

Department of Water Resources

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DESCRIPTION	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	189.7	189.7	189.7
Personal Services	6,994,400	8,491,300	8,491,300
Employee Related Expenditures	2,007,900	2,660,100	2,348,000
Professional and Outside Services	392,400	609,600	609,600
Travel - In State	321,200	321,700	321,700
Travel - Out of State	34,700	35,400	35,400
Other Operating Expenditures	2,908,700	1,333,800	1,645,900
Equipment	303,400	247,000	247,000
OPERATING SUBTOTAL	12,962,700	13,698,900	13,698,900
SPECIAL LINE ITEMS			
Arizona Water Protection Fund Deposit	0	0	0
Rural Water Studies	250,100	500,000	500,000
AGENCY TOTAL	13,212,800	14,198,900	14,198,900
FUND SOURCES			
General Fund	13,212,800	14,198,900	14,198,900
SUBTOTAL - Appropriated Funds	13,212,800	14,198,900	14,198,900
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	34,781,000
CHANGE IN FUNDING SUMMARY			
	<u>FY 2005 to FY 2006 JLBC</u>		
	<u>\$ Change</u>	<u>% Change</u>	
General Fund	0	0.0%	
Total Appropriated Funds	0	0.0%	
Non Appropriated Funds	(694,100)	(3.3%)	
Total - All Sources	(694,100)	(2.0%)	

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 2005	FY 2006
	Actual	Actual	Estimate	JLBC
• Per capita water use in Active Management Areas (acre feet)	2.74	2.74	2.74	--
• % of Colorado River entitlement used	100	100	100	100
• % of Arizona's unused Colorado River entitlement that is recharged via the Water Banking Authority	95	95	95	95
• Number of dams in a non-emergency unsafe condition	15	13	13	13
• % of rural watershed studies contract deliverables completed and accepted	100	NA	100	--
• % of agency staff turnover	6	NA	6	--
• Administration as a % of total cost	4.7	NA	4.7	--
• Customer satisfaction rating for Hydrology Program (Scale 1-8)	NA	NA	8.0	8.0

Comments: The agency did not submit information for any measure labeled as "NA." The department continues to consistently achieve high standards in customer satisfaction and use of Arizona's Colorado River entitlement. The agency does not project decreasing the number of dams in non-emergency unsafe condition without additional funding. 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.

RECOMMENDED CHANGES FROM FY 2005

Operating Budget

The JLBC recommends \$13,698,900 from the General Fund for the operating budget in FY 2006. This amount is unchanged from FY 2005.

Special Line Items

Arizona Water Protection Fund Deposit

The JLBC recommends no funding from the General Fund and a session law change to A.R.S. § 45-2112 to suspend the statutory \$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 suspended in both FY 2004 and FY 2005. (See *JLBC Recommended Statutory Changes for more information.*)

Rural Water Studies

The JLBC recommends \$500,000 from the General Fund for Rural Water Studies in FY 2006. This amount is unchanged from FY 2005.

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.

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JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Agency

JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends a session law change to A.R.S. § 45-2112 to suspend the statutory \$5,000,000 transfer from the General Fund to the Arizona Water Protection Fund in FY 2006.

The JLBC recommends a session law to allow the use of up to \$1,551,600 from the Augmentation and Conservation Assistance Fund and the Dam Repair Fund for operating expenditures in FY 2006.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Water Banking

The JLBC recommends no funding from the General Fund for Water Banking in FY 2006. This amount is unchanged from FY 2005.

In FY 2005 this Special Line Item (SLI) was eliminated and \$500,000 was shifted to the Operating Budget. This SLI primarily funded the storage of future water supplies

for any county requiring distributions above its normal allotment. Currently, the state holds General Fund purchased water banking credits for 396,000 acre-feet of water. Counties can use these credits to pump stored water if their needs exceed their usage allotment.

The state's AMAs also purchase water storage credits with groundwater withdrawal fees and a portion of the 4% property tax collected by the Central Arizona Project. Rural counties received credits solely through expenditure of General Fund monies.

