

**Department of Water Resources**

**A.R.S. § 45-102**

Director: Joseph C. Smith

JLBC Analyst: Chris Earnest

	<b>FY 2000 Actual</b>	<b>FY 2001 Estimate</b>	<b>FY 2002 Approved</b>	<b>FY 2003 Approved</b>
<b>PROGRAM BUDGET</b>				
Administration	5,054,700	5,260,400	5,238,200	5,453,000
Water Resources and Statewide Planning				
<u>Subprograms</u>				
Water Protection Fund Commission	0	0	0 <sup>1/</sup>	2,500,000
Water Banking Authority	2,000,000	2,000,000	2,000,000	2,000,000
All Other Water Resources and Statewide				
Planning	7,820,900	8,508,700	9,018,800	9,336,200
Rural Water Studies SLI	299,200	500,000	500,000	500,000
<u>Subprogram Subtotal</u>	<u>8,120,100</u>	<u>9,008,700</u>	<u>9,518,800</u>	<u>9,836,200</u>
Program Subtotal - Water Resources and				
Statewide Planning	10,120,100	11,008,700	11,518,800	14,336,200
Dam Safety and Flood Warning	764,700	745,100	751,900	768,700
<b>TOTAL APPROPRIATIONS</b>	<b>15,939,500</b>	<b>17,014,200</b>	<b>17,508,900</b>	<b>20,557,900</b>
<b>OPERATING BUDGET</b>				
Full Time Equivalent Positions	214.7	214.7	214.7	214.7
Personal Services	7,943,300	8,482,500	8,900,200	9,348,600
Employee Related Expenditures	1,625,700	1,774,200	1,917,800	1,882,100
Professional and Outside Services	215,000	538,500	538,500	3,038,500
Travel - In State	227,700	297,700	297,700	297,700
Travel - Out of State	54,800	39,100	39,100	39,100
Other Operating Expenditures	4,838,500	4,833,000	4,766,400	4,902,700
Equipment	735,300	549,200	549,200	549,200
<u>Operating Subtotal</u>	<u>15,640,300</u>	<u>16,514,200</u>	<u>17,008,900</u>	<u>20,057,900</u>
Special Line Items (SLI)	299,200	500,000	500,000	500,000
<b>TOTAL APPROPRIATIONS</b>	<b>15,939,500</b>	<b>17,014,200</b>	<b>17,508,900</b> <sup>1/2/3/</sup>	<b>20,557,900</b> <sup>2/3/</sup>
<b>FUND SOURCES</b>				
General Fund	15,939,500	17,014,200	17,508,900	20,557,900
<b>TOTAL APPROPRIATIONS</b>	<b>15,939,500</b>	<b>17,014,200</b>	<b>17,508,900</b>	<b>20,557,900</b>

**AGENCY DESCRIPTION** — *The department administers and enforces Arizona’s groundwater code, administers surface water rights laws, and represents Arizona’s water rights with the federal government. These activities are to assure a long-term dependable water supply in the state. The department also inspects dams and participates in flood control planning to prevent property damage, personal injury, and loss of life. In support of these activities, it collects and analyzes data on water levels and on water-quality characteristics.*

<sup>1/</sup> The General Appropriation Act, as originally passed, included \$2,500,000 for the Water Protection Fund Commission Subprogram. This amount was line item vetoed by the Governor and, thus, the total appropriation was correspondingly reduced.  
<sup>2/</sup> General Appropriation Act funds are appropriated as a Lump Sum by Agency with Special Line Items and a Water Protection Fund deposit.  
<sup>3/</sup> This amount does not include a triggered appropriation made by Laws 2001, Chapter 235 for rural water studies. Triggered appropriations in FY 2002 and FY 2003 depend on the availability of excess revenues. (For more information, refer to the “Rural Water Studies” description and the “Summary of Appropriations Triggered by Revenues” table at the front of this report.)

<b>PERFORMANCE MEASURES</b>	FY 1999 Est./Actual	FY 2000 Est./Actual	FY 2001 Estimate	FY 2002-03 Estimate
• Per capita water use in Active Management Areas (Acre Feet)	NA/2.8	2.78/2.78	2.76	2.76/2.74
• % of Colorado River entitlement utilized	84/87	94/94	94	94
• % of Arizona's unused Colorado River entitlement that is recharged via the Water Banking Authority	84/85	86/86	88	88
• Number of dams in a non-emergency unsafe condition	NA/25	21/22	19	17/15
• % of rural watershed studies contract deliverables completed and accepted	NA	NA	NA	100
• % of agency staff turnover	NA/7	NA/13	12.5	12
• Administration as a % of total cost	NA	8.1/NA	11.9	11.8
• Customer satisfaction rating for Hydrology Program (Scale 1-8)	NA	NA	NA	6

**Administration Program** — This program provides general administrative support to the agency including budget, personnel, facilities, and data management.

**Water Resources and Statewide Planning Program** — This program is responsible for managing all surface and groundwater rights. This includes monitoring and regulating water use. The program also collects and analyzes water supply and demand data to develop water management plans that protect and preserve the water supply for the state.

