

Director: Herb R. Guenther

JLBC Analyst: Eric Jorgensen

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	189.7	189.7	198.7 ^{1/}
Personal Services	6,994,400	8,491,300	9,447,700
Employee Related Expenditures	2,007,900	2,660,100	2,760,300
Professional and Outside Services	392,400	609,600	649,600
Travel - In State	321,200	321,700	346,000
Travel - Out of State	34,700	35,400	35,400
Other Operating Expenditures	2,908,700	1,333,800	3,349,000
Equipment	303,400	247,000	297,600
OPERATING SUBTOTAL	12,962,700	13,698,900	16,885,600
SPECIAL LINE ITEMS			
Arizona Water Protection Fund Deposit	0	0	0
Rural Water Studies	250,100	500,000	1,911,000 ^{2/}
AGENCY TOTAL	13,212,800	14,198,900	18,796,600^{3/}
FUND SOURCES			
General Fund	13,212,800	14,198,900	18,796,600
SUBTOTAL - Appropriated Funds	13,212,800	14,198,900	18,796,600
Other Non-Appropriated Funds	24,585,200	20,566,100	20,414,500
Federal Funds	570,200	710,100	167,600
TOTAL - ALL SOURCES	38,368,200	35,475,100	39,378,700

AGENCY DESCRIPTION — The Department of Water Resources administers and enforces Arizona’s groundwater and surface water law, as well as legally representing the state’s water rights. The department also participates in surveying water level and quality and planning flood control.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2006
	Actual	Actual	Approved
• % of Colorado River entitlement used	100	100	100
• % of Arizona’s unclaimed Colorado River entitlement that is recharged via the Water Banking Authority	95	95	95
• Number of dams in a non-emergency unsafe condition	15	13	13
• Customer satisfaction rating for Hydrology Program (Scale 1-8)	NA	NA	8.0

Comments: The agency did not submit information for any measure labeled as “NA.” To date the department has not conducted a Hydrology Program customer satisfaction survey based on overall customer satisfaction. They do report that 100% of users are satisfied with the use of map products and Geographic Information Systems tools support in the Hydrology Program.

^{1/} Includes 9.5 General Fund FTE Positions from Special Line Items in FY 2006.
^{2/} Funding appropriated for the purposes of Rural Water Studies is exempt from the provisions of A.R.S. § 35-190, relating to the lapsing of appropriations through June 30, 2007. (General Appropriations Act footnote)
^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget provides \$16,885,600 from the General Fund for the operating budget in FY 2006.

The approved amount includes an increase of \$407,500 from the General Fund for statewide adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*

The approved amount also includes an increase of \$1,901,600 from the General Fund to restore budget cuts made in previous years. Of the amount, \$1,551,600 replaces the monies from the Dam Repair Fund and the Conservation and Augmentation Fund used for operating expenses in FY 2005. The remaining \$350,000 restores past budget cuts and includes 4 new FTE Positions.

The approved amount includes an increase of \$877,600 from the General Fund to restore 12 vacant positions in the Groundwater and Hydrology programs. These positions will help to decrease the time required to issue assured and adequate water supply permits, complete the Fourth Management Plan, install and monitor water level transducers, develop new water models, audit annual reports for municipal provider and the Assured Water Supply program, as well as maintain and support the program's information technology resources. This amount includes \$50,600 for one-time equipment.

These adjustments restore the department budget to the FY 2001 level, which was prior to a series of budget cuts.

Special Line Items

Arizona Water Protection Fund Deposit

The budget provides no funding from the General Fund for the Water Protection Fund in FY 2006. Laws 2005, Chapter 332, the Environmental Protection Budget Reconciliation Bill (BRB) suspends the A.R.S. § 45-2112 \$5,000,000 General Fund appropriation to the Water Protection Fund in FY 2006. This amount is unchanged from FY 2005.

The Arizona Water Protection Fund, administered by the Water Protection Fund Commission, provides grants to organizations for the preservation, enhancement, and restoration of rivers, streams, and riparian environments. This appropriation was also suspended in both FY 2004 and FY 2005.

Rural Water Studies

The budget provides \$1,911,000 and 9.5 FTE Positions from the General Fund for Rural Water Studies in FY 2006.

The approved amount includes an increase of \$11,000 from the General Fund for statewide adjustments.

The approved amount includes an increase of \$1,400,000 and 5 FTE Positions from the General Fund for additional staffing and studies. With this appropriation, total funding provides up to \$700,000 for staffing and at least \$1,200,000 for grants and projects.

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 (AMAs). The current AMAs are Prescott, Phoenix, Pinal, Tucson, and Santa Cruz. These studies are administered through partnerships with local resource agency officials and stakeholders. Partnerships generally require local entities to provide some resources to match General Fund receipts. The studies are primarily conducted by the local entity, with the department providing technical advice and financial assistance. Currently, models have been completed with only 3 of the 17 partnerships.

Additional Legislation

Environmental Protections Budget Reconciliation Bill

The Environmental Protection Budget Reconciliation Bill (Laws 2005, Chapter 332) requires the Water Banking Authority to receive legislative appropriation to expend funds received through an interstate water banking agreement with the State of Nevada that are used for purposes outside of contractual obligations with Nevada. The Authority has entered into an agreement with Nevada, which provides \$100,000,000 for projects in Arizona after the Authority determines it has sufficient water to meet its obligations to Nevada.

Lower Colorado River Multispecies Conservation

Laws 2005, Chapter 78 allows the Director of the Department of Water Resources to impose a fee for the consumption of Colorado River water to help fund the Lower Colorado River Multispecies Conservation Program (MSCP). The MSCP is a program to restore habitat and increase populations of endangered and threatened plant and animal species. This fee applies only to entities not already assessed a fee through the Central Arizona Water Conservation District (CAWCD) or another participant in the MSCP for this program. The fees are deposited to the Colorado River Use Fee Clearing Account and are paid out each month to CAWCD for the purposes of the MSCP.