Gold Star" contributor to the SFR since 1993.

Other responsibilities of the Fiscal Services Section include contract administration and budget tracking. The Section's contract administration functions ensure that the Department complies with statewide contracting rules and policy. The Section's budget tracking responsibilities include filing allotment reports with DAS.

Other Section responsibilities include travel coordination, key card access, telecommunication management, and facilities administration for the agency. The section is also responsible for coordination of facilities administration with the two other agencies with which we share the building.

BUDGET NARRATIVE

The Fiscal Services Section also provides many of the above-mentioned services for the Oregon Watershed Enhancement Board (OWEB). The Section supports OWEB with general fiscal counsel, providing guidance on accounting and fiscal policy matters. The Section maintains accounts payable, accounts receivable, general accounting, preparation of statewide financial reporting, and enters the allotment for OWEB.

Biennially, the Section creates, inputs, and reconciles in excess of 210,000 accounting entries, which include over 51,000 accounts payable entries, 99,000 payroll entries, and 19,000 accounts receivable or receipt entries. The Section maintains files and controls for over 300 contracts and agreements, including reimbursement authority contracts and agreements.

BUSINESS SERVICES

The Business Services Section is responsible for the Department's biennial budget and the coordination of general agency support. Duties include the preparation and execution of the budget including monthly revenue and expenditure monitoring, contract monitoring, and management of the allotment.

Support Services staff provide mail processing, production copying, reception service, and inventory control. They are an important part of the Department's internal control system to safeguard the assets received through the mail. During a typical year, the Support Services staff process over 55,000 pieces of mail and over 9,000 receipts. These staff also provide reception services, assisting about 2,500 walk-in customers as well as directing about 6,000 callers through the central phone system to the appropriate technical staff.

The Water Resources Development Program funds which include Place-Based Planning, Feasibility Study Grants and Water Project Grants and Loans are monitored in the Business Services Section. See the Director's Office Section for more information on the Water Resources Development Program.

WATER DEVELOPMENT LOAN PROGRAM

The Water Development Loan Program was enacted by the 1977 Legislature to finance irrigation and drainage projects. The legislation was referred to the voters and received approval in 1977. The 1981 Legislature amended ORS 541.700 - 541.855 to expand the use of the program to include community water supply projects as a third primary use. The addition required a constitutional amendment, which was approved by Oregon voters in 1982. The 1987 Legislature amended ORS 541.700 - 541.855 to expand the authority of the program to make loans for fish protection and watershed enhancement. In May 1988 the constitution of the State of Oregon was further amended by a vote of the people, in order to make the changes effective.

The Water Development Loan Program has reviewed 320 loan applications and funded 181 loans. One hundred and seventy-six of these loans were for irrigation and drainage projects and five were for development of community water supply systems. In November 1991, the Loan

BUDGET NARRATIVE

Program issued state general obligation refunding bonds for \$6,920,000.00. These funds were used to pay off existing outstanding bonded debt of the program, which had higher interest rates. The program has no state-owned property or inventory.

In 1997, the Department worked with a steering committee through the Department of Administrative Services and the State Treasurer's Office, along with interest groups, to make the necessary amendments to administrative rules to establish new, clear criteria for underwriting loans. The Department also worked with the same entities to identify needed statutory changes that would make the program accessible and cost-effective to potential applicants. However, the program has not seen any significant interest from potential applicants in recent years.

HB 3369 (2009) made changes to the loan program which were then modified by SB 839 (2013). Authority to issue bonds in the amounts of \$10 million in 2009-11, \$15 million in 2011-13, and \$10 million in 2013-15 for a project in the Umatilla Basin were not used. Additional funding of \$30 million was authorized for 2015-17 but was not expended. General Obligation bonds are only issued after project(s) are identified and an agreement is signed for repayment by the borrower(s). No funding was authorized for the 2017-19 biennium. There are no pending loans, or applications for loans.

Program Justification

The Administrative Services Division provides the foundational support for other agency staff in accomplishing the mission and goals of the Department, as well as implementing the State's Integrated Water Resources Strategy. The administrative functions of this program area support timely and efficient payment for services and supplies and accurate payroll processing, as well as customer service support for technical staff. This section is also essential to administering grant and loan programs to help Oregonians meet their water resources needs.

Program Performance

The Administrative Services Division is responsible for providing the Department's business and administrative services, including accounting, payroll, procurement, contracting, facilities management, human relations and mailroom support services.

BUDGET NARRATIVE

SHARED SERVICES

In October of 2014, discussions around a Human Resources and Payroll shared services model began between the Department, the Oregon Watershed Enhancement Board, Department of State Lands, Oregon Housing and Community Services, Oregon Department of Energy, and Department of Land Conservation and Development. The concept was promoted and supported by the State’s Enterprise Leadership Team and its Improving Government Steering Team, with a goal of establishing projects for administrative savings and efficiencies.

A team made up of Human Resource and Payroll staff representing each agency met over the course of 10 months to develop concepts and a course of direction for this proposed project. As a result, it was recommended to transition the payroll functions into a centralized work team (ultimately to be located in the Department’s Administrative Services Division), while maintaining the human resource presence in each agency. The overall vision for this structure was to build a quality partnership between the agencies to utilize the human resource (HR) and payroll staff effectively and efficiently in a collaborative manner to support the agencies. The objectives included: improving efficiency and effectiveness in the work HR performs, broadening the knowledge base to respond to changing human resource and payroll laws, establishing best practices, and providing backup for HR and payroll staff on leave. To date, the pilot project serves over 500 FTE in six different agencies employing one permanent Payroll Specialist and one limited duration Payroll Specialist. The Department plans to make the pilot permanent effective July 1, 2019.

TIMELY PAYMENT

The Division is required to pay invoices in a timely manner. These invoices are for supplies, licenses and data, services, interagency contracts, grant disbursements and more. State agencies have 45 days to pay an invoice prior to the assessment of interest for late payment. As shown in the table, a sampling of more than 4,500 invoices paid during each annual period since 2009, shows that the Department exceeds the target, paying 100 percent of invoices in less than 30 days.

<i>Payment Timeliness</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
5 days	72%	75%	91%	83%	91%	89%	95%	83%	66%
5-10 days	16%	14%	4%	12%	8%	11%	4%	11%	16%
10-15 days	7%	10%	4%	4%	1%	1%	0%	3%	9%
15-20 days	2%	1%	2%	1%	0%	0%	0%	3%	5%
20-30 days	3%	0%	0%	1%	0%	0%	0%	1%	3%
30-45 days	1%	0%	0%	0%	0%	0%	0%	0%	0%
> 45 days	0%	0%	0%	0%	0%	0%	0%	0%	0%
% within 30 days	99%	100%	100%	100%	100%	100%	100%	100%	100%
% within 15 days	94%	99%	98%	98%	100%	100%	100%	97%	92%

BUDGET NARRATIVE

ENABLING LEGISLATION/PROGRAM AUTHORIZATION

The Feasibility Study Grants (Water Conservation, Reuse and Storage Grant) is governed by ORS 541.561 to 541.581. The Water Project Grants and Loans funding (Water Supply Development Account) is authorized by ORS 541.651 to 541.696. The Water Development Loan Fund is governed by ORS 541.700 to 541.855.

