

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5032-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Cowan
Carrier – Senate: Sen. Edwards**

Action: Do Pass as Amended and as Printed A-Engrossed

Vote: 21 – 2 – 2

House – Yeas: Buckley, Cowan, Garrard, Komp, Kotek, McLane, Nathanson, Nolan, Richardson, G. Smith, Whisnant
– Nays: Beyer, Thatcher
– Exc: Freeman

Senate – Yeas: Devlin, Edwards, Girod, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters
– Nays:
– Exc: Bates

Prepared By: Lisa Pearson, Department of Administrative Services

Reviewed By: Laurie Byerly, Legislative Fiscal Office

Meeting Date: May 6, 2011

Agency

Department of Land Conservation and Development

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Biennium

2011-13

Budget Summary*

| | | | | | Committee Change from 2009-11 Leg Approved | |
|---------------|--|--|--------------------------------------|---|---|-----------------|
| | 2009-11 Legislatively Approved Budget (1) | 2011-13 Current Service Level | 2011-13 Governor's Budget | 2011-13 Committee Recommendation | \$ change | % change |
| General Fund | \$ 15,509,125 | \$ 13,050,378 | \$ 11,440,378 | \$ 10,893,516 | -4,615,609 | -29.8% |
| Other Funds | 2,193,137 | 882,414 | 1,363,210 | 1,363,210 | -829,927 | -37.8% |
| Federal Funds | 6,598,675 | 5,839,675 | 5,860,289 | 5,860,289 | -738,386 | -11.2% |
| Total | \$ 24,300,937 | \$ 19,772,467 | \$ 18,663,877 | \$ 18,117,015 | (6,183,922) | -25.4% |

Position Summary

| | | | | | |
|--------------------------------------|-------|-------|-------|-------|--------|
| Authorized Positions | 95 | 61 | 58 | 57 | -38 |
| Full-time Equivalent (FTE) Positions | 80.64 | 59.10 | 55.80 | 55.11 | -25.53 |

(1) Includes adjustments through March 2011.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The budget for the Department of Land Conservation and Development (DLCD) is supported by General Fund, Other Funds, and Federal Funds. General Fund supports land use program activities and grants to local governments. The agency receives Other Funds for specific activities or functions such as compliance review and transportation growth management activities. Federal Funds are received from the National Oceanic and Atmospheric Administration (NOAA) for coastal zone management activities and the Federal Emergency Management Agency (FEMA) for floodplain management activities.

Summary of Subcommittee Action

The Department is the administrative arm of the Land Conservation and Development Commission. DLCD staff assists the Commission in adopting standard land use goals, ensuring compliance of local land use plans with the goals, coordinating state and local planning, and managing the coastal zone program. Oregon's land use planning system is based on a set of 19 statewide goals that express the state's policies on land use and related topics such as citizen involvement, housing, and natural resources.

The Subcommittee approved a budget of \$10,893,516 General Fund (\$18,117,015 total funds) and 55.11 FTE. The approved budget eliminates inflation and reduces Services and Supplies, creates a supplemental ending balance, reduces projected personal services expenditures, eliminates six positions and reduces local planning grants. It also continues implementing legislation from the 2009 Legislative Assembly and federal flood zone mapping. Any adjustments for services provided by central agencies such as the Department of Administrative Services will be made in a separate appropriation bill later.

The recommended budget for this agency includes a reduction of General Fund for a supplemental ending balance. The reduction is intended to be applied against spending levels in the second year of the biennium and to not affect program delivery in the first year. To reinforce that intent,

the agency's budget bill includes specific language allowing the agency to expend up to 54 percent of its total biennial General Fund appropriation in the first year of the biennium.

The amount of the reduction for the supplemental ending balance may be restored during the February 2012 session to the agency for the second year of the biennium depending on economic conditions. Therefore, the Co-Chairs of the Joint Committee on Ways and Means expect the agency director to closely monitor the quarterly revenue forecast and other economic indicators to gauge adequacy of funding in the second year and manage the budgets accordingly.

Planning Program

Planning program components include periodic review, technical assistance, support to the Land Conservation and Development Commission, coastal zone management, transportation growth management, landowner notifications and all other planning activities, except for grants. The Subcommittee approved a budget of \$16,517,674 total funds and 57 positions (55.11 FTE).

