

Department of Water Resources

JLBC: Leah Kritzer
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DESCRIPTION	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	231.7	231.7	231.7
Personal Services	8,260,700	8,551,800	8,551,800
Employee Related Expenditures	2,815,500	2,915,100	2,915,100
Professional and Outside Services	918,000	2,830,000	2,830,000
Travel - In State	231,600	292,300	292,300
Travel - Out of State	36,300	6,500	6,500
Other Operating Expenditures	3,118,800	1,017,300	1,017,300
Equipment	555,800	333,700	333,700
OPERATING SUBTOTAL	15,936,700	15,946,700	15,946,700
SPECIAL LINE ITEMS			
Adjudication Support	2,104,800	2,106,100	2,106,100
Arizona Water Protection Fund Deposit	0	2,000,000	2,000,000
Assured and Adequate Water Supply Administration	1,698,300	2,819,400	2,819,400
Automated Groundwater Monitoring	506,000	506,300	506,300
Conservation and Drought Program	499,100	491,600	491,600
Rural Water Studies	1,340,600	2,007,100	2,007,100
Upper San Pedro Water District Technical Assistance	250,000	0	0
AGENCY TOTAL	22,335,500	25,877,200	25,877,200
FUND SOURCES			
General Fund	22,330,800	17,858,100	17,858,100
<u>Other Appropriated Funds</u>			
Assured and Adequate Water Supply Administration Fund	4,700	1,119,100	1,119,100
Water Banking Fund	0	6,900,000	6,900,000
SUBTOTAL - Other Appropriated Funds	4,700	8,019,100	8,019,100
SUBTOTAL - Appropriated Funds	22,335,500	25,877,200	25,877,200
Other Non-Appropriated Funds	19,795,500	31,746,600	31,746,600
Federal Funds	500,900	312,800	312,800
TOTAL - ALL SOURCES	42,631,900	57,936,600	57,936,600

CHANGE IN FUNDING SUMMARY

	FY 2009 to FY 2010 JLBC	
	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	0	0.0%
Total Appropriated Funds	0	0.0%
Non-Appropriated Funds	0	0.0%
Total - All Sources	0	0.0%

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 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2010 JLBC
• % of Colorado River entitlement used	100	100	100	100
• % of Arizona's unclaimed Colorado River entitlement that is recharged via the Water Banking Authority	95	95	95	95
• Number of dams in a non-emergency unsafe condition	13	13	13	13
• Number of rural water studies initiated	4	4	4	4
• Number of rural water studies completed in current year	--	--	NA	4
• Customer satisfaction rating for Hydrology Program (Scale 1-8)	8.0	8.0	8.0	8.0

Comments: The agency did not submit information for any measure labeled as "NA" as required by the General Appropriation Act.

Operating Budget

The JLBC includes \$15,946,700 and 168.9 FTE Positions for the operating budget in FY 2010. These amounts consist of:

General Fund	\$11,946,700
Arizona Water Banking Fund	4,000,000

These amounts are unchanged from FY 2009.

Adjudication Support

The JLBC includes \$2,106,100 and 21.3 FTE Positions for Adjudication Support in FY 2010. These amounts consist of:

General Fund	1,606,100
Arizona Water Banking Fund	500,000

These amounts are unchanged from FY 2009.

A.R.S. § 45-251 requires the Department of Water Resources (DWR) to provide technical and administrative support to judicial proceedings involving general stream adjudications for the Gila and Little Colorado Rivers. The purpose of the adjudications is to determine the nature, extent, and priority of the water rights claims on the 2 rivers. Technical support for the adjudication courts includes the preparation of hydrographic survey reports and technical reports on specific issues within the adjudications. In addition, DWR is required to keep track of the Statement of Claimants and implement court rulings that are in favor of the claimants.

In 1953, Congress passed the McCarran Amendment, granting state courts jurisdiction over the adjudication of the tribal water rights. As part of this amendment, if the

states are unsuccessful in completing the adjudications, the adjudications will be moved to federal courts.

Arizona Water Protection Fund Deposit

The JLBC includes \$2,000,000 from the Arizona Water Banking Fund for the Water Protection Fund Deposit in FY 2010. This amount is unchanged from FY 2009.

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. The JLBC includes a session law change to A.R.S. § 45-2112 suspending the statutory \$5,000,000 General Fund appropriation to the Water Protection Fund in FY 2010. This General Fund appropriation has been suspended since FY 2000.

Assured and Adequate Water Supply Administration

The JLBC includes \$2,819,400 and 24 FTE Positions for the Assured and Adequate Water Supply (AAWS) Program in FY 2010. These amounts consist of:

General Fund	1,300,300
AAWS Administration Fund	1,119,100
Arizona Water Banking Fund	400,000

These amounts are unchanged from FY 2009.

