

SB 5537 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Lisa Pearson, Department of Administrative Services

Reviewed By: Matt Stayner, Legislative Fiscal Office

Department of State Lands

2017-19

PRELIMINARY

Budget Summary*

	2015-17 Legislatively Approved Budget ⁽¹⁾	2017-19 Current Service Level	2017-19 Committee Recommendation	Committee Change from 2015-17 Leg. Approved	
				\$ Change	% Change
General Fund	346,082	\$ -	\$ -	\$ (346,082)	(100.0%)
Other Funds Limited	39,358,677	29,026,125	36,260,932	\$ (3,097,745)	(7.9%)
Other Funds Capital Improvements	1,112,169	314,470	514,470	\$ (597,699)	(53.7%)
Other Funds Nonlimited	12,734,249	10,234,249	10,234,249	\$ (2,500,000)	(19.6%)
Federal Funds Limited	2,396,484	1,723,318	2,264,641	\$ (131,843)	(5.5%)
Total	\$ 55,947,661	\$ 41,298,162	\$ 49,274,292	\$ (6,673,369)	(11.9%)

Position Summary

Authorized Positions	110	103	110	-
Full-time Equivalent (FTE) positions	109.00	103.00	108.33	(0.67)

⁽¹⁾ Includes adjustments through December 2016

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Department of State Lands (DSL) relies primarily on Other Funds revenues to support its budget. DSL obtains Other Funds revenues from two sources, operations and investment income. Operations generate revenue from the sale of timber, lease rentals and royalties, periodic land sales, permit fees, unclaimed property, donations and publications. Investment income is from interest and capital gains earnings from the Common School Fund (CSF). DSL also receives Federal Funds through grants and support for the South Slough National Estuarine Research Reserve.

Summary of Natural Resource Subcommittee Action

DSL generates revenue for the CSF through the management of state owned lands and investment activities. DSL provides administrative support to the State Land Board, which is comprised of the Governor, the Treasurer and the Secretary of State, and implements the policies of the State Land Board in management of the CSF and its assets. The Subcommittee approved a total funds budget of \$49,274,292 with 110 positions (108.33 FTE). The total funds budget is an 11.9 percent decrease from the 2015-17 Legislatively Approved Budget through December

2016, and a 19.3 percent increase from the 2017-19 Current Service Level. The approved budget continues service levels and funding for Portland Harbor Superfund Site legal costs, historically filled lands work and submerged and submersible lands projects. It carries forward federal grants that will not be entirely spent by the end of the 2015-17 biennium and it provides additional expenditure limitation for sage grouse monitoring, vehicle replacement, trust land maintenance and headquarters building maintenance.

Common School Fund

The CSF program includes the Director's Office, Wetlands and Waterways, Land Management and Finance and Administration. These units manage land (including rangeland), lease minerals and waterways, issue removal-fill permits, develop policies and rules, provide technical information, promote protection and enhancement of Oregon's wetlands and manage unclaimed property, estate administration and forfeitures. This program also includes the revenue transfer of the CSF distribution for school support. The Subcommittee approved a total funds budget of \$42,768,268 with 94 positions (91.83 FTE).

Package 101, Portland Harbor Cleanup was approved - providing \$6,326,537 Other Funds expenditure limitation and one limited-duration Natural Resources Specialist 4 (1.00 FTE) to continue legal expertise related to the Portland Harbor Superfund Site. The package includes \$3.6 million for Professional Services and \$2.5 million for Attorney General expenses. The position is the same classification as in the 2015-17 biennium. The ongoing cost allocation discovery process for the Portland Harbor requires legal expertise to reduce potential costs in the future. Similar budget packages were approved since the 2011-13 biennium. The cost allocation process and legal questions are expected to continue.

The Subcommittee recommended Package 102, Historical Filled Lands Project - adds \$574,321 one-time Other Funds expenditure limitation and four positions (2.83 FTE) for the continuation of work required under Senate Bill 912 (2015). The bill requires DSL to research whether the state of Oregon has remaining interests in historically filled lands in tidally influenced waterways and legally navigable waterways. This requirement also applies to lands where state-asserted ownership occurred prior to September 9, 1995. The measure further allows DSL to sell, lease or trade historically filled lands owned by the state. The department must submit a report with its findings to the State Land Board. A project status report must be made to the environmental and natural resources interim committees of the Legislature by September 16, 2017. The package includes two limited duration positions (2.00 FTE) to begin notifications to affected landowners and perform the actions necessary to begin the appropriate divestment of these lands. The positions are a Natural Resource Specialist 4 and an Administrative Specialist 1. In addition, the package extends the two limited duration positions established in the 2015-17 biennium by 12 months to complete the mapping and site identification processes began in the prior biennium.