The Arizona Water Banking Authority (AWBA) seeks to fully utilize Arizona's allocation of Colorado River water

by using the Central Arizona Project to store water for the state's future needs. The AWBA is financed from the Arizona Water Banking Fund, which covers delivery of the state's unused allocation into central and southern Arizona for underground storage or irrigation in lieu of pumped groundwater. Fund expenditures are not subject to legislative appropriation, but AWBA rules require all contributions by an AMA to be used only for projects benefiting that AMA.

Monies in this Special Line Item also funded other state water management objectives and Native American water rights settlements.

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
Administrative (WCA3025/A.R.S. § 45-113)		Non-Appropriated
Source of Revenue: A portion of application, certificate, license, permit, and inspection fees.		
Purpose of Fund: To refund, without interest, fees paid to the department in error.		
Funds Expended	0	0
Year-End Fund Balance	2,400	2,400
Augmentation and Conservation Assistance (WCA2213/A.R.S. § 45-615)		Non-Appropriated
Source of Revenue: A portion of fees for groundwater withdrawal in Active Water Management Areas (AMA).		
Purpose of Fund: Generally, to support water supply augmentation projects, such as groundwater recharge, as well as AMA conservation programs. In FY 2005 only, also to support department operations pursuant to Laws 2004, Chapter 280. By law, each AMA has its own sub-account within the fund. The Year-End Fund Balances represent non-obligated cash and do not reflect monies already granted but not yet paid.		
Funds Expended	964,400	1,403,700
Year-End Fund Balance	2,043,500	1,369,800
Dam Repair (WCA2218/A.R.S. § 45-1212.01)		Non-Appropriated
Source of Revenue: Repayments for emergency remedial measures undertaken by the department on behalf of dam owners, as well as from dam safety inspection fees, filing fees, and legislative appropriations.		
Purpose of Fund: Generally, to implement emergency remedial measures on privately owned dams as necessary to protect life and property, as well as to offer loans and grants for private dam owners to make non-emergency repairs. In FY 2005 only, also to support department operations pursuant to Laws 2004, Chapter 280.		
Funds Expended	116,300	500,000
Year-End Fund Balance	1,389,900	937,900
Federal Grants (WCA2000/A.R.S. § 45-105)		Non-Appropriated
Source of Revenue: Grants from the federal government.		
Purpose of Fund: To support water protection, rural water studies, and water banking initiatives, as well as certain operating expenses.		
Funds Expended	570,200	710,100
Year-End Fund Balance	2,300	54,200
Flood Warning System (WCA1021/A.R.S. § 45-1503)		Non-Appropriated
Source of Revenue: Legislative appropriations, grants, and contributions from other public agencies.		
Purpose of Fund: To develop a flood warning system, purchase flood warning equipment, and provide assistance to local entities on a cost sharing basis for the planning, design, installation, operation, and maintenance of flood warning systems.		
Funds Expended	0	0
Year-End Fund Balance	10,100	10,100

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
General Adjudication (WCA2191/A.R.S. § 45-260)		Non-Appropriated
Source of Revenue: Court fees paid by water claimants and from legislative appropriations.		
Purpose of Fund: To cover postage and other costs of serving legal notices to water rights claimants and of publicizing court proceedings. Also to remit filing fees to the courts..		
Funds Expended	297,500	50,000
Year-End Fund Balance	60,900	60,900
Indirect Cost Recovery (WCA9000/A.R.S. § 45-104)		Non-Appropriated
Source of Revenue: Cost allocation transfers of federal and other non-appropriated funds.		
Purpose of Fund: To provide various indirect administrative services, including security and cashing.		
Funds Expended	53,000	1,121,600
Year-End Fund Balance	1,327,900	1,077,700
Interagency Service Agreement (WCA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: From Arizona county payments.		
Purpose of Fund: To contract for flood plain management services.		
Funds Expended	126,200	40,000
Year-End Fund Balance	141,100	101,100
Production and Copying (WCA2411/A.R.S. § 45-115)		Non-Appropriated
Source of Revenue: From monies received for department publications and for copies of department records. Any amount in excess of \$20,000 at the end of each fiscal year reverts to the General Fund.		
Purpose of Fund: To produce and distribute department publications, as well as to copy department records.		
Funds Expended	46,100	40,000
Year-End Fund Balance	14,100	14,100
Publication and Mailing (WCA2410/A.R.S. § 45-116)		Non-Appropriated
Source of Revenue: From monies received for the publication and mailing of legal notices as required by law. Any amount in excess of \$20,000 at the end of each fiscal year reverts to the General Fund.		
Purpose of Fund: To publish and mail legal notices.		
Funds Expended	21,600	20,000
Year-End Fund Balance	9,100	9,100
Purchase and Retirement (WCA2474/A.R.S. § 45-615)		Non-Appropriated
Source of Revenue: A portion of fees for groundwater withdrawal in AMAs.		
Purpose of Fund: To purchase and retire grandfathered groundwater rights, those entitlements legally owned or used before the creation of an AMA in a given area. By law, each AMA has its own sub-account within the fund.		
Funds Expended	0	0
Year-End Fund Balance	10,700	10,700
State Water Storage (WCA2287/A.R.S. § 45-897.01)		Non-Appropriated
Source of Revenue: Since January 1, 1997, from interest only. Prior to that date, from property taxes levied by multi-county water conservation districts. These taxes are now directed to the Water Banking Fund.		
Purpose of Fund: To build underground water storage demonstration projects in conservation districts and to purchase excess Central Arizona Project (CAP) water. The department provides administrative support for this fund, but control of expenditures is vested with the Central Arizona Water Conservation District (CAWCD).		
Funds Expended	1,152,800	1,150,000
Year-End Fund Balance	3,575,500	2,485,500