Laws 2005, Chapter 217 established the Assured and Adequate Water Supply Administration Fund to provide for the costs and expenses incurred by DWR of Water Resources when determining and declaring assured and adequate water supplies. The AAWS Administration Fund is subject to appropriation and consists of monies that are paid to the DWR for applications relating to assured and

adequate water supplies. Previously, fees were deposited into the General Fund.

A total of \$776,600 was collected in FY 2007 and \$579,100 in FY 2008. Part of the reason for the low collections may be due to decline in new home construction. DWR assumed \$685,000 in revenue for FY 2010 in their budget request.

Monies in this Special Line Item are to provide for the operating costs of the AAWS Program. All new subdivisions must receive a Certificate of Assured or Adequate Water Supply. A Certificate of Assured Water Supply is awarded to developers within the 5 Active Management Areas (AMAs) and demonstrates the availability of water for the next 100 years. New developers outside the 5 AMAs must obtain a determination of the quantity and quality of water available in the new subdivision before any lots may be sold. A Certificate of Adequate Water Supply is awarded if DWR determines the subdivision has a 100-year supply of water. If the water is determined to be inadequate, lots may still be sold, but buyers must be notified of the determination.

Automated Groundwater Monitoring

The JLBC includes \$506,300 and 2 FTE Positions from the General Fund for Automated Groundwater Monitoring in FY 2010. These amounts are unchanged from FY 2009.

Monies in this Special Line Item are to provide for the installation, operation, and maintenance of new automated groundwater measuring instruments, or transducers. The transducers provide daily measurements of groundwater levels and expedite analysis for various program activities for assured and adequate water supply, recharge, developing rural water budgets, and water rights studies.

Conservation and Drought Program

The JLBC includes \$491,600 and 6 FTE Positions from the General Fund for the Conservation and Drought Program Special Line Item in FY 2010. These amounts are unchanged from FY 2009.

Monies in this Special Line Item are used to assist local communities to assess conservation needs and assist rural communities in the development of conservation programs, promote water education throughout the state, create guidelines for more efficient use of water, and provide suggestions for funding and implementing conservation programs.

Rural Water Studies

The JLBC includes \$2,007,100 and 9.5 FTE Positions from the General Fund for Rural Water Studies in FY 2010. These amounts are unchanged from FY 2009.

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 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, there are 8 studies underway.

Upper San Pedro Water District Technical Assistance

The JLBC includes no funding for the Upper San Pedro Water District Technical Assistance Special Line Item in FY 2010. This amount is unchanged from FY 2009.

In FY 2008, one-time funding was provided for Upper San Pedro Water District Technical Assistance. Laws 2007, Chapter 252 allowed the Upper San Pedro Water District and Board of Directors to be established if approved by qualified voters of the district. The bill also created an Organizing Board to prepare organizational, financial, comprehensive, and election plans for the district. The funding in the General Appropriation Act provided for the operating costs associated with providing technical assistance to the Organizing Board and Board of Supervisors and is non-lapsing. An election to establish the Upper San Pedro Water District and Board of Directors has not yet taken place.

The Upper San Pedro groundwater basin is located in southeastern Arizona, specifically in Cochise County with portions expanding into Pima County and Santa Cruz County. The groundwater basin is a major source of water for the residents of Cochise County and for Fort Huachuca. The district would include Fort Huachuca, Sierra Vista, Tombstone, Huachuca City and a portion of Bisbee, all of which are located within Cochise County and the groundwater basin. Federal law (P.L. 108-136) requires consideration of water issues in evaluating the future of Fort Huachuca and requires that water levels in the basin remain at a defined level. The district would assist in ensuring the water supply to Fort Huachuca and its surrounding communities.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Monies in the Adjudication Support Line Item shall only be used for the exclusive purposes prescribed in A.R.S. § 45-256 and 45-257B4. The Department of Water

Resources shall not transfer any funds into or out of the Adjudication Support Line Item.

Monies in the Assured and Adequate Water Supply Administration Line Item shall only be used for the exclusive purposes prescribed in sections A.R.S. § 45-108 and 45-576 through 45-579. The Department of Water Resources shall not transfer any funds into or out of the Assured and Adequate Water Supply Administration Line Item.

It is the intent of the Legislature that monies in the Rural Water Studies line item will only be spent to assess local water use needs and to develop plans for sustainable future water supplies in rural areas outside the state's AMAs and not be made available for other department operating expenditures.

Deletion of Prior Year Footnotes

The JLBC would delete the footnote requiring the department to report the amount of fees collected by the Assured and Adequate Water Supply Program as the fund began collecting revenue in FY 2006.