Package 103, Trust Land Management was approved - providing \$181,148 ongoing Other Funds expenditure limitation for one permanent Natural Resource Specialist 3 position (1.00 FTE) to work on transactions including real property. Currently, there is only one property manager for about 60,000 acres of land. The new position would allow the agency to address project backlogs. The agency has three agricultural development projects in progress and has 90 transactions pending; some of the pending projects are in the initial stages, while others are in the final stages.

The Subcommittee recommended Package 104, S&S Land Enhancement - establishing expenditure limitation for projects that remove abandoned or derelict structures or vessels on submerged or submersible lands to keep waterways navigable. House Bill 2463 (2015) allows DSL to seize abandoned or derelict structures on submerged or submersible lands if notice and an opportunity for a hearing have been provided to the owner. It also created a Submerged Lands Enhancement Account using up to 20 percent of the revenue from state-owned submerged or submersible lands. The package provides \$100,000 Other Funds expenditure limitation from the Submerged Lands Enhancement Fund for this program and decreases existing expenditure limitation from the Common School Fund by the same amount resulting in no overall change to the agency's budget.

Package 105, Sage Grouse Monitoring was approved - providing \$72,225 Other Funds expenditure limitation for one seasonal Natural Resource Specialist 1 position (0.50 FTE) to monitor compliance with the Candidate Conservation Agreement with Assurances for the Greater Sage Grouse and to help install conservation measures such as fence markers and water tank escape ramps.

The Subcommittee recommended Package 106, Shared Service Implementation - providing for an Other Funds transfer to pay for payroll services provided by a specialist at the Water Resources Department. The transfer amount supports half of a 1.00 FTE Accounting Technician 3 position at the Water Resources Department.

Package 107, Vehicle Replacement was approved - provides \$80,576 Other Funds expenditure limitation to replace five agency-owned vehicles with leased vehicles from the Department of Administrative Services motor pool and to purchase two All-Terrain Vehicles. The leases total \$54,576 of the package. The remaining \$26,000 for the purchases is one-time only.

The Subcommittee recommended Package 802, Federal Grant Expenditure Limitation - continues \$212,323 of Federal Funds expenditure limitation for Wetland Program development grants from the U.S. Environmental Protection Agency. DSL has consistently received grant funds through this program for over 15 years but has typically phased-out the expenditure limitation for federal grant funds from the common school program when developing its budget. The limitation provided in the package will allow the agency to expend anticipated funding through the end of the current grant period ending December 31, 2017.

Oregon Wetlands Revolving Fund

This program is a revolving fund that receives payments from removal fill applicants needing mitigation for their projects. The fund provides resources to the State Land Board for investment in other wetland mitigation sites. The Subcommittee approved a total funds budget of \$1,910,274 and 0.50 FTE. The budget continues the 2015-17 biennium level of service.

Natural Heritage Program

The Natural Heritage Program is mandated by ORS 273.563 to conserve a discrete, limited system of natural heritage resources and to establish a natural heritage database. The 2011 Legislative Assembly moved the program to the Oregon Parks and Recreation Department (OPRD)

effective January 1, 2012. DSL and OPRD agreed that DSL would continue to manage a few grants that were not complete by the transfer date. There is no expenditure limitation for the Natural Heritage Program in the DSL budget. This report includes this program because the state budget system reports information for four years after final expenditures. Budget documents will cease to include this program for DSL in the 2019-21 biennium.

South Slough National Estuarine Research Reserve

The South Slough National Estuarine Research Reserve (SSNERR) is a 4,800-acre natural research area encompassing a portion of the Coos estuary on the southern Oregon coast. The program operates an interpretive center and maintains nature trails for hikers and canoeists. It also conducts a variety of research, education and stewardship programs. Its laboratory work is co-located with the Oregon Institute of Marine Biology in Charleston, which is operated by the University of Oregon. The state's portion of the Reserve is a CSF asset and its operating expenses are paid by CSF revenues and federal grant funds. The Subcommittee approved a total funds budget of \$ 4,081,280 with 16 positions (16.00 FTE).

