

Multiple Agency Fiscal Note Summary

Bill Number: 1000 HB	Title: DFW land, water rights
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Estimated Cash Receipts

Agency Name	2015-17		2017-19		2019-21	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Fish and Wildlife	0	50,000	0	249,000	0	300,000
Total \$	0	50,000	0	249,000	0	300,000

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Fish and Wildlife	1.1	298,000	298,000	1.3	333,000	333,000	1.3	268,000	268,000
Total	1.1	\$298,000	\$298,000	1.3	\$333,000	\$333,000	1.3	\$268,000	\$268,000

Estimated Capital Budget Impact

NONE

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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

ENPID: 38043

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1000 HB	Title: DFW land, water rights	Agency: 090-Office of State Treasurer
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jason Callahan	Phone: 360-786-7117	Date: 01/06/2015
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 01/07/2015
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 01/07/2015
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 01/08/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

HB 1000 creates the habitat enhancement and leasing account. Earnings from investments will be credited to the general fund.

Earnings from investments:

Estimated earnings from investments are indeterminable because projected cash flows are needed to make the estimate and are currently unavailable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period under review. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings.

For illustrative purposes, assume based on the November 2014 revenue forecast that approximately \$2,800 in FY 16, \$16,800 in FY 17, \$32,500 in FY 18, and \$35,000 in FY 19 in net earnings would be gained or lost annually for every \$1 million shift in average daily cash balances.

Debt Limit:

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1000 HB	Title: DFW land, water rights	Agency: 477-Department of Fish and Wildlife
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2016	FY 2017	2015-17	2017-19	2019-21
Habitat Enhancement and Leasing Account-State NEW-1		50,000	50,000	249,000	300,000
Total \$		50,000	50,000	249,000	300,000

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.0	1.1	1.1	1.3	1.3
Account					
General Fund-State 001-1	107,000	191,000	298,000	333,000	268,000
Total \$	107,000	191,000	298,000	333,000	268,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Jason Callahan	Phone: 360-786-7117	Date: 01/06/2015
Agency Preparation: Lori Peterson	Phone: 360-902-8404	Date: 01/13/2015
Agency Approval: Catherine Suter	Phone: 360-902-2196	Date: 01/13/2015
OFM Review: Heather Matthews	Phone: (360) 902-0543	Date: 01/13/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1: Requires the Department of Fish and Wildlife (DFW) to maintain and annually update an inventory of water rights appurtenant to each parcel of land owned or managed by the department. The Department must offer all nonuse water rights in the inventory for lease at comparable market rates, as long as the lease is for out-of-stream beneficial uses and not otherwise exempted. Revenue from leases will be deposited into a new account.

Section 2: Creates the habitat enhancement and leasing account in the state treasury for receipt of leasing revenues.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

DFW has two categories of water rights, those related to fish hatcheries and those related to wildlife areas.

For the 82 hatchery facilities, an estimated 250 water rights are held for fish propagation, while approximately 52 are held for domestic use, or a combination of use. Section 1, 5(b) of this bill provides that non-consumptive water rights used by fish hatcheries and associated rearing ponds are not subject to requirements per the exceptions listed in RCW 90.14.140(1). Consumptive water rights are subject to provisions of this bill, however, WDFW does not anticipate non-utilization of consumptive water rights associated with hatchery facilities unless budget priorities or fish production objectives are changed and reduced, or infrastructure limitations keep us from capturing needed water. Therefore, WDFW does not anticipate leasing any hatchery-related water rights. Furthermore, fiscal impacts from the maintenance and periodic review of fish-production-related water rights are not expected.

WDFW currently identifies 669 water rights on wildlife area lands. There are a total of 457 documents that are claims, and 212 that we believe are ineligible for lease because we are using them fully, they are temporary rights, they are new applications (full use assumed), or they are likely controlled (or even owned) by parties outside WDFW (e.g., Bureau of Reclamation owns all water in the Columbia Basin Reclamation Project area). Subtracting those from the total leaves 127 rights that we would examine in detail to determine current water use and water available for lease.

Estimating the lease revenue involved many steps:

- A recent analysis of unused water capacity in the Methow Wildlife Area resulted in 20% being available as temporary non-use. Applying 20% to the water capacity of the 127 potential water rights allows for 4,677 acre feet available for lease.
- The average acre feet per lease is estimated at 37 (4,677 total acre feet available for lease / 127 available leases = 37 average acre feet per lease).
- Based on data released April 2014 by WestWater Research LLC, the average rate for water right leases in the Western United States is \$32 per acre foot/year.
- As implementation of a water leasing program develops, DFW anticipates possibly one third of 127 potential leases available may be put into lease per fiscal year:
- FY 16 will be spent updating the inventory through confirmation of data, developing policy and procedures for

leasing, and prioritizing markets for the water. Therefore, we estimate that no revenues will be generated.

