



To: Co-Chair Carter and Co-Chair Buckley
Members of the Joint Ways and Means Committee

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Date: February 12, 2009

Subject: Oregon Water Resources Department Budget for 2007-2009 Budget
Rebalancing

A coalition of groups whose members have frequent interaction with the Water Resources Department offers this testimony on behalf of the Oregon Water Resources Department's budget in the process of rebalancing the 2007-09 state budget. In a fairly short time frame this diverse group came to a unanimous agreement which is outlined in this letter.

We recognize and acknowledge the thankless task and the tough decisions this Committee faces as it rebalances the 2007-09 state budget to reflect the realities of declining revenues. We hope you will consider us as a resource for you as you contemplate both the immediate budget cuts for this biennium and as you tackle the 2009-11 budget.

The coalition has used a strategic approach in reviewing the proposed cuts in the Water Resources Department's budget for rebalancing the current biennium budget and working towards the 2009-11 budget that reflects our respective organizations' priorities. Our approach preserves the transactional type functions (processing water rights applications, water rights transfers, water rights certificates, permits and permit extensions) over more administrative and planning functions (monitoring and reporting, modeling and information technology, general administration).

The list of proposed reductions in the Water Resources Department's budget from the Legislative Fiscal Office in the OWRD budget represents only about 1% of the total budget savings needed to rebalance the budget but reduces OWRD staffing by 20%.

The staffing level would bring staff levels to a level below that of 20 years ago at a time when water transactions are more complex and when the only way to secure water for new activities and economic expansion is through transfers and water conservation activities. These types of transactions require Department personnel to process the applications.

To illustrate the impact of the proposed budget cuts on the water community we have two examples. The first involves municipal water providers' ability to plan for and meet the water supply needs of future population and economic growth. Such planning is based on their ability to secure extension of their water right permits, which can only be approved after the Department reviews and approves a Water Management and Conservation Plan (WMCP) for the municipal water provider. Without an approved WMCP, a municipality cannot use any additional water from their water right permits. The proposed reductions to the OWRD budget would severely erode the Department's ability to approve WMCPs and water permit extensions, restricting municipalities' ability to provide adequate safe drinking water to meet their population and economic growth water needs.

The second example involves an irrigation district that has assembled a complex funding package from federal sources, district sources, and non-governmental sources for a \$3 million project to pipe a canal. Part of that funding hinges on the Department's approval of the district's allocation of conserved water application, a function that would be severely hampered under the proposed budget cuts. If one part of the funding fails because the Department cannot process the application, the entire package collapses preventing the project from moving forward, losing the related on-farm improvements, and the opportunity to bring new agricultural lands into production. The total impact is a tremendous loss to the rural community's economy along with the environmental loss of the benefit of additional in-stream flow for fish protection. Further, many of these kinds of projects will be eligible for funding under the Federal Economic Stimulus package. If the Department cannot process these types of water rights transactions, Oregon will forfeit those federal funds.

Again, we hope you will accept our offer to serve as a resource to you. We are happy to provide you additional thoughts as direct stakeholders to assist you in navigating these tough budget cuts.