



Oregon

John A. Kitzhaber, MD, Governor

Department of Fish and Wildlife

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Date: February 2, 2015

To: The Honorable Brad Witt, Chair
House Agriculture and Natural Resources Committee

**Testimony of
Curt Melcher, Interim Director
Oregon Department of Fish and Wildlife
HB 2452**

Good morning Chair Witt and members of the committee. My name is Curt Melcher, Interim Director of Oregon Department of Fish and Wildlife (ODFW). I appreciate the opportunity to provide you an overview of House Bill 2452.

Today I'll be talking to you about this proposal to abolish the Fish and Wildlife Deferred Maintenance Subaccount and to transfer remaining funds that are unexpended, unobligated and not subject to any conditions to the State Wildlife Fund

The Fish and Wildlife Deferred Maintenance Subaccount resides in ORS 496.303 and includes moneys authorized by the Legislative assembly, as well as moneys obtained through gift, grant, bequest or donation. ORS 496.303(7) permits the interest to be spent only for maintenance of fish hatcheries and the Department of Fish and Wildlife facilities other than its administrative facilities located in Salem.

The Fish and Wildlife Deferred Maintenance Subaccount was created in 2001 by the legislature as a mechanism to fund deferred maintenance at ODFW non-administrative facilities. At the time of its funding, the principal was significant and the interest generated from the principal supported deferred maintenance activities. Over time, the original principal has been reduced by 62% as a result of budgetary appropriation decisions by the legislature. The prolonged historic low interest rates that we have seen over the last five years do not generate enough revenue to support meaningful deferred maintenance work.

The current Subaccount principal of \$1.5 million generates approximately \$7,500 in interest annually. The current balance in the account is \$1,580,000. Over the years, ODFW has spent Subaccount funds on small maintenance projects at statutorily-appropriate facilities. In order to fund significant deferred maintenance through interest earnings, the account principle needs to be at least \$4,000,000, assuming the interest rates increase from the current historic lows.



Additionally, the Department of Fish and Wildlife is nearly fully supported by a combination of license, federal and other funds. These revenue sources pose cash flow challenges related to the timing of collection of these funds, especially related to payments on billings or delivery of federal and other funds. While cash flow for the agency is improving through efficiencies and new systems, ODFW believes that the transferring the remaining subaccount balance to the State Wildlife Fund is a good way to mitigate risk and maintain sufficient balance to meet operational needs.

Deferred maintenance needs, beyond small maintenance projects, exist at ODFW facilities, but the current financial structure of the Deferred Maintenance Subaccount will not address those needs. We have been and plan to continue funding our deferred maintenance needs with federal funds at federal fish hatcheries, Pittman-Robertson funds at Wildlife Areas and field offices, and Restoration and Enhancement grants at state fish hatcheries. These funds are available to us for specific project work and cannot be used to fund the subaccount. Deferred maintenance activities will continue at Department facilities and HB 2452 will improve our ability to meet minimum cash flow thresholds and efficiently manage the agency budget.

Thank you for providing me the opportunity to present you with an overview of House Bill 2452. I would be happy to answer any questions.