The Subcommittee approved Package 086 and Package 087, which eliminate inflation and decrease projected personal services costs by 5.5 percent.

Package 090: Analyst Adjustments was approved with a technical correction to the position and FTE counts. The package includes the elimination of six positions (6.00 FTE) and adjustments to services and supplies. The positions include dedicated Measure 49 positions; the workload will be absorbed by other positions. It also eliminates the agency's communication officer, compensation and conservation ombudsman and a receptionist. The package saves \$404,140 General Fund and adds \$4,362 Federal Funds, for a savings of \$399,778 Total Funds.

The Subcommittee approved Package 101: Greenhouse Gas Emissions. This package continues work started on setting greenhouse gas emissions standards for Metro and developing land use and transportation scenarios for local governments to achieve the standards. This work is required by House Bill 2001 (2009). The package adds \$178,702 Other Funds from the Oregon Department of Transportation and provides one position (1.00 FTE).

Package 102: Soils Analysis was approved; it implements House Bill 3647 (2010), which requires the agency to establish an independent soils analysis program. The program will use contracts with third parties, with landowners paying a pass-through fee for the analysis. The program starts in October 2011. Initially General Fund will pay for start-up costs, but these costs should be recouped from fee revenues. Program revenue estimates and expenditures will be reviewed in the 2013-15 biennium budget cycle to determine needs based on actual experience. The package also adds 0.36 FTE to an existing procurement specialist position to cover the workload associated with the contracts. The package reduces General Fund by \$12,353 and increases Other Funds by \$426,264, resulting in an increase of \$413,911 Total Funds.

The Subcommittee approved Package 106: Risk Map. This package continues a limited duration position that works on Federal Emergency Management Administration map modernization for flood hazard assessment. The package provides \$272,557 Federal Funds and one position (1.00 FTE).

Package 108: Measure 49 Attorney General Costs was approved; it provides \$50,000 General Fund for Measure 49 claimant litigation. This package, along with the agency's base budget for legal costs, provides a total of \$652,771 General Fund for attorney general charges. Recent monthly expenditures for attorney general work suggest this funding level will be inadequate unless litigation tapers off or the attorney general and agency find ways to more efficiently manage or mitigate this work.

While the budget was approved, not all Subcommittee members supported this package. There was discussion about the Department taking positions, especially in respect to Measure 49 claims, which have resulted in more litigation and associated costs than what might otherwise have been incurred.

The Subcommittee approved Package 801: Targeted Statewide Adjustments, which reduces non-fixed Services and Supplies expenditures by 6.5 percent. This results in a \$149,423 General Fund reduction. This package is a standard statewide package.

Package 819: Supplemental Statewide Ending Balance was approved; this package produces savings of \$339,878 General Fund to create an increased statewide ending balance. General Fund agencies are contributing to this supplemental ending balance through a 3.5 percent biennial (or 7 percent in the second year of the biennium) reduction. The agency will be allowed to spend up to 54 percent of its biennial appropriation in the first year of the biennium, if necessary.

Grant Program

The Grant program provides General Fund grants to cities and counties to help with comprehensive plan development, plan amendments, and periodic review. The Subcommittee approved a budget of \$1,599,341 General Fund.

The Subcommittee approved Package 086 and Package 087, which eliminate inflation and decrease projected personal services costs by 5.5 percent.

Package 090: Analyst Adjustments was approved; it saves \$639,908 General Fund by reducing grants to cities and counties by 25 percent from the 2009-11 biennium legislatively approved budget level through March 2011.

The Subcommittee expressed concern about the reduced level of funding for grants to counties, noting that local governments might not be able to complete critical planning tasks without this assistance.

Package 819: Supplemental Statewide Ending Balance was approved; this package produces savings of \$57,561 General Fund to create an increased statewide ending balance. General Fund agencies are contributing to this supplemental ending balance through a 3.5 percent biennial (or seven percent in the second year of the biennium) reduction. The agency will be allowed to spend up to 54 percent of its biennial appropriation in the first year of the biennium, if necessary.