FUNDING STREAMS

General Fund is the primary funding source that is used to provide administrative services to the Department. Funding for the Water Projects Grants and Loans Program has come from Lottery Revenue Bonds in the past, while a combination of Lottery Revenue Bonds and General Fund has supported Feasibility Study Grants. For the 2019-21 biennium, General Fund is proposed for Feasibility Study Grants and Lottery Revenue Bonds are proposed to support the Water Project Grants and Loans program.

Administrative Services Division

	General Fund	Other Funds	Lottery Funds	Federal Funds	Total Funds
2017-19 Legislatively Adopted Budget	4,558,305	49,992,456	3,953,969	-	58,504,730
2017-19 Emergency Boards	39,499	5,251,488	-	46,086	5,337,073
2017-19 Legislatively Approved Budget	4,597,804	55,243,944	3,953,969	46,086	63,841,803
2019-21 Base Budget	4,364,116	55,251,135	8,493,320	12,820	68,121,391
2019-21 Current Service Level	5,112,899	32,138,102	8,493,320	25,000	45,769,321
Total Packages	441,816	54,988,755	(926,818)	-	54,503,753
2019-21 Legislatively Adopted Budget	5,554,715	87,126,857	7,566,502	25,000	100,273,074

BUDGET NARRATIVE

ADMINISTRATIVE SERVICES DIVISION ESSENTIAL AND STATEWIDE PACKAGES

010 – Vacancy Factor and Non-PICS Personal Services

This package contains adjustments to the base budget as directed in the 2019-21 Budget Instructions. These changes include changes to the Vacancy Savings Factor, the non-PICS generated Personal Services inflation adjustments and the Pension Obligation Bonds calculations supplied to Agencies by the Department of Administrative Services Chief Financial Office.

020 – Costs of Phased In/Phased Out Programs and One Time Costs

This package removes funding that was intended as one-time funding from the 2017-19 biennium.

030 – Inflation and Price List Adjustment

This package contains adjustments for inflation and other price list adjustments including State Government Service Charges and Usage Based Charges as directed in the 2019-2021 Budget Instructions. General inflation was calculated using a factor of 3.8% while a rate of 4.2% was used for Professional Services and Special Payments. Adjustments to State Government Service Charges and Usage Based Charges were adjusted per the 2019-21 price lists.

060 – Technical Adjustment

This package was used to adjust 2019-21 budgets to align with the 2017-19 changes to the agency structure.

801 – LFO Analyst Adjustments

This package contains the carry forward from the direct award grant for the Umatilla Basin Water Supply Projects

810 – Statewide Adjustments

This package includes adjustments for expenses related to SGSC, DAS Assessments, PERS, Attorney General and Debt Service.

811 – Budget Reconciliation Adjustments

This package contains lottery revenue bond proceeds and the associated cost of issuance.

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 010 - Non-PICS Psnl Svc / Vacancy Factor

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	74,039	-	-	-	-	-	74,039
Charges for Services	-	-	-	-	-	-	-
Federal Funds	-	-	-	(12,820)	-	-	(12,820)
Total Revenues	\$74,039	-	-	(\$12,820)	-	-	\$61,219
Personal Services							
All Other Differential	82	-	-	-	-	-	82
Public Employees' Retire Cont	14	-	-	-	-	-	14
Pension Obligation Bond	(8,859)	-	144	(12,820)	-	-	(21,535)
Social Security Taxes	6	-	-	-	-	-	6
Unemployment Assessments	48	-	15	-	-	-	63
Mass Transit Tax	(916)	-	35	-	-	-	(881)
Vacancy Savings	83,664	-	4,006	-	-	-	87,670
Total Personal Services	\$74,039	-	\$4,200	(\$12,820)	-	-	\$65,419
Total Expenditures							
Total Expenditures	74,039	-	4,200	(12,820)	-	-	65,419
Total Expenditures	\$74,039	-	\$4,200	(\$12,820)	-	-	\$65,419
Ending Balance							
Ending Balance	-	-	(4,200)	-	-	-	(4,200)
Total Ending Balance	-	-	(\$4,200)	-	-	-	(\$4,200)

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 021 - Phase - In

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Personal Services							
Vacancy Savings	-	-	-	-	-	-	-
Total Personal Services	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

____ Agency Request
2019-21 Biennium

____ Governor's Budget
Page _____

____ Legislatively Adopted
Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 022 - Phase-out Pgm & One-time Costs

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Revenue Bonds	-	-	(27,892,169)	-	-	-	(27,892,169)
Total Revenues	-	-	(\$27,892,169)	-	-	-	(\$27,892,169)
Services & Supplies							
Other Services and Supplies	-	-	(542,169)	-	-	-	(542,169)
Total Services & Supplies	-	-	(\$542,169)	-	-	-	(\$542,169)
Special Payments							
Other Special Payments	-	-	(22,583,327)	-	-	-	(22,583,327)
Total Special Payments	-	-	(\$22,583,327)	-	-	-	(\$22,583,327)
Total Expenditures							
Total Expenditures	-	-	(23,125,496)	-	-	-	(23,125,496)
Total Expenditures	-	-	(\$23,125,496)	-	-	-	(\$23,125,496)
Ending Balance							
Ending Balance	-	-	(4,766,673)	-	-	-	(4,766,673)
Total Ending Balance	-	-	(\$4,766,673)	-	-	-	(\$4,766,673)

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 031 - Standard Inflation

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	469,432	-	-	-	-	-	469,432
Total Revenues	\$469,432	-	-	-	-	-	\$469,432
Services & Supplies							
Instate Travel	333	-	-	-	-	-	333
Out of State Travel	11	-	-	-	-	-	11
Employee Training	211	-	-	-	-	-	211
Office Expenses	4,975	-	-	-	-	-	4,975
Telecommunications	1,496	-	-	-	-	-	1,496
State Gov. Service Charges	398,118	-	7,735	-	-	-	405,853
Data Processing	35	-	-	-	-	-	35
Publicity and Publications	4	-	-	-	-	-	4
Professional Services	-	-	-	-	-	-	-
Dues and Subscriptions	4	-	-	-	-	-	4
Facilities Rental and Taxes	47,136	-	-	-	-	-	47,136
Facilities Maintenance	7	-	-	-	-	-	7
Other Services and Supplies	1,539	-	-	-	-	-	1,539
Expendable Prop 250 - 5000	23	-	-	-	-	-	23
IT Expendable Property	133	-	-	-	-	-	133
Total Services & Supplies	\$454,025	-	\$7,735	-	-	-	\$461,760
Special Payments							
Dist to Other Gov Unit	-	-	-	-	-	-	-

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 031 - Standard Inflation

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Special Payments							
Other Special Payments	15,407	-	-	-	-	-	15,407
Total Special Payments	\$15,407	-	-	-	-	-	\$15,407
Total Expenditures							
Total Expenditures	469,432	-	7,735	-	-	-	477,167
Total Expenditures	\$469,432	-	\$7,735	-	-	-	\$477,167
Ending Balance							
Ending Balance	-	-	(7,735)	-	-	-	(7,735)
Total Ending Balance	-	-	(\$7,735)	-	-	-	(\$7,735)