Package 081, September Emergency Board was approved - carries over Federal Funds expenditure authority for a \$329,000 Federal grant from the 2015-17 biennium to the 2017-19 biennium. The South Slough National Estuarine Research Reserve (SSNERR) was awarded a \$329,000 Federal Funds grant from NOAA in July of 2016, for the purpose of remodeling and construction at the Estuarine and Coastal Sciences (ECOS) Laboratory on the University of Oregon's Oregon Institute of Marine Biology (OIMB) campus in Charleston, Oregon. The project includes expansion of existing laboratory facilities, additional office spaces, reorientation of the garage to expand storage capacity, and additional parking. At the September 2016 meeting of the Emergency Board, an increase in the agency's 2015-17 biennium Federal Funds expenditure limitation was approved, but the agency is not anticipating the work to commence on the project until late June or early July 2017. The agency is entering into a sub-award agreement with University of Oregon who will manage the entire project. The grant period ends in June 2018.

Capital Improvements

This program provides resources to manage and maintain landholdings and leases following an asset management plan. Funds for the Capital Improvements program come from the CSF principal. The Subcommittee approved a budget of \$514,470 Other Funds.

Package 110, Headquarters Building Maintenance was approved - provides \$200,000 Other Funds expenditure limitation on an ongoing basis. The additional expenditure limitation will be used to upgrade the lighting in the building's underground parking garage and to replace and repair the structure on the roof protecting the HVAC system from the elements.

Summary of Performance Measure Action

See attached Legislatively Adopted 2017-19 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Department of State Lands
Lisa Pearson -- 503-373-7501

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
2015-17 Legislatively Approved Budget at Dec 2016 *	\$ 346,082	\$ -	\$ 40,470,846	\$ 12,734,249	\$ 2,396,484	\$ -	\$ 55,947,661	110	109.00	
2017-19 Current Service Level (CSL)*		\$ -	\$ 29,340,595	\$ 10,234,249	\$ 1,723,318	\$ -	\$ 41,298,162	103	103.00	
SUBCOMMITTEE ADJUSTMENTS (from CSL)										
SCR 010 - Common School Fund										
Package 101: Portland Harbor Cleanup										
Personal Services	\$ -	\$ -	\$ 218,857	\$ -	\$ -	\$ -	\$ 218,857	1	1.00	
Services and Supplies	\$ -	\$ -	\$ 6,107,680	\$ -	\$ -	\$ -	\$ 6,107,680			
Package 102: Historical Filled Lands Project										
Personal Services	\$ -	\$ -	\$ 457,521	\$ -	\$ -	\$ -	\$ 457,521	4	2.83	
Services and Supplies	\$ -	\$ -	\$ 116,800	\$ -	\$ -	\$ -	\$ 116,800			
Package 103: Trust Land Management										
Personal Services	\$ -	\$ -	\$ 166,448	\$ -	\$ -	\$ -	\$ 166,448	1	1.00	
Services and Supplies	\$ -	\$ -	\$ 14,700	\$ -	\$ -	\$ -	\$ 14,700			
Package 105: Sage Grouse Monitoring										
Personal Services	\$ -	\$ -	\$ 66,875	\$ -	\$ -	\$ -	\$ 66,875	1	0.50	
Services and Supplies	\$ -	\$ -	\$ 5,350	\$ -	\$ -	\$ -	\$ 5,350			
Package 107: Vehicle Replacement										
Services and Supplies	\$ -	\$ -	\$ 54,576	\$ -	\$ -	\$ -	\$ 54,576			
Capital Outlay	\$ -	\$ -	\$ 26,000	\$ -	\$ -	\$ -	\$ 26,000			
Package 802: Federal Grant Expenditure Limitation										
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 42,446	\$ -	\$ 42,446	0	0.00	
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 169,877	\$ -	\$ 169,877			
SCR 030 -South Slough National Estuarine Research Reserve										
Package 081: September 2016 Emergency Board										
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 329,000	\$ -	\$ 329,000			
SCR 088 -South Slough National Estuarine Research Reserve										
Package 110: Headquarters Building Maintenance										
Capital Improvement	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000			
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 7,434,807	\$ -	\$ 541,323	\$ -	\$ 7,976,130	7	5.33	
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ -	\$ 36,775,402	\$ 10,234,249	\$ 2,264,641	\$ -	\$ 49,274,292	110	108.33	
% Change from 2015-17 Leg Approved Budget	(100.0%)	0.0%	(9.1%)	(19.6%)	(5.5%)	0.0%	(11.9%)	0.0%	(0.6%)	
% Change from 2017-19 Current Service Level	0.0%	0.0%	25.3%	0.0%	31.4%	0.0%	19.3%	6.8%	5.2%	