**Water Protection Commission Subprogram** — This subprogram administers the Arizona Water Protection Fund, which is used to provide grants to protect, maintain, enhance, and restore river and stream habitat in the state. Grant decisions are made by the Water Protection Fund Commission.

A.R.S. § 45-2112 requires an annual \$5,000,000 General Fund appropriation to the Water Protection Fund. The appropriation is offset, however, by monies received from the lease or sale of water through interstate water banking agreements. The Arizona Water Banking Authority recently entered into an agreement with Nevada to bank their excess Colorado River water. It is estimated that the agreement will generate \$4,700,000 during FY 2002 and FY 2003. Pursuant to permanent statute, this money is deposited into the Water Protection Fund and a corresponding amount is reverted to the General Fund.

Laws 2001, Chapter 238 suspended the requirements of A.R.S. § 45-2112 in 2 ways. First, it eliminated the annual \$5,000,000 appropriation to the Water Protection Fund in both FY 2002 and FY 2003 and directed that any appropriation to the fund should be set forth in the General Appropriation Act. Secondly, it redirected monies from interstate banking agreements to the General Fund in FY 2002 and FY 2003. These monies would otherwise have been deposited into the Water Protection Fund as an offset to the General Fund appropriation.

As passed by the Legislature, the General Appropriation Act provided \$2,500,000 for grants in both FY 2002 and FY 2003. The FY 2002 appropriation, however, was line-item vetoed by the Governor, leaving the commission with no funding for grants that year. During FY 2002, the commission will continue to oversee grant projects previously awarded and develop an improved strategic plan for future fund administration. The grant cycle will resume again when the FY 2003 appropriation is available.

**Water Banking Authority Subprogram** — The Arizona Water Banking Authority seeks to fully utilize Arizona's allocation of Colorado River water by using the Central Arizona Project to store water for future needs of the state. The Authority is financed from the Arizona Water Banking Fund, which pays delivery costs of bringing the state's unused allocation into central and southern Arizona for underground storage or for irrigation in-lieu of pumping groundwater.

The approved FY 2002 and FY 2003 amount includes \$2,000,000 from the General Fund each year for deposit in the Arizona Water Banking Fund. For each acre-foot of water purchased and stored with General Fund monies, a credit is given to the state's rural counties (excludes Maricopa, Pima, and Pinal). The credits can then be used to allow counties to pump the stored water if it becomes necessary to exceed their water usage allotment. Maricopa, Pima, and Pinal Counties receive storage credits from water purchased and stored with the revenues from groundwater withdrawal fees and a portion of the 4% property tax collected by the Central Arizona Project. Revenues from these sources totaled approximately \$15,000,000 in FY 2000. Fund expenditures are not subject to legislative appropriation.

**Rural Water Studies Special Line Item** — Monies in this Special Line Item are used to assess local water use needs and to develop plans for sustainable future water supplies in rural areas outside the state's Active

Management Areas. These studies are administered through partnerships with local resource agency officials and stakeholders. The partnerships generally require the local entity to provide some matching resources to the General Fund amounts received. The studies are primarily conducted by the local entity, with the department providing technical advice and financial assistance.

In addition to the approved amount, Laws 2001, Chapter 235 appropriates \$500,000 in both FY 2002 and FY 2003 from the General Fund for additional rural water studies. These appropriations are contingent on the availability of excess revenues in FY 2001 and FY 2002. (*See Triggered Appropriations for more detail on the conditions of these appropriations.*)

**Dam Safety and Flood Warning Program** — This program is responsible for inspection and review of non-federal jurisdictional dams. The program also provides assistance to local flood management programs in administering the federal National Flood Insurance Program and in designing statewide flood warning systems.

**Vetoed Appropriations:** General Appropriation Act (Chapter 236) — The Governor line item vetoed the \$2,500,000 General Fund appropriation to the Water Protection Fund in FY 2002.

**Triggered Appropriations:** Conditional Appropriations: Taxation; Revenue Forecasts (Chapter 235) — This act appropriates \$500,000 in both FY 2002 and FY 2003 from the General Fund for Rural Water Studies if FY 2001 General Fund revenues exceed the forecast by \$79,708,400. Prior to September 1, 2001, JLBC and the Office of Strategic Planning and Budgeting (OSPB) will calculate total FY 2001 revenues and determine if sufficient monies are available to trigger the appropriations. If FY 2001 revenues do not exceed the forecast by the required amount but FY 2002 General Fund revenues exceed the forecast by \$73,512,300, the act appropriates \$500,000 in FY 2003 from the General Fund for Rural Water Studies. Prior to September 1, 2002, JLBC and OSPB will calculate total FY 2002 revenues and determine if sufficient monies are available to trigger the FY 2003 appropriation. (*See the Rural Water Studies discussion above for more information. For more information on this and other triggered appropriations see the "Summary of Appropriations Triggered by Revenues" table at the front of this report.*)

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