____ Agency Request
2019-21 Biennium

____ Governor's Budget
Page _____

____ Legislatively Adopted
Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 032 - Above Standard Inflation

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	197,165	-	-	-	-	-	197,165
Total Revenues	\$197,165	-	-	-	-	-	\$197,165
Services & Supplies							
Facilities Rental and Taxes	195,543	-	-	-	-	-	195,543
Total Services & Supplies	\$195,543	-	-	-	-	-	\$195,543
Special Payments							
Other Special Payments	1,622	-	-	-	-	-	1,622
Total Special Payments	\$1,622	-	-	-	-	-	\$1,622
Total Expenditures							
Total Expenditures	197,165	-	-	-	-	-	197,165
Total Expenditures	\$197,165	-	-	-	-	-	\$197,165
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

____ Agency Request
2019-21 Biennium

____ Governor's Budget
Page _____

____ Legislatively Adopted
Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

**Water Resources Dept
Pkg: 060 - Technical Adjustments**

**Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000**

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	8,147	-	-	-	-	-	8,147
Federal Funds	-	-	-	25,000	-	-	25,000
Total Revenues	\$8,147	-	-	\$25,000	-	-	\$33,147
Services & Supplies							
Instate Travel	(6,720)	-	-	-	-	-	(6,720)
Telecommunications	(24,355)	-	-	-	-	-	(24,355)
Data Processing	3,181	-	-	-	-	-	3,181
Professional Services	9,800	-	-	-	-	-	9,800
Facilities Rental and Taxes	25,137	-	-	-	-	-	25,137
Agency Program Related S and S	2,455	-	-	-	-	-	2,455
IT Expendable Property	(1,351)	-	-	-	-	-	(1,351)
Total Services & Supplies	\$8,147	-	-	-	-	-	\$8,147
Special Payments							
Dist to Other Gov Unit	-	-	(5,150,000)	-	-	-	(5,150,000)
Other Special Payments	-	-	5,150,000	25,000	-	-	5,175,000
Total Special Payments	-	-	-	\$25,000	-	-	\$25,000
Total Expenditures							
Total Expenditures	8,147	-	-	25,000	-	-	33,147
Total Expenditures	\$8,147	-	-	\$25,000	-	-	\$33,147

____ Agency Request
2019-21 Biennium

____ Governor's Budget
Page _____

____ Legislatively Adopted
Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 060 - Technical Adjustments

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 801 - LFO Analyst Adjustments

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Beginning Balance							
Beginning Balance Adjustment	-	-	-	-	-	-	-
Total Beginning Balance	-	-	-	-	-	-	-
Special Payments							
Dist to Other Gov Unit	-	-	-	-	-	-	-
Other Special Payments	-	-	11,000,000	-	-	-	11,000,000
Total Special Payments	-	-	\$11,000,000	-	-	-	\$11,000,000
Total Expenditures							
Total Expenditures	-	-	11,000,000	-	-	-	11,000,000
Total Expenditures	-	-	\$11,000,000	-	-	-	\$11,000,000
Ending Balance							
Ending Balance	-	-	(11,000,000)	-	-	-	(11,000,000)
Total Ending Balance	-	-	(\$11,000,000)	-	-	-	(\$11,000,000)

____ Agency Request
2019-21 Biennium

____ Governor's Budget
Page _____

____ Legislatively Adopted
Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 810 - Statewide Adjustments

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	(108,184)	-	-	-	-	-	(108,184)
Revenue Bonds	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Tsfr From Administrative Svcs	-	(939,970)	-	-	-	-	(939,970)
Total Revenues	(\$108,184)	(\$939,970)	-	-	-	-	(\$1,048,154)
Personal Services							
Reconciliation Adjustment	(6,983)	-	(2,271)	-	-	-	(9,254)
Total Personal Services	(\$6,983)	-	(\$2,271)	-	-	-	(\$9,254)
Services & Supplies							
Office Expenses	(10,316)	-	(462)	-	-	-	(10,778)
State Gov. Service Charges	(77,522)	-	(11)	-	-	-	(77,533)
Data Processing	-	-	-	-	-	-	-
Facilities Rental and Taxes	(14,218)	-	(1,355)	-	-	-	(15,573)
Agency Program Related S and S	-	-	-	-	-	-	-
Other Services and Supplies	855	-	-	-	-	-	855
Total Services & Supplies	(\$101,201)	-	(\$1,828)	-	-	-	(\$103,029)
Special Payments							
Other Special Payments	-	-	-	-	-	-	-
Total Special Payments	-	-	-	-	-	-	-

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 810 - Statewide Adjustments

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Debt Service							
Principal - Bonds	-	(312,848)	-	-	-	-	(312,848)
Interest - Bonds	-	(613,970)	-	-	-	-	(613,970)
Total Debt Service	-	(\$926,818)	-	-	-	-	(\$926,818)
Total Expenditures							
Total Expenditures	(108,184)	(926,818)	(4,099)	-	-	-	(1,039,101)
Total Expenditures	(\$108,184)	(\$926,818)	(\$4,099)	-	-	-	(\$1,039,101)
Ending Balance							
Ending Balance	-	(13,152)	4,099	-	-	-	(9,053)
Total Ending Balance	-	(\$13,152)	\$4,099	-	-	-	(\$9,053)

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 811 - Budget Reconciliation Adjustments

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

Description	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Revenue Bonds	-	-	43,849,252	-	-	-	43,849,252
Interest Income	-	-	394	-	-	-	394
Total Revenues	-	-	\$43,849,646	-	-	-	\$43,849,646
Services & Supplies							
Other Services and Supplies	-	-	849,252	-	-	-	849,252
Total Services & Supplies	-	-	\$849,252	-	-	-	\$849,252
Special Payments							
Other Special Payments	-	-	43,000,000	-	-	-	43,000,000
Total Special Payments	-	-	\$43,000,000	-	-	-	\$43,000,000
Debt Service							
Principal - Bonds	-	-	394	-	-	-	394
Total Debt Service	-	-	\$394	-	-	-	\$394
Total Expenditures							
Total Expenditures	-	-	43,849,646	-	-	-	43,849,646
Total Expenditures	-	-	\$43,849,646	-	-	-	\$43,849,646

____ Agency Request
2019-21 Biennium

____ Governor's Budget
Page _____

____ Legislatively Adopted
Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 811 - Budget Reconciliation Adjustments

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

Policy Option Package #101: Place-Based Planning Community Support

Purpose: Water is the foundation for our quality of life, economies, and ecosystems. Oregon communities need to plan for how they will meet their instream and out-of-stream water needs in the midst of limited supply and a changing climate. In most parts of the state, surface water is fully allocated in summer months. Similarly, across the state, aquifers are becoming fully appropriated. In order to sustain current and future economic growth, while supporting environmental health, communities must consider how they will meet their water needs now and into the future. Place-based integrated water resources planning is a voluntary, locally initiated and led effort in which a balanced representation of water interests within a hydro-geographic area (e.g., basin, watershed or groundwater area) work in partnership with the state to characterize current water resources and issues; understand current and future instream and out-of-stream water needs and demands; and identify solutions to address water needs. Undertaking place-based integrated water resources planning supports Recommended Action 9.A of the Integrated Water Resources Strategy.

