

### Program Budget Comparison

The following table summarizes the total executive budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	145.05	145.05	142.05	142.05	145.05	142.05	(3.00)	(2.07%)
Personal Services	8,858,376	9,186,234	9,285,562	9,296,870	18,044,610	18,582,432	537,822	2.98%
Operating Expenses	2,394,726	2,748,155	4,754,515	2,762,409	5,142,881	7,516,924	2,374,043	46.16%
Equipment & Intangible Assets	33,020	66,334	33,020	33,020	99,354	66,040	(33,314)	(33.53%)
Capital Outlay	0	3,000	0	0	3,000	0	(3,000)	(100.00%)
Transfers	7,500	0	7,500	7,500	7,500	15,000	7,500	100.00%
Debt Service	363,268	469,743	622,575	612,692	833,011	1,235,267	402,256	48.29%
<b>Total Costs</b>	<b>\$11,656,890</b>	<b>\$12,473,466</b>	<b>\$14,703,172</b>	<b>\$12,712,491</b>	<b>\$24,130,356</b>	<b>\$27,415,663</b>	<b>\$3,285,307</b>	<b>13.61%</b>
General Fund	8,025,094	8,476,974	8,685,413	8,699,692	16,502,068	17,385,105	883,037	5.35%
State Special	3,451,445	3,815,106	5,789,341	3,784,320	7,266,551	9,573,661	2,307,110	31.75%
Federal Special	180,351	181,386	228,418	228,479	361,737	456,897	95,160	26.31%
<b>Total Funds</b>	<b>\$11,656,890</b>	<b>\$12,473,466</b>	<b>\$14,703,172</b>	<b>\$12,712,491</b>	<b>\$24,130,356</b>	<b>\$27,415,663</b>	<b>\$3,285,307</b>	<b>13.61%</b>

### Program Description

The Water Resources Division is responsible for many programs associated with the uses, development, and protection of Montana's water.

Responsibilities of the division include:

- Manages and maintains the state-owned dams, reservoirs, and canals
- Develops and recommends in-state, interstate, and international water policy to the director, Governor, and Legislature
- Administers the Dam Safety, Floodplain Management, and Water Management programs
- Provides support to the Board of Water Well Contractors
- Assists the Water Court with the adjudication of pre-July 1, 1973, water rights
- Administers applications for new water rights, changes in historic water rights, and ownership updates
- Maintains centralized water rights records

The division consists of an administration unit, a compact implementation unit and five bureaus:

- Water Management Bureau
- Water Rights Bureau
- Water Adjudication Bureau
- State Water Projects Bureau
- Water Operations Bureau

The Compact Implementation unit will provide technical and legal support for implementation of approved water compacts for Indian tribes and federal agencies. In addition, the Flathead Basin Commission is administratively attached to the department.

## Program Highlights

<b>Water Resource Division</b>	
◆	The executive proposes to increase this program's budget by 13.6% from the previous biennium primarily due to various adjustments related to state water projects.

## Funding

The following table shows program funding, by source for the 2015 biennium as recommended by the Governor.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Water Resources Division							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
<b>General Fund</b>	<b>\$17,385,105</b>	<b>\$0</b>	<b>\$0</b>	<b>\$17,385,105</b>	63.4%		
<b>State Special Total</b>	<b>\$9,573,661</b>	<b>\$0</b>	<b>\$0</b>	<b>\$9,573,661</b>	34.9%		
02145 Broadwater O & M	981,191	-	-	981,191	3.6%		
02351 Water Project Lands Lease Acc	19,834	-	-	19,834	0.1%		
02404 Water Project Loans	616,410	-	-	616,410	2.2%		
02430 Water Right Appropriation	870,810	-	-	870,810	3.2%		
02431 Water Adjudication	3,849,864	-	-	3,849,864	14.0%		
02470 State Project Hydro Earnings	2,657,837	-	-	2,657,837	9.7%		
02576 Natural Resources Operations	415,867	-	-	415,867	1.5%		
02825 Water Well Contractors	161,848	-	-	161,848	0.6%		
<b>Federal Special Total</b>	<b>\$456,897</b>	<b>\$0</b>	<b>\$0</b>	<b>\$456,897</b>	1.7%		
03034 Yellowstone Groundwater Nps	46,000	-	-	46,000	0.2%		
03094 Fema Federal Grants	410,897	-	-	410,897	1.5%		
<b>Total All Funds</b>	<b>\$27,415,663</b>	<b>\$0</b>	<b>\$0</b>	<b>\$27,415,663</b>	100.0%		
<b>Percent - Total All Sources</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>				