The JLBC would delete the footnote making monies appropriated for the Upper San Pedro Water District non-lapsing as these were one-time monies.

The JLBC would delete the footnote exempting monies appropriated from Rural Water Studies from lapsing through June 2010.

STATUTORY CHANGES

The JLBC would continue 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 2010.

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
Administrative Fund (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 department in error.		
Funds Expended	2,400	0
Year-End Fund Balance	0	0
Assured and Adequate Water Supply Administration Fund (WCA2509/A.R.S. § 45-580)		Appropriated
Source of Revenue: Fees for applications relating to adequate and assured water supplies.		
Purpose of Fund: To support the costs and expenses incurred when determining and declaring assured and adequate water supplies.		
Funds Expended	4,700	1,119,100
Year-End Fund Balance	1,292,100	768,300
Augmentation and Conservation Assistance Fund (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. 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	905,000	1,104,900
Year-End Fund Balance	1,935,300	709,400
Colorado River Water Use Fee Clearing Fund (WCA2538/A.R.S. § 45-333)		Non-Appropriated
Source of Revenue: Fees assessed to those who divert and consume water from the mainstream of the Colorado River.		
Purpose of Fund: Monies are transferred to the Lower River Multispecies Conservation Program.		
Funds Expended	6,900	5,900
Year-End Fund Balance	800	800

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
Dam Repair Fund (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.		
Funds Expended	9,200	0
Year-End Fund Balance	1,180,800	1,291,700
Federal Grants Fund (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	500,900	312,800
Year-End Fund Balance	50,100	54,300
Flood Warning System Fund (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	16,100	0
Year-End Fund Balance	105,000	110,500
General Adjudications Fund (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	11,700	9,700
Year-End Fund Balance	60,900	60,900
Indirect Cost Recovery Fund (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 cashiering.		
Funds Expended	757,600	1,633,100
Year-End Fund Balance	1,405,400	1,201,700
Interagency Service Agreement Fund (WCA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Collections from other state and local agencies.		
Purpose of Fund: To pay for projects based upon interagency service agreements with other agencies.		
Funds Expended	155,500	173,900
Year-End Fund Balance	510,800	351,900
Production and Copying Fund (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	27,900	20,000
Year-End Fund Balance	5,800	5,800

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
Publications and Mailings Fund (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	12,200	12,000
Year-End Fund Balance	10,200	13,200
Purchase and Retirement Fund (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	36,300	38,700
State Water Storage Fund (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. The balance of the fund was expended in FY 2006.		
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	0	0
Year-End Fund Balance	0	0
Statewide Donations Fund (WCA2025/A.R.S. § 45-105)		Non-Appropriated
Source of Revenue: Grants, gifts or donations of money or other property from any source.		
Purpose of Fund: Funds may be used for any purpose consistent with the duties and powers of the Director of the Department of Water Resources as described in statute.		
Funds Expended	113,900	78,300
Year-End Fund Balance	352,400	294,100
Water Banking Fund (WCA2110/A.R.S. § 45-2425)		Partially-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. Revenue also comes 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. Pursuant to an interstate water banking agreement with Nevada, the fund received a combined total of \$100 million in FY 2005 and FY 2006. In 2004, the Southern Nevada Water Authority (SNWA) agreed to pay the Arizona Water Banking Authority (AWBA) an additional \$230 million for delivery and storage of water. Equal payments of \$23 million per year from Nevada to the AWBA will be in 2009 and continue through 2018. Appropriations from this fund may include any monies received through the water banking agreement with Nevada that are used for purposes outside of contractual agreement with Nevada (Laws 2005, Chapter 332). In FY 2009, \$6.9 million was appropriated from the Water Banking Fund to backfill General Fund reductions to the department's budget.		
Purpose of Fund: To purchase and store the unused portion of Arizona's Colorado River water allotment. The department provides administrative support for this fund, but control of expenditures is vested with AWBA. In addition, pursuant to an interstate water banking agreement with Nevada, to obtain, store, and retrieve water for Nevada. The Funds Expended totals below include \$4.7 million and \$23 million for this purpose in FY 2008 and 2009 respectively.		
Appropriated Funds Expended	0	6,900,000
Funds Expended	14,826,300	23,845,400
Year-End Fund Balance	40,078,400	37,329,400

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
Water Protection Fund (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. In FY 2009, \$2.0 million was appropriated from the Water Banking Fund in lieu of a General Fund deposit.		
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	1,565,600	3,512,900
Year-End Fund Balance	8,964,500	4,045,100
Water Quality Fund (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	495,000	562,500
Year-End Fund Balance	536,600	558,500
Well Administration and Enforcement Fund (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	890,200	788,000
Year-End Fund Balance	327,000	128,700