In 2015, the Oregon Legislature passed SB 266 authorizing the State to pilot place-based integrated water resources planning to partner with communities to understand and meet their water resources needs. The Department also received \$750,000 to help communities pilot the approach. In 2016, the Oregon Water Resources Commission awarded four grants to four basins: Upper Grande Ronde, Lower John Day, Malheur Lake, and the Mid-Coast. The primary purpose of this package is to support four existing place-based planning areas and to evaluate the place-based planning approach to water planning.

Since 2016, each of the four planning groups has diligently worked in partnership with the Department to develop a place-based integrated water resources plan through a five-step planning process. Each of the places have crafted governance agreements that outline how diverse partners work together, increased awareness of water issues within and beyond their communities, compiled and synthesized water-related data from state and federal agencies, and created a venue to share local knowledge. Both the Department and the four planning groups agree that it will take additional time and resources to develop place-based plans and work to implement them. Therefore, the Department is seeking additional funding to support the four places and seeking legislation to extend the sunset of Senate Bill 266 (2015) from 2019 to 2023.

Collaborative planning takes time, but can yield benefits in the form of reduced conflict over water resources and greater capacity to implement projects that will help address instream and out-of-stream needs. Other basins in Oregon are interested in conducting place-based planning. Before establishing place-based planning as a permanent program, there is a need to evaluate the place-based planning approach, determine if it or other types of planning are best for Oregon, and to decide how to proceed with helping communities plan for their water future. This package, therefore presents a way to evaluate place-based planning and conduct a planning needs assessment in order to determine how best the State of Oregon can partner with communities in water planning.

BUDGET NARRATIVE

How Achieved: In meeting with stakeholders, there was strong support for providing financial and technical assistance to the four planning groups to help them complete their plans and work on implementation. There was also an interest in evaluating the place-based approach to water planning and assessing planning needs before determining whether to make the program permanent. As a result, the Department is proposing legislation to extend Senate Bill 266 through June 30, 2023, as well as proposing this funding package to provide assistance to the four planning groups and to evaluate the program.

In order for planning groups to successfully finish planning and transition to plan implementation, it is essential for the State to provide technical assistance to help the pilots fill critical data gaps about their water resources and demands, as well as financial assistance to sustain facilitation and project coordination support. OWRD is requesting \$650,000 to support the four planning groups. The portion of funds provided to each planning group will be determined based on need and how far along the group is in the planning process. Funds will be used by the Department and the planning groups for technical work, data, trainings, facilitation, coordination, group gatherings, and other support necessary to sustain a multi-interest collaborative process. After the plan is adopted, the Department proposes to provide staff resources and cost-match funds for coordination and facilitation to shift the group from planning towards working on implementation for one to two years.

In addition to the funding, this package proposes to make permanent a full time planning coordinator position that has been critical to supporting the planning groups, and will continue to be needed as they develop a plan and shift to implementation. The position will also help facilitate the evaluation of the program, including implementing any recommendations of the evaluation. In addition to place-based planning, planning coordinators also often provide other coordination or support to basins undertaking other types of water-related planning.

An evaluation of the place-based planning approach will allow the Department to incorporate the experiences of the four planning groups into the program design of place-based planning. The independent evaluation would identify the lessons learned, successes, potential improvements, as well as how the State should partner in water planning. As part of this, the evaluation will also include an inventory of completed, ongoing, and expected water planning efforts in order to better identify the need for State investment in water planning. Likewise an assessment of interest in place-based and other water planning will help the Department identify those basins interested in planning and their readiness. Such an assessment will also help basins identify what federal, state, local, or private resources are available for their water planning. Requested funds for the evaluation and the planning needs assessment is \$100,000.

Staffing Impact:

Position	Class/Pay Opt	Class Desc	Working Title	Type	Months	FTE	2019-21	2021-23
9919001	C8504 AP	Nat Res Spec 4	Planning Coordinator	PF LD	24	1.00	\$238,561	\$259,654

BUDGET NARRATIVE

Quantifying Results: The four communities piloting the approach to place-based planning have made significant investments in time and resources to move their planning efforts forward. Staff estimate that cash and in-kind match from the communities and private foundations are double the state's investment (2:1 ratio) so far. Each plan will outline the status of water resources for the planning area, instream and out-of-stream water needs and demands, as well as solutions to meet those water needs now and into the future. The plans will then be utilized to help the community move forward on implementing the solutions, which will help them to ensure they have water necessary to sustain their economies, communities, and ecosystems. Providing funds to support the existing planning groups in 2019-2021 would result in:

- Upper Grande Ronde and Lower John Day adopting plans in mid to late 2019 and begin plan implementation. Investment in plan implementation will allow coordinated follow through on the actions identified in the plan (e.g., pursue a water supply project).
- Mid-Coast adopting a place-based plan in 2020 and begin plan implementation.
- Malheur Lake being on track to adopt a plan in 2022/2023, depending on the completion of the ongoing groundwater study in the basin.

Funding an independent evaluation of place-based planning and a water planning assessment would result in an understanding of:

- Needed improvements to the program, as well as the challenges, opportunities, strengths and weaknesses of the approach;
- How well the current place-based planning draft guidelines helped communities undertaking the place-based approach, and how the guidelines could be improved;
- How Oregon should proceed with place-based planning, and whether other types of planning is needed;
- Other planning efforts in Oregon, and the status of those efforts;
- Where water planning is needed, what kind of planning may be appropriate for basins interested in water planning, and what each needs to move forward.

BUDGET NARRATIVE

Funding Source:

General Fund: ~~\$979,950~~ ~~\$750,000~~ \$788,561
Staffing Costs: ~~\$229,950~~ \$238,561
Support Planning Group: ~~\$650,000~~ \$450,000
Evaluation and Needs Assessment: \$100,000

The numbers above represent the total package value. Breakdown of the impact to this specific Division can be found in the following reports.

The Legislatively Adopted Budget authorizes \$550,000 in the Administrative Services Division for support for the planning groups, a needs assessment and program evaluation. The limited duration planning coordinator position is authorized in the Director's Office.

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 101 - Place-Based Planning Community Support

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	550,000	-	-	-	-	-	550,000
Total Revenues	\$550,000	-	-	-	-	-	\$550,000
Services & Supplies							
Professional Services	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Special Payments							
Dist to Other Gov Unit	550,000	-	-	-	-	-	550,000
Other Special Payments	-	-	-	-	-	-	-
Total Special Payments	\$550,000	-	-	-	-	-	\$550,000
Total Expenditures							
Total Expenditures	550,000	-	-	-	-	-	550,000
Total Expenditures	\$550,000	-	-	-	-	-	\$550,000
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

Policy Option Package #107: Investing in Projects to Meet Water Needs

Purpose: Most of the surface water resources in Oregon are fully allocated during the summer months, requiring individuals and communities seeking new supplies to turn to other tools such as water conservation, reuse, storage, and other mechanisms to meet instream and out-of-stream needs. Challenges in meeting current and future demands are exacerbated by a changing climate, which will alter snowpack, temperatures, and the hydrology of many streams throughout Oregon. This will affect the availability of water, as well as increase the incidence of droughts. To adequately meet Oregon’s instream and out-of-stream water demands now and into the future, Oregon needs to invest in efforts to evaluate and implement projects. That means looking more closely at innovative water conservation and reuse projects, environmentally sound storage projects, and other water projects.