The Water Resources Division is predominantly funded with general fund and state special revenue, with a minor amount of federal revenue. Sources and purposes of state special revenue include:

- Water storage account funded by direct allocation of RIT interest and revenue from water purchase contracts for the purpose of construction, operation, maintenance, and rehabilitation of state water storage projects
- Water rights fees derived from fees collected to record rights to support water rights management
- Funds set aside for water adjudication
- Income derived from state owned hydroelectric projects for repair and rehabilitation of state owned water projects
- Fees from water well contractors that support the Board of Water Well Contractors

General fund is utilized for personal services, general operating costs, and specific activities such as preparing for water litigation and map modernization. Federal funds are from Federal Emergency Management Agency (FEMA) grants and the Bureau of Reclamation.

**Budget Summary by Category**

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	8,025,094	8,025,094	16,050,188	92.32%	11,656,890	11,656,890	23,313,780	85.04%
Statewide PL Adjustments	483,416	491,101	974,517	5.61%	631,650	640,770	1,272,420	4.64%
Other PL Adjustments	178,434	185,028	363,462	2.09%	2,416,584	416,783	2,833,367	10.33%
New Proposals	(1,531)	(1,531)	(3,062)	(0.02%)	(1,952)	(1,952)	(3,904)	(0.01%)
<b>Total Budget</b>	<b>\$8,685,413</b>	<b>\$8,699,692</b>	<b>\$17,385,105</b>		<b>\$14,703,172</b>	<b>\$12,712,491</b>	<b>\$27,415,663</b>	

**Present Law Adjustments**

The “Present Law Adjustments” table shows the changes to the adjusted base budget proposed by the executive. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					960,358					971,923
Vacancy Savings					(392,143)					(392,609)
Inflation/Deflation					(6,363)					(2,161)
Fixed Costs					69,798					63,617
<b>Total Statewide Present Law Adjustments</b>		<b>\$483,416</b>	<b>\$150,167</b>	<b>(\$1,933)</b>	<b>\$631,650</b>		<b>\$491,101</b>	<b>\$151,541</b>	<b>(\$1,872)</b>	<b>\$640,770</b>
DP 2402 - WRD Stream Gaging Stations (OTO/RST)	0.00	28,726	0	0	28,726	0.00	29,700	0	0	29,700
DP 2403 - WRD Operating Adjustment	0.00	49,708	20,872	0	70,580	0.00	55,328	24,151	0	79,479
DP 2404 - WRD State Water Projects Adjustments	0.00	0	2,298,307	0	2,298,307	0.00	0	288,424	0	288,424
DP 2405 - WRD FEMA CAP Spending Authority	0.00	0	0	50,000	50,000	0.00	0	0	50,000	50,000
DP 2406 - WRD Floodplain Mapping	0.00	100,000	0	0	100,000	0.00	100,000	0	0	100,000
DP 2407 - WRD Board Of Water Well Contractors Adjustment	0.00	0	16,000	0	16,000	0.00	0	16,000	0	16,000
DP 2408 - WRD Adjudication FTE Reduction	(3.00)	0	(147,029)	0	(147,029)	(3.00)	0	(146,820)	0	(146,820)
<b>Total Other Present Law Adjustments</b>	<b>(3.00)</b>	<b>\$178,434</b>	<b>\$2,188,150</b>	<b>\$50,000</b>	<b>\$2,416,584</b>	<b>(3.00)</b>	<b>\$185,028</b>	<b>\$181,755</b>	<b>\$50,000</b>	<b>\$416,783</b>
<b>Grand Total All Present Law Adjustments</b>	<b>(3.00)</b>	<b>\$661,850</b>	<b>\$2,338,317</b>	<b>\$48,067</b>	<b>\$3,048,234</b>	<b>(3.00)</b>	<b>\$676,129</b>	<b>\$333,296</b>	<b>\$48,128</b>	<b>\$1,057,553</b>

DP 2402 - WRD Stream Gaging Stations (OTO/RST) – The executive requests a one-time-only request from general fund for the Water Management Bureau (WMB) operating budget to cover increases in Montana's share of the cost to jointly operate and maintain 43 US Geological Services (USGS) stream gages in Montana. The funding agreement is managed through the WMB and the funding represents 67 percent of the WMB operating budget.