*Excludes Capital Construction Expenditures

Legislatively Approved 2017 - 2019 Key Performance Measures

Published: 5/9/2017 11:59:01 AM

Agency: Lands, Department of State

Mission Statement:

The mission of the Department of State Lands is to ensure a legacy for Oregonians and their public schools through sound stewardship of lands, wetlands, waterways, unclaimed property, estates and the Common School Fund.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
1. Increase in Deposits to the Common School Fund - Percent annual increase in amount of cash generated by agency activities deposited to the Common School Fund.		Approved	31.70%	1.50%	1.50%
2. Administrative and Operational Costs - Percent of program revenue streams used to cover administrative and operational costs of programs for forest and non-forest lands.	a) Percentage of forest lands program revenue used for administrative and operational costs	Approved	62.10%	45%	45%
	b) Percentage of program revenue used for administrative and operational costs on all non-forest lands		68.80%	45%	45%
3. Increase in Revenues from Land Management Activities - Amount increase in revenues generated by all Land Management activities, exclusive of timber harvest receipts.		Approved	\$5.90	\$6.50	\$6.75
4. Complete Management Plans or Policies - Percent of DSL lands and waterways with completed area management plans or policies.		Approved	89%	95%	95%
5. No Net Loss of Wetlands - Change in wetland acreage due to permit actions.		Approved	-42	0	0
6. Number of Days for a Permit Decision - Average number of days for an agency permit decision after receipt of a complete application.		Approved	83	60	60
7. Annual Resolution of Removal-Fill Permit Non-Compliance - Percent of removal-fill permit non-compliance conditions that have a final resolution in place within 12 months from date non-compliance is determined.		Approved	40%	50%	50%
8. Annual Resolution of Removal - Fill Violations Related to Unauthorized Activities-Percent of removal-fill violations that have a final resolution in place within 12 months of receipt of a complaint generating determination of a violation.		Approved	91%	75%	75%
9. Agency Response Time to Wetland Delineation Reports - Average number of days for the agency initial review and response to a complete wetland delineation report.		Approved	38	60	60
10. Agency Response Time for Wetland Land Use Notices - Average number of days for an agency response to wetland land use notices.		Approved	17	20	20
11. Use of Payment to Provide Moneys - Percent payment-to-provide money received in Mitigation Bank Fund obligated and committed within one year.		Approved	15%	100%	100%
12. Unclaimed Property Disbursements - Percentage of total unclaimed property returned to owners and/or heirs compared to the total amount received.		Approved	No Data	50%	50%
13. 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	92%	93%	93%
	Availability of Information		84%	93%	93%

Legislatively Approved KPMS	Metrics	Agency Request	Last Reported Result	Target 2018	Target 2019
	Accuracy		92%	93%	93%
	Helpfulness		88%	93%	93%
	Timeliness		85%	93%	93%
	Overall		89%	93%	93%
15. South Slough National Estuarine Research Reserve Operation Costs Leveraged. - Percent of SSNERR operations funded from sources other than CSF, including leverage from grants, fees, program revenues and gifts.		Approved	25%	25%	25%
16. South Slough National Estuarine Research Reserve Education Actions - Percentage of SSNERR education programs that use a structured assessment process surveys to provide information and decision support services responsive to audience needs.		Approved	75%	95%	95%
17. Best Practices - Percent of total best practices met by the Land Board.		Approved	93%	95%	95%
12. Increase Unclaimed Property Holder Reporting. - Percent annual increase in amount of unclaimed property reported and remitted annually.		Legislatively Deleted	\$69.00	\$60.00	\$0.00

LFO Recommendation:

The Legislative Fiscal Office recommends the approval of the key performance measures as presented.

SubCommittee Action:

The Naural Resources Subcommittee approved the key performance measures as recommended by LFO