The costs of the numerous feasibility studies and environmental analyses that must be conducted before a project can be built frequently add up to hundreds of thousands of dollars, presenting a considerable and often insurmountable barrier to projects moving forward. To meet this challenge, the Oregon Legislature in 2008 established the Water Conservation, Reuse and Storage Grant program (SB 1069 or Feasibility Study Grants), which provides grants for feasibility study work. There continues to be a strong demand for these grants, and it is expected that this demand will increase as the State focuses on providing a secure water future for both instream and out-of-stream needs. The 2017 Integrated Water Resources Strategy’s Recommended Action 13.D identifies the need to continue to provide funding to help evaluate the feasibility of water conservation, storage, and reuse projects. Meeting instream and out-of-stream water needs through water conservation, reuse and storage projects is critical to the economy of Oregon, and for healthy watersheds, fish and wildlife, and recreation.

In addition to the need to identify and evaluate projects, there is also a high demand for funding to implement water infrastructure projects. In a 2016 survey of member cities, the League of Oregon Cities projected a need of \$7.6 billion to address water and wastewater infrastructure needs for their member cities over the next 20 years. The American Society of Civil Engineers (ASCE) has estimated similar costs. In the 2017 Infrastructure Report Card for Oregon, ASCE estimates Oregon’s infrastructure need in the drinking water sector at about \$5.6 billion and in the wastewater sector, about \$3.89 billion, for a total of \$9.49 billion. These surveys demonstrate a high need to investment in water infrastructure but do not provide a complete assessment of the need. In addition to drinking water and wastewater infrastructure needs, agriculture also has significant water infrastructure needs particularly as many farmers and districts seek to install more efficient irrigation systems and implement other conservation projects. Further work is needed to understand the status of water supply infrastructure across the state.

To meet Oregon’s current and future water needs, the state will need to partner with individuals and communities to implement water resources projects. This package proposes funding to implement water projects, utilizing the Water Supply Development Account (SB 839 – 2013) to provide grants and loans for water resources development projects that have economic, environmental and community benefits. To date, demand has far exceeded the amount of funding available each cycle. In 2013 and 2015 the Legislature authorized a total of \$14 million for projects in lottery revenue bond funding (bonds issued in spring of 2015 and 2017). For the 2016 application cycle alone, 37 funding requests were received seeking

BUDGET NARRATIVE

nearly \$51 million. The Commission awarded funding to the top nine projects, totaling \$8.9 million, leaving \$5.1 million for the 2017 funding cycle. In 2017, Department received 32 applications and \$34 million in grant and loan requests. An additional \$15 million was authorized for the 2017-2019 biennium. The Commission awarded funding to the top four projects for a total of about \$6.2 million. This allowed the Commission to have approximately \$13.8 million in funding for the 2018 and 2019 funding cycles. In 2018, another 19 applications were received requesting nearly \$16 million.

Recapitalization of the grant and loan fund is necessary to continue to advance the State's ability to assist with the development of water resources projects to provide access to new water supplies for instream and out-of-stream uses in Oregon. Investing in water resources projects furthers a number of recommended actions in the Integrated Water Resources Strategy aimed at: continuing the Water Resources Development Program (#10.E); improving access to built storage (#10.B); improving water use efficiency and water conservation (#10.A); encouraging water reuse (#10.C); determining and protecting flows needed to support instream needs (#3.A and #11.B); and investing in water resources projects (#13.E).

This policy option package also requests a full time Program Analyst 3 position. This position is necessary for proper oversight of the program as well as to help manage sources of capital for sustainable investment in projects in both the near and long-term.

How Achieved: This request includes funding to better understand the current status of our water infrastructure, as well as invest in evaluating the feasibility and implementation of projects.

\$250,000 is proposed to conduct a water infrastructure inventory to better understand the status and condition of Oregon's water infrastructure, and anticipated needs for investments. The funding will support a contractor to collect and compile existing information to develop a comprehensive statewide inventory of the status and condition of water supply infrastructure, maintenance costs, and potentially an estimate of the value of operation. This complements a proposal in Oregon Department of Environmental Quality's Agency Request Budget (Package #161) that would assemble comparable information on Oregon's wastewater and stormwater infrastructure needs.

There is currently \$400,000 General Fund in the Department's base budget for grant awards in the Water Conservation, Reuse and Storage Grant program (also called Feasibility Study Grants). With communities more regularly experiencing water shortages, there is increased interest in pursuing conservation, storage, and reuse projects. This proposal would provide an additional \$1 million in General Fund to provide grants to investigate the viability of these projects.

In addition, this request would recapitalize the Water Supply Development Account with \$30 million in Lottery Bond Revenue in order to fund grants and loans for water projects that provide economic, environmental, and social benefits to meet Oregon's ongoing instream and out-of-stream water needs.

BUDGET NARRATIVE

This policy option package also requests a full time Program Analyst 3 position. This position is necessary for proper oversight of the program as well as to help manage sources of capital for sustainable investment in projects in both the near and long-term. The position would understand the various funding options, including other grant and loan opportunities to help the state, individuals, and communities obtain and leverage these funds. The position would conduct financial modeling and financial analysis to facilitate identification of sources of capital and manage Department funds for investment in water projects and studies. This position would also be responsible for the origination, structuring, negotiation, and closing of project financing and investments, including auditing grants and loans. The analyst would also provide guidance to individuals and communities developing financing plans for projects.

Staffing Impact:

Position	Class/Pay Opt	Class Desc	Working Title	Type	Months	FTE	2019-21	2021-23
9919027	C0862-AP	Program Analyst 3	Water Project Grant And Loan Analyst	PF	21	0.88 FTE	\$183,962	\$196,596

Quantifying Results: The long-term goal is to better meet instream and out-of-stream needs for Oregonians as a result of funded projects. The development of new water supplies will further economic growth and healthy ecosystems by providing water to meet the needs of agriculture, fish and wildlife, industries, recreation, and municipalities. In order to develop new or secure existing water supplies, communities must investigate which projects are feasible to meet the need and then pursue implementation of those projects. Oregon will be better informed and a more strategic and effective investor in projects with a statewide inventory of current water supply infrastructure, as future grant and loan investments will be prioritized and carried out with a more comprehensive baseline understanding of water infrastructure needs.

Feasibility Study Grants and Water Project Grants and Loans are two ways the State of Oregon can partner with communities to invest in water supply projects. Both competitive grant programs require cost-match for grants and loans awarded, allowing state funds to be leveraged and ensuring that only serious applicants apply. Feasibility Study Grants requires a dollar-for-dollar match and Water Project Grants and Loans requires the applicant to cover no less than 25% of the total project cost.

In addition to awarding and managing the grants, the Program Analyst 3 position would be responsible for leveraging state dollars for additional federal, local, or private investment. The position will promote greater access to the funding opportunities through outreach to and guidance for potential applicants across Oregon. It will also help Water Project Grants and Loans to develop into a sustainable revolving fund.