SUMMARY OF FUNDS	FY 2004 Actual	FY 2005 Estimate
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Arizona Water Banking (WCA2110/A.R.S. § 45-2425) Non-Appropriated

Source of Revenue: General Fund appropriations and fees associated with the purchase, lease, storage, accreditation, and delivery of Colorado River water to municipalities and industrial water users. The Legislature appropriated \$500,000 in both FY 2003 and FY 2004, but did not appropriate any funds in FY 2005. Also from a portion of the 4% property tax collected by CAWCD to pay for water storage. By law, each AMA has its own sub-account within the fund. This fund operates on the calendar year. Because fees and taxes are collected at the end of the fiscal year, the Year-End Fund Balances are not reflective of the calendar year-end balances.

Purpose of Fund: To purchase and store the unused portion of Arizona's Colorado River water allotment. In FY 2004 only, also to support department operations pursuant to an agreement with the Arizona Water Banking Authority (AWBA). The department provides administrative support for this fund, but control of expenditures is vested with AWBA.

Funds Expended from the General Fund	500,000	0
Other Funds Expended	16,036,900	14,458,900
Year-End Fund Balance	23,282,200	14,403,300

Arizona Water Protection (WCA1302/A.R.S. § 45-2111) Non-Appropriated

Source of Revenue: General Fund appropriations, as well as from purchases or leases of CAP water. Since FY 2000, session law changes have suspended the statutory General Fund appropriation.

Purpose of Fund: To provide grants for projects that protect water quality and quantity, as well as to maintain, enhance, and restore rivers, streams, and associated riparian habitats. The Water Protection Fund Commission reviews grant applications and determines annual recipients. The department provides administrative support for this fund, but control of expenditures is vested with the commission. The Year-End Fund Balances represent non-obligated cash and do not reflect monies already granted but not yet paid.

Funds Expended	4,821,400	549,700
Year-End Fund Balance	492,300	67,600

Arizona Water Quality (WCA2304/A.R.S. § 45-618) Non-Appropriated

Source of Revenue: From annual Water Quality Assurance Revolving Fund (WQARF) transfers negotiated with the Arizona Department of Environmental Quality (ADEQ), as well as from legislative appropriations, grants, and contributions from other public agencies.

Purpose of Fund: To inspect wells for groundwater contamination and to take appropriate remedial action on contaminated wells. Inspections are done in conjunction with the ADEQ WQARF program.

Funds Expended	598,100	710,700
Year-End Fund Balance	324,500	115,800

Well Administration and Enforcement (WCA2491/A.R.S. § 45-606) Non-Appropriated

Source of Revenue: Well-drilling filing and permit fees.

Purpose of Fund: To monitor, investigate, and enforce regulations concerning the construction, replacement, deepening, and abandonment of wells, as well as the capping of open wells.

Funds Expended	350,900	521,500
Year-End Fund Balance	328,400	384,900

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