Summary of Performance Measure Action

See attached Legislatively Adopted 2011-13 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5032-A

Department of Land Conservation and Development
 Lisa Pearson -- 503-373-7501

| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE |
|---|---------------------|---------------|--------------------|------------|--------------------|------------|---------------------|------------|---------------|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | |
| 2009-11 Legislatively Approved Budget at March 2011 * | \$15,509,125 | \$0 | \$2,193,137 | \$0 | \$6,598,675 | \$0 | \$24,300,937 | 95 | 80.64 |
| 2011-13 ORBITS printed Current Service Level (CSL)* | \$13,050,378 | \$0 | \$882,414 | \$0 | \$5,839,675 | \$0 | \$19,772,467 | 61 | 59.10 |
| 2011-13 Governor's Recommended Budget * | \$11,440,378 | \$0 | \$1,363,210 | \$0 | \$5,860,289 | \$0 | \$18,663,877 | 58 | 55.80 |
| <u>SUBCOMMITTEE ADJUSTMENTS (from GRB)</u> | | | | | | | | | |
| <u>Planning Program - 001</u> | | | | | | | | | |
| Package 090: Analyst Adjustments | | | | | | | | | |
| Personal Services - Technical Adjustment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1) | (0.69) |
| Package 801: Targeted Statewide Adjustments | | | | | | | | | |
| Services and Supplies - 6.5% from non-fixed accounts | (149,423) | 0 | 0 | 0 | 0 | 0 | (149,423) | | |
| Package 819: Supplemental Statewide Ending Balance | | | | | | | | | |
| Personal Services: | (240,122) | 0 | 0 | 0 | 0 | 0 | (240,122) | | |
| Services and Supplies: | (79,861) | 0 | 0 | 0 | 0 | 0 | (79,861) | | |
| Special Payments: | (19,895) | 0 | 0 | 0 | 0 | 0 | (19,895) | | |
| <u>Grants - 003</u> | | | | | | | | | |
| Package 819: Supplemental Statewide Ending Balance | | | | | | | | | |
| Special Payments: | (57,561) | 0 | 0 | 0 | 0 | 0 | (57,561) | | |
| TOTAL ADJUSTMENTS | (\$546,862) | \$0 | \$0 | \$0 | \$0 | \$0 | (\$546,862) | (1) | (0.69) |
| SUBCOMMITTEE RECOMMENDATION * | \$10,893,516 | \$0 | \$1,363,210 | \$0 | \$5,860,289 | \$0 | \$18,117,015 | 57 | 55.11 |
| % Change from 2009-11 Leg Approved Budget | -29.76% | 0.00% | -37.84% | 0.00% | -11.19% | 0.00% | -25.45% | -40.00% | -31.66% |
| % Change from 2011-13 Current Service Level | -16.53% | 0.00% | 54.49% | 0.00% | 0.35% | 0.00% | -8.37% | -6.56% | -6.75% |
| % Change from 2011-13 Governor's Recommended Budget | -4.78% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | -2.93% | -1.72% | -1.24% |

Legislatively Approved 2011-2013 Key Performance Measures

Agency: LAND CONSERVATION and DEVELOPMENT DEPARTMENT

Mission: To support all our partners in creating and implementing local comprehensive plans that reflect and balance the statewide goals, the vision of local citizens, and the interests of local, state, federal and tribal governments.