BUDGET NARRATIVE

Funding Source:

General Fund: ~~\$1,433,962~~

Staffing Costs: ~~\$183,962~~

Infrastructure Assessment: ~~\$250,000~~

Feasibility Study Grants: ~~\$1,000,000~~

Other Funds: ~~\$30,733,733~~ ~~\$15,278,251~~

Lottery Revenue Bonds

Water Projects: ~~\$30,000,000~~ ~~\$15,000,000~~

Cost of Issuance: ~~\$733,733~~ ~~\$278,251~~

Lottery Funds: ~~\$2,004,623~~

Debt Service: ~~\$2,004,623~~

The numbers above represent the total package value. Breakdown of the impact to this specific Division can be found in the following reports.

The Legislature authorized \$43 million in Lottery Revenue Bond proceeds plus the cost of issuance in package 811. Projects supported include \$15 million for Water Projects Grants and Loans, \$10 million for the Deschutes Basin Board of Control Piping Project, \$4 million for the City of Newport Big Creek Dams and \$14 million for Wallowa Lake Dam Rehabilitation. Package 107 was not proposed for funding in the Legislatively Adopted Budget.

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 107 - Investing in Projects to Meet Water Needs

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	-	-	-	-	-	-	-
Revenue Bonds	-	-	-	-	-	-	-
Transfer In Lottery Proceeds	-	-	-	-	-	-	-
Tsfr From Administrative Svcs	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Services & Supplies							
Other Services and Supplies	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-
Special Payments							
Other Special Payments	-	-	-	-	-	-	-
Total Special Payments	-	-	-	-	-	-	-
Debt Service							
Principal - Bonds	-	-	-	-	-	-	-
Interest - Bonds	-	-	-	-	-	-	-
Total Debt Service	-	-	-	-	-	-	-
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 107 - Investing in Projects to Meet Water Needs

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-

BUDGET NARRATIVE

Policy Option Package #112 Continuing Payroll Shared Services

Purpose: Since 2015, the Water Resources Department has piloted a shared payroll service model with neighboring state agencies. Over the last four years, we have created best practices, streamlined processes, and are now realizing economies of scale. The team approach to payroll processing has also enabled the agencies to consider succession planning and enabled continued support of payroll functions when a staff member is out of the office. The pilot began with four agencies and has since grown to include the following six agencies: Department of State Lands, Land Use Board of Appeals, Housing and Community Services, Department of Land Conservation and Development, Watershed Enhancement Board, and Water Resources Department. This pilot has proven to be a successful and efficient alternative for these agencies each with less than 200 FTE. The shared payroll team is now supporting approximately 550 employees.

How Achieved: During the initial pilot phase, a limited duration Accounting Technician 3 position was authorized. This package proposes to continue the shared service approach to payroll for these agencies, by making this position permanent. Making the position permanent will maintain the success if this model going forward.

Staffing Impact:

Position	Class/Pay Opt	Class Desc	Working Title	Type	Months	FTE	2019-21	2021-23
9919046	C0212 OAS AP	Accounting Tech 3	Payroll Technician	PF	24	1.0	\$146,808	\$146,808

Quantifying Results: The payroll shared service approach creates administrative efficiencies for the six participating agencies – by pooling resources together, we have demonstrated the ability to effectively manage a fully functioning payroll and benefits program with less staff than what would otherwise be required if each agency conducted the work separately.

BUDGET NARRATIVE

Funding Source:

Other Funds: \$146,808

Staffing Costs: \$146,808

The numbers above represent the total package value. Breakdown of the impact to this specific Division can be found in the following reports.

The Legislatively Adopted Budget authorizes funding for this package in the amount of \$143,208 for the Administrative Services Division. The remaining \$3,500 is proposed for funding in Technical Services Division.

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 112 - Continuing Payroll Shared Services

Gross Reference Name: Administrative Services
Gross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
Charges for Services	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	78,336	-	-	-	78,336
Empl. Rel. Bd. Assessments	-	-	61	-	-	-	61
Public Employees' Retire Cont	-	-	13,294	-	-	-	13,294
Social Security Taxes	-	-	5,993	-	-	-	5,993
Worker's Comp. Assess. (WCD)	-	-	58	-	-	-	58
Flexible Benefits	-	-	35,184	-	-	-	35,184
Total Personal Services	-	-	\$132,926	-	-	-	\$132,926
Services & Supplies							
Instate Travel	-	-	662	-	-	-	662
Employee Training	-	-	1,000	-	-	-	1,000
Office Expenses	-	-	1,440	-	-	-	1,440
Telecommunications	-	-	2,680	-	-	-	2,680
Employee Recruitment and Develop	-	-	500	-	-	-	500
Dues and Subscriptions	-	-	500	-	-	-	500
Other Services and Supplies	-	-	1,000	-	-	-	1,000
Expendable Prop 250 - 5000	-	-	2,500	-	-	-	2,500
Total Services & Supplies	-	-	\$10,282	-	-	-	\$10,282

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 112 - Continuing Payroll Shared Services

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total Expenditures							
Total Expenditures	-	-	143,208	-	-	-	143,208
Total Expenditures	-	-	\$143,208	-	-	-	\$143,208
Ending Balance							
Ending Balance	-	-	(143,208)	-	-	-	(143,208)
Total Ending Balance	-	-	(\$143,208)	-	-	-	(\$143,208)
Total Positions							
Total Positions							1
Total Positions	-	-	-	-	-	-	1
Total FTE							
Total FTE							1.00
Total FTE	-	-	-	-	-	-	1.00

____ Agency Request
2019-21 Biennium

____ Governor's Budget
Page _____

____ Legislatively Adopted
Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

Policy Option Package #113: Supporting Agency Functions

Purpose: In order for the Department to achieve its mission, the agency must ensure that it provides the underlying support for staff to succeed in their day-to-day responsibilities and for the agency to function well. Accounting, procurement, public records, information technology and human resources professionals enable other staff across the agency to focus on the work of protecting and promoting sustainable management of Oregon's water resources. In recent years, the Department has identified a need to help these foundational staff succeed in several areas as outlined below.

Loans/Procurement: The Department has had a loan specialist associated with the Water Development Loan Fund (WDLF); although the Department has over the years received limitation authority for loans, in recent biennia none have been issued. As a result, this position, budgeted to be funded by the WDLF, has been paid for by General Fund savings to focus on compliance with contracting and procurement requirements, as well as the Water Projects Grants and Loans funding opportunity. Contracting and procurement is essential to the work of the agency, and the Department has no other staff that perform this work.

Accounting: The Department is experiencing an increase in the volume of accounting transactions as well as an increased complexity in fiscal tracking and reporting. In recent biennia the Department has received over \$50 million in Lottery Revenue Bond funding for the Water Resources Development Program which requires specialized reporting and tracking. Recent changes to the statewide reporting requirements for accounts receivable have resulted in additional tracking needs for fiscal staff. There is a need for the Department to review and update its internal fiscal processes and policies to ensure compliance with statewide guidance. Fiscal staff have begun efforts to map and streamline processes; however, the increasing workloads have limited progress.