- FY 17 revenue projection is based on estimation of 42 active lease agreements of at total average of 1,554 acre feet (37 average acre feet per lease X 42 leases) at \$32 per acre foot = \$49,728 earned revenues.
- In FY 18, we propose another 42 lease agreements will be made effective in addition to the 42 active lease agreements from FY 17. Therefore we estimate 3,108 acre feet will be leased (37 average acre feet per lease X 84 leases) at \$32 per acre foot = \$99,456 earned revenues.
- In FY 19, we propose all 127 water rights for potential lease will be under leasing agreements. Revenue projection is based on 127 active lease agreements of at total 4,677 acre feet at \$32 per acre foot = \$149,664 earned revenues.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The bill requires WDFW to quantify WDFW water rights we use and determine the quantity of water we will leave unused. WDFW would then submit water right change applications to Ecology, who documents the diversion location, purpose- and place-of-use, and other specific data. Ecology would need to determine the "extent and validity" for each water right in order to implement those document updates. WDFW would only be able to lease unused water that is deemed valid by Ecology in their examination. WDFW would need to meter and closely monitor water use, and actively maintain water rights records. It would be necessary for WDFW to develop a water leasing program, potentially needing legal advice from the AGO.

Section 1(1) WDFW currently funds 1.0 FTE Program Specialist 5 to administer the agency's water rights program. It is anticipated that 1.0 FTE Program Specialist 3 position will be needed to assist with data collection on verification of water usage on 629,705 acres of WDFW-owned lands and 379,226 acres of WDFW-managed lands as the inventory is updated; creation of a water rights data layer for the GIS system in order to establish specific place-of-use for each right; and to assess the need for additional metering devices.

WDFW will need to purchase and install water metering devices and monitor the devices annually to confirm water usage. Alternative methods are also available to estimate water use when meter data is not available, however these methods are not as precise as direct metering, and because not all WDFW water use is for irrigated agriculture, calculations might not conform to Ecology's standard methods.

WDFW currently has approximately 30 metering devices on agency-owned wildlife lands. It is estimated that only 10% of the unmetered water rights would require metering to meet the provisions of this bill. Therefore 10% of 639 water rights would be 64 metering devices necessary to be purchased, installed and monitored annually.

The cost of an installed device costs about \$1,500 x 64 devices = \$96,000, equally split between FY 17 and FY18. This would be represented as a capital outlay in Object J. It has been estimated that annual monitoring of 64 new devices, many located in remote areas, would take approximately 8 hours of a Natural Resource Specialist 2 position per device, or 13 weeks total. (.25 FTE)

Section 1 (2): The Program Specialist 3 position utilized for the inventory tasks will also assist with establishing policies/procedures for leasing water rights, coordinating training for region staff assisting with advertising and negotiating of leases, conducting the bid process, and tracking active leases in support of the PS 5 position.

We assume that all of the leases will require the filing of a water right change application with DOE. The cost to

apply is \$50. This would be 42 leases each in FY17, FY18, and FY19 @ \$50 is \$2,100 per year.

Goods and services (Object E) includes \$5,000 per FTE per year for WDFW standard costs, which cover an average employee's supplies, communications, training, and subscription costs per year, as well as central agency costs. Object E also includes infrastructure and program support applied at a rate of 25.76% to cost estimates for eligible objects each fiscal year.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.0	1.1	1.1	1.3	1.3
A-Salaries and Wages	56,000	62,000	118,000	138,000	138,000
B-Employee Benefits	20,000	22,000	42,000	50,000	50,000
C-Professional Service Contracts					
E-Goods and Other Services	27,000	47,000	74,000	85,000	68,000
G-Travel	4,000	12,000	16,000	12,000	12,000
J-Capital Outlays		48,000	48,000	48,000	
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$107,000	\$191,000	\$298,000	\$333,000	\$268,000

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
Natural Resource Specialist 2	50,568		0.1	0.1	0.3	0.3
Program Specialist 3	55,836	1.0	1.0	1.0	1.0	1.0
Total FTE's	106,404	1.0	1.1	1.1	1.3	1.3

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.