| Legislatively Proposed KPMs | Customer Service Category | Agency Request | Most Current Result | Target 2012 | Target 2013 |
|---|---------------------------|----------------|---------------------|-------------|-------------|
| 1 - EMPLOYMENT LAND SUPPLY – Percent of cities that have an adequate supply of land for industrial and other employment needs to implement their local economic development plan. | | Approved KPM | 39.00 | 75.00 | 75.00 |
| 2 - HOUSING LAND SUPPLY – Percent of cities that have an adequate supply of buildable residential land to meet housing needs. | | Approved KPM | 65.00 | 90.00 | 90.00 |
| 3 - PUBLIC FACILITIES PLANS – Percent of cities that have updated the local plan to include reasonable cost estimates and funding plans for sewer and water systems. | | Approved KPM | 42.00 | 70.00 | 70.00 |
| 4 - CERTIFIED INDUSTRIAL SITES – Number of industrial sites certified as “project-ready” added each fiscal year. | | Approved KPM | 1.00 | 6.00 | 6.00 |
| 5 - TRANSIT SUPPORTIVE LAND USE – Percent of urban areas with a population greater than 25,000 that have adopted transit supportive land use regulations. | | Approved KPM | 86.00 | 88.00 | 88.00 |
| 6 - TRANSPORTATION FACILITIES – Percent of urban areas that have updated the local plan to include reasonable cost estimates and funding plans for transportation facilities. | | Approved KPM | 88.00 | 88.00 | 91.00 |
| 7 - ERT – Percentage of local participants who rank DLCD involvement in the ERT process as good to excellent. | | Approved KPM | 65.00 | 66.00 | 66.00 |
| 8 - COASTAL DEVELOPMENT ZONING– Percent of estuarine areas designated as “development management units” in 2000 that retain that designation. | | Approved KPM | 100.00 | 100.00 | 100.00 |
| 9 - NATURAL RESOURCE INVENTORIES – Percent of urban areas that have updated buildable land inventories to account for natural resource and hazard areas. | | Approved KPM | 3.00 | 6.00 | 6.00 |
| 10 - FARM LAND – Percent of farm land outside urban growth boundaries zoned for exclusive farm use in 1987 that retains that zoning. | | Approved KPM | 99.89 | 99.88 | 99.87 |

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| Legislatively Proposed KPMs | Customer Service Category | Agency Request | Most Current Result | Target 2012 | Target 2013 |
|--|-----------------------------|----------------|---------------------|-------------|-------------|
| 11 - FOREST LAND – Percent of forest land outside urban growth boundaries zoned in 1987 for forest or mixed farm/forest use that remains zoned for those uses. | | Approved KPM | 99.92 | 99.93 | 99.93 |
| 12 - URBAN GROWTH BOUNDARY EXPANSION – Percent of land added to urban growth boundaries that is not farm or forest land. | | Approved KPM | 20.00 | 55.00 | 55.00 |
| 13 - PERIODIC REVIEW REMANDS – Percent of periodic review work tasks that are returned to local jurisdictions for further action. | | Approved KPM | 11.00 | 10.00 | 10.00 |
| 14 - TIMELY COMMENTS – Percent of DLCD concerns or recommendations regarding local plan amendments that are provided to local governments within the statutory deadlines for such comments. | | Approved KPM | 100.00 | 100.00 | 100.00 |
| 15 - GRANT AWARDS – Percent of local grants awarded to local governments within two months after receiving application. | | Approved KPM | 94.00 | 90.00 | 90.00 |
| 16 - LAND USE APPEALS – Percentage of agency appeals of local land use decisions that were upheld by LUBA and the Courts. | | Approved KPM | 100.00 | 100.00 | 100.00 |
| 17 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Accuracy | Approved KPM | 83.00 | 83.00 | 83.00 |
| 17 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Availability of Information | Approved KPM | 75.00 | 83.00 | 83.00 |
| 17 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Expertise | Approved KPM | 83.00 | 83.00 | 83.00 |
| 17 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Helpfulness | Approved KPM | 83.00 | 83.00 | 83.00 |

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| Legislatively Proposed KPMs | Customer Service Category | Agency Request | Most Current Result | Target 2012 | Target 2013 |
|--|----------------------------------|-----------------------|----------------------------|--------------------|--------------------|
| 17 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Overall | Approved KPM | 83.00 | 83.00 | 83.00 |
| 17 - CUSTOMER SERVICE: Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall customer service, timeliness, accuracy, helpfulness, expertise and availability of information. | Timeliness | Approved KPM | 83.00 | 83.00 | 83.00 |
| 18 - TASK REVIEW – Percent of periodic review work tasks under review at DLCDC for no longer than four months. | | Approved KPM | 100.00 | 95.00 | 95.00 |
| 20 - BEST PRACTICES – Percent of total best practices met by the Board. | | Approved KPM | 100.00 | 100.00 | 100.00 |

LFO Recommendation:

Approve the Department's request to delete KPM #19 related to Measure 49 claim processing. Direct the Department to retain KPMs #9, #13, and #14 during 2011-13 and re-evaluate for possible deletion and/or replacement in 2013-15. Set 2012 and 2013 targets for KPM #13 - Periodic Review Remands at 10 percent.

Sub-Committee Action:

The Natural Resources Subcommittee adopted the LFO recommendation.