Human Resources: Human Resources is a strategic asset to improve performance and efficiency across the Department through increased training and development opportunities. The Department currently has two positions dedicated to supporting and managing the HR functions for both the Department and the Oregon Watershed Enhancement Board. These positions support approximately 200 employees throughout the state. In the last two years, there has been a steady increase in workload at the higher level due to complex employee and labor relation issues, required safety training compliance and monitoring, performance management, affirmative action and equity responsibilities, and supporting the implementation of employee initiatives. There are also increased workloads due to recent requirements to implement wellness, diversity and inclusion, and emergency preparedness actions. One position also oversees the Shared Services Payroll Team, which currently provides payroll and benefit administration for six agencies.

IT Life Cycle Replacement: The Department's computers and servers are nearing or have passed their end-of-life. This includes file servers, database servers, domain controllers, and other specialized servers as well as personal computers. These machines are managed by the Department's IT staff. Laptop and desktop computers also require replacement as new technological advances in equipment are released that will aid staff in accessing information as they perform their duties. The replacement of these machines has been done on an as-needed basis, typically with

BUDGET NARRATIVE

vacancy or other accrued savings, usually at the end of the biennium. The Department believes that a better approach would be to establish a dedicated budget for life-cycle replacement, technology upgrades, and licensing for Department's computer servers, personal computers, and software applications. Additionally, the Department would like to move its computer servers off-site to the State Data Center. Having the servers located off-site will better enable the Department to provide service to internal and external customers, as well as be better prepared for an emergency. This project is in alignment with IWRS Recommended Action 1C.

Public Records: Public record requests are now taking a considerable amount of staff time. The agency received approximately 89 public records requests in 2015, 133 in 2016, and 143 in 2017, and more than 100 as of August 1, 2018. Part of the reason for the increase is that the agency began ensuring that public records requests were submitted to one person to ensure that the request was properly fulfilled. The agency needs to process public records requests timely in accordance with the law, while also ensuring that all staff that may have the records are contacted to fulfill the request, that all records are found and reviewed for sensitive information, and that the request is properly fulfilled. Current public records workloads have reduced staff's time available to spend on rules coordination, Director's office projects, and other responsibilities.

Internal Audit: 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 2017, while exploring options for meeting this requirement. The Department has spoken with DAS to determine its options and has decided that the preferred choice is to hire a position to undertake the internal auditing function to comply with the requirements.

How achieved:

- *Loans and Procurement:* This package proposes to shift the Water Development Loan Specialist from the Water Development Loan Fund to General Fund to allow the Department to continue to comply with procurement requirements and contracting needs, as well as conduct work associated with the Water Project Grants and Loans Program.
- *Accounting:* This package proposes to add an Accountant 1 to assist in daily processing of accounting transactions. This position will assist fiscal staff in the updating and training of Department staff on fiscal policies. Adding this position will allow the senior accounting staff to focus on higher level accounting work as well as reviewing agency procedures to ensure compliance with all statewide fiscal policies, refine management reports which are used by senior management for decision making and focus on streamlining fiscal processes.
- *Human Resources:* In order to meet these increased demands and ensure compliance with employment contracts and policies, the Department proposes to create capacity by rebalancing the workload and shifting lower level human resources work to a third position classified as an HR Analyst 1. With this adjustment, the HR Section will be better positioned to proactively manage human resources functions for two agencies and payroll and benefit functions for six.
- *Information Technology/Lifecycle Replacement:* The Department has reached out to the State Data Center (SDC) to determine the cost to migrate servers and firewalls over to the SDC in a phased approach over the course of the 19-21 biennium. This package proposes funding

BUDGET NARRATIVE

to cover those costs, which include computing and storage, off-site back up, and setup charges. In addition, funding is also included to upgrade outdated personal computing technology.

- *Public Records:* The Department is proposing a position to address public records coordination to ensure timely and accurate responses to public records requests. This position will also help to streamline records storage and retention to help make public records requests easier to process.
- *Internal Auditor:* The Department is proposing to add one internal auditor position to allow WRD to meet the Internal Auditing Requirement, which is anticipated to help the agency further identify opportunities for improvement on a continuous basis. Based on discussions with DAS, one auditor can likely support two agencies. The Department of State Lands has expressed an interest in sharing this position, as have other agencies. The Department proposes to enter into a shared-services agreement with another agency (likely DSL).

Staffing Impact:

Position	Class/Pay Opt	Class Desc	Working title	Type	Months	FTE	2019-21	2021-23
9919047	C1215-AP	Accountant 1	Accountant 1	PF	21	0.88	\$ 137,001	\$ 141,924
9919048	X5618-AP	Internal Auditor 3	Shared Services Auditor	PF	21	0.88	\$ 211,290	\$ 221,731
9919049	X1320-AP	Human Resource Analyst	Human Resource Spec 1	PF	21	0.88	\$ 154,118	\$ 161,486
9919050	C8504-AP	Natural Resource Spec 4	Public Records Coordinator	PF	21	0.88	\$ 215,530	\$ 215,530
7000004	C1003-AP	Loan Specialist	Loan Specialist	PF	(24)	1.00	\$(262,610)	\$(262,610)
7000004	C1003-AP	Loan Specialist	Loan Specialist	PF	24	1.00	\$ 262,610	\$ 262,610

Quantifying Results:

- The work of the Loans and Procurement Specialist is measured by the number of contracts executed and managed annually. In regards to the loans program, the work will be measured by (1) the launching of the loan program; (2) the number of loan applications; (3) the number of loans administered.
- Accounting: Adding this position will allow the fiscal department to be timelier, more efficient and ensure the agency is in compliance with statewide policies.
- Human Resources: Required training and development activities will be better monitored and enforced. Some of the most critical work for the department is done in our Field Services Division. Because these employees are geographically spread out, Human Resources staff have not had the capacity to have a presence in these offices. This added capacity would help ensure that employees in field offices feel supported and more connected with Human Resources, the agency, and the state as a whole.
- Information Technology: The Department will work with the State Data Center (SDC) to develop a timeline for migrating services to the SDC in three main phases. Success will be measured by completion of each of these phases and the transition.

BUDGET NARRATIVE

- Public Records: The work of this position will be monitored by the number of public record requests received, and the number of days that it takes to fulfill the request. The Department will also monitor the progress of this position in terms of identification of best practices, and the streamlining of information that is stored so that it is easier to fulfill public records timely and accurately.
- Internal Auditor: Funding this position will result in an initial risk assessment of each agency supported to determine what areas should be audited. After that, the Department would anticipate one audit to be completed each calendar year for each agency the position supports. The Department would then track improvements made as a result of the audits.

Funding Source:

Total General Fund: ~~\$1,314,904~~

Staffing Costs: ~~\$ 874,904~~

IT Server and PC Life Cycle Replacement: ~~\$440,000~~

Total Other Fund: ~~\$(156,965)~~

Fund Shift off WDLF ~~\$(262,610)~~

Shared Services Agreement ~~\$105,645~~

The numbers above represent the total package value. Breakdown of the impact to this specific Division can be found in the following reports.

No funding was approved for this package in Administrative Services in the Legislatively Adopted Budget.