DNRC supported gages serve the following functions: a) 1 related to international apportionment on Poplar River; b) 1 related to FERC licensed hydropower site on Missouri River at Toston; c) 5 related to Yellowstone River Compact; d) 16 related to state owned water projects; and e) 20 related to special projects or to support local water management initiatives.

DP 2403 - WRD Operating Adjustment – The executive requests funding at the level appropriated by the 2011 Legislature and to cover projected increases in contracted services and rent expense as well as scheduled computer replacement.

DP 2404 - WRD State Water Projects Adjustments – The executive requests state special revenue for overtime at the Broadwater hydropower facility, fisheries mitigation work required by the Federal Energy Regulatory Commission (FERC) licenses, continued rehabilitation on the Ruby Dam and other state water projects, and debt service for repayment of a federal loan for rehabilitation on the Middle Creek Dam.

**LFD COMMENT** Approximately \$2.0 million of this request is for the continued rehabilitation on Ruby Dam, the remaining, less than \$300,000 is for Middle Creek Dam.

DP 2405 - WRD FEMA CAP Spending Authority – The executive requests federal special revenue authority for the Community Assistance Program of the National Flood Insurance Program. The department receives an annual grant from the Federal Emergency Management Agency (FEMA) for the Community Assistance Program. The primary purpose of the award is to reduce the damage claims to the National Flood Insurance program by providing education and technical and administrative support to county and city planning staff involved in administering local floodplain management programs.

DP 2406 - WRD Floodplain Mapping – The executive requests general fund for contracted engineering and mapping services to continue with the process of preparing floodplain maps in the state. After the 2011 flooding, numerous elected officials reported that residents complained that they were unaware they were living in an area subject to flood hazards. The proposal is to prioritize the need and provide state funds for contracting engineering and mapping services to prepare floodplain mapping in the state.

DP 2407 - WRD Board Of Water Well Contractors Adjustment – The executive requests state special revenue authority in the 2015 biennium for contracted legal and other litigation costs for the Board of Water Well Contractors. No litigation related expenses were incurred in the base year.

DP 2408 - WRD Adjudication FTE Reduction – The executive recommends a reduction of state special revenue and 3.00 FTE. The reduction is in accordance with the transition plan the division has in place for the sunset of the HB 22 Water Right Adjudication Program in 2020. These FTE are transferred to the Water Court in the Judicial Branch.

**LFD COMMENT** The table below shows the reduction of FTE and funding within DNRC and the increase of FTE and funding for the Water Court, the reason for the two DPs.

DP 2408 vs. DP 5002			
	FY 2014	FY 2015	Total
DNRC DP 2408	(\$147,029)	(\$146,820)	(\$293,849)
Water Court DP 5002	<u>232,196</u>	<u>222,851</u>	<u>455,047</u>
Difference	<u>\$85,167</u>	<u>\$76,031</u>	<u>\$161,198</u>

Please note that the DP is not budget neutral. The Water Court is requesting additional funding over what is being reduced from DNRC. The 3.0 FTE that are part of the transition would be at a higher pay band within the Water Court than they were within DNRC, resulting in a \$161,198 increase from state special revenue.

**New Proposals**

New Proposals										
	-----Fiscal 2014-----					-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6101 - Professional Development Center Fee Allocation										
24	0.00	(1,531)	(421)	0	(1,952)	0.00	(1,531)	(421)	0	(1,952)
<b>Total</b>	<b>0.00</b>	<b>(\$1,531)</b>	<b>(\$421)</b>	<b>\$0</b>	<b>(\$1,952)</b>	<b>0.00</b>	<b>(\$1,531)</b>	<b>(\$421)</b>	<b>\$0</b>	<b>(\$1,952)</b>

DP 6101 - Professional Development Center Fee Allocation - The executive requests an increase for training services purchased from the Professional Development Center (PDC) of the Department of Administration. This request reflects the difference between the amount paid in the base for PDC services and a fixed cost allocation based on agency FTE counts. Starting in the 2015 biennium and beyond, the executive recommends funding the PDC as a fixed cost item. For a further discussion, see the narrative for the Department of Administration.