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 113 - Supporting Agency Functions

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Revenues							
General Fund Appropriation	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	-	-	-
Personal Services							
Class/Unclass Sal. and Per Diem	-	-	-	-	-	-	-
Empl. Rel. Bd. Assessments	-	-	-	-	-	-	-
Public Employees' Retire Cont	-	-	-	-	-	-	-
Social Security Taxes	-	-	-	-	-	-	-
Worker's Comp. Assess. (WCD)	-	-	-	-	-	-	-
Flexible Benefits	-	-	-	-	-	-	-
Total Personal Services	-	-	-	-	-	-	-
Services & Supplies							
Instate Travel	-	-	-	-	-	-	-
Employee Training	-	-	-	-	-	-	-
Office Expenses	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-
Employee Recruitment and Develop	-	-	-	-	-	-	-
Dues and Subscriptions	-	-	-	-	-	-	-
Other Services and Supplies	-	-	-	-	-	-	-
Expendable Prop 250 - 5000	-	-	-	-	-	-	-
Total Services & Supplies	-	-	-	-	-	-	-

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

ESSENTIAL AND POLICY PACKAGE FISCAL IMPACT SUMMARY

Water Resources Dept
Pkg: 113 - Supporting Agency Functions

Cross Reference Name: Administrative Services
Cross Reference Number: 69000-010-01-00-00000

<i>Description</i>	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	All Funds
Total Expenditures							
Total Expenditures	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-
Ending Balance							
Ending Balance	-	-	-	-	-	-	-
Total Ending Balance	-	-	-	-	-	-	-
Total Positions							
Total Positions	-	-	-	-	-	-	-
Total Positions	-	-	-	-	-	-	-
Total FTE							
Total FTE	-	-	-	-	-	-	-
Total FTE	-	-	-	-	-	-	-

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Essential and Policy Package Fiscal Impact Summary - BPR013

BUDGET NARRATIVE

Detail of Lottery Funds, Other Funds, and Federal Funds Revenue

Source	Fund	ORBITS Revenue Acct	2015-17 Actuals	2017-19 Legislatively Adopted	2017-19 Estimated	2019-21		
						Agency Request	Governor's Budget	Legislatively Adopted
Non-Business Lic and Fees	OF	0210	-	-	-	-	-	-
Power and Water Fees	OF	0245	-	-	-	163,501	163,501	152,632
Federal Revenue Service Contracts	OF	0360	250	35,701	-	25,000	25,000	29,430
Charges for Services	OF	0410	107,264	120,856	-	350,000	350,000	268,925
Admin and Service Charges	OF	0415	-	-	-	-	-	-
Fines and Forfeitures	OF	0505	7,725	-	-	-	-	-
Rents and Royalties	OF	0510	-	-	-	-	-	-
Dedicated Fund Obligation Bond	OF	0560	-	-	-	-	-	-
Lottery Bonds	OF	0565	-	5,269,633	-	-	-	-
Revenue Bonds	OF	0570	22,091,394	22,622,536	-	30,733,733	15,278,251	43,849,252
Interest Income	OF	0605	240,171	224,650	-	32,002	32,002	54,342
Sales Income	OF	0705	962	-	-	-	-	-
Loan Repayments	OF	0925	-	-	-	-	-	-
Other Revenues	OF/FF	0975	12,749	5,000	-	33,000	33,000	18,572
Federal Funds	FF	0995	-	46,086	-	25,000	25,000	25,000
Total Revenue			22,460,515	28,324,462	-	31,362,236	15,906,754	44,398,153
Transfer In - Intrafund	OF	1010	454,281	473,620	-	-	-	-
Transfer from General Fund	OF	1060	7,725	-	-	-	-	-
Transfer In - Lottery	LF	1040	-	-	-	2,004,623	-	-
Transfer In from Admin Serv	LF	1107	2,504,732	3,948,999	-	8,493,320	8,493,320	7,553,350
Transfer In from State Lands	OF	1141	-	-	-	76,212	76,212	76,212
Transfer from Watershed Enhance Bd	OF	1691	144,640	158,670	-	179,297	179,297	179,297
Transfer Out - Intrafund	OF	2010	(413,917)	-	-	-	-	-
Transfer to General Fund	OF	2060	(15,450)	-	-	-	-	-
Tsfr to Environmental Quality	OF	2340	-	-	-	-	-	-
Tsfr to Parks and Rec	OF	2634	-	-	-	-	-	-
Tsfr to Fish and Wildlife	OF	2635	-	-	-	-	-	-
Total Transfers			2,682,011	4,581,289	-	10,753,452	8,748,829	7,808,859
Net Revenue			25,142,526	32,905,751	-	42,115,688	24,655,583	52,207,012

BUDGET NARRATIVE

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Water Resources Dept Agency Number: 69000
 2019-21 Biennium Cross Reference Number: 69000-010-01-00-00000

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Lottery Funds						
Interest Income	8,533	-	-	-	-	-
Transfer In - Intrafund	38,330	-	-	-	-	-
Transfer In Lottery Proceeds	-	-	-	2,004,623	-	-
Tsfr From Administrative Svcs	2,504,732	3,948,999	3,948,999	8,493,320	8,493,320	7,553,350
Transfer Out - Intrafund	(38,330)	-	-	-	-	-
Total Lottery Funds	\$2,513,265	\$3,948,999	\$3,948,999	\$10,497,943	\$8,493,320	\$7,553,350
Other Funds						
Power and Water Fees	-	-	-	163,501	163,501	152,632
Federal Revenues - Svc Contracts	250	35,701	35,701	25,000	25,000	29,430
Charges for Services	107,264	106,514	120,856	350,000	350,000	268,925
Fines and Forfeitures	7,725	-	-	-	-	-
Lottery Bonds	-	-	5,269,633	-	-	-
Revenue Bonds	22,091,394	22,622,536	22,622,536	30,733,733	15,278,251	43,849,252
Interest Income	234,834	224,650	224,650	32,002	32,002	54,342
Sales Income	962	-	-	-	-	-
Other Revenues	12,749	5,000	5,000	33,000	33,000	18,572
Transfer In - Intrafund	415,951	473,620	473,620	-	-	-
Tsfr From Lands, Dept of State	-	-	-	76,212	76,212	76,212
Tsfr From Watershed Enhance Bd	144,640	158,670	158,670	179,297	179,297	179,297
Transfer Out - Intrafund	(375,587)	(255,271)	(255,271)	-	-	-
Transfer to General Fund	(7,725)	-	-	-	-	-
Total Other Funds	\$22,632,457	\$23,371,420	\$28,655,395	\$31,592,745	\$16,137,263	\$44,628,662

____ Agency Request
 2019-21 Biennium

____ Governor's Budget
 Page _____

____ Legislatively Adopted
 Detail of LF, OF, and FF Revenues - BPR012

BUDGET NARRATIVE

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Water Resources Dept
2019-21 Biennium

Agency Number: 69000
Cross Reference Number: 69000-010-01-00-00000

Source	2015-17 Actuals	2017-19 Leg Adopted Budget	2017-19 Leg Approved Budget	2019-21 Agency Request Budget	2019-21 Governor's Budget	2019-21 Leg. Adopted Audit
Federal Funds						
Federal Funds	-	-	46,086	25,000	25,000	25,000
Total Federal Funds	-	-	\$46,086	\$25,000	\$25,000	\$25,000

____ Agency Request
2019-21 Biennium

____ Governor's Budget
Page _____

____ Legislatively Adopted
Detail of LF, OF, and FF Revenues - BPR012

BUDGET NARRATIVE

-- This page intentionally left blank --

