

<b>Department of Geology and Mineral Industries</b>					
	<b>2015-17 Actual</b>	<b>2017-19 Legislatively Adopted</b>	<b>2017-19 Legislatively Approved *</b>	<b>2019-21 Current Service Level</b>	<b>2019-21 Governor's Budget</b>
General Fund	4,806,968	4,631,168	4,709,949	5,119,592	5,374,205
Other Funds	4,917,107	6,787,859	7,331,528	7,252,383	7,164,219
Federal Funds	5,410,687	5,937,915	6,040,857	6,225,649	5,500,972
<b>Total Funds</b>	<b>15,134,762</b>	<b>17,356,942</b>	<b>18,082,334</b>	<b>18,597,624</b>	<b>18,039,396</b>
Positions	45	43	43	42	44
FTE	42.43	42.92	42.92	41.92	42.42
* Includes Emergency Board and administrative actions through December 2018.					

### Program Description

The Department of Geology and Mineral Industries (DOGAMI) is the state's primary source of geoscientific information. DOGAMI has two program areas the Geologic Survey and Services (GS&S) Program and the Mined Land Regulation and Reclamation (MLRR) Program.

The GS&S Program gathers geoscientific data and maps mineral resources and hazards. Geographic areas needing tsunami hazard mapping, landslide hazard studies, flooding hazard studies, and earthquake risk mapping have been prioritized by the agency. The information is shared with state and local policy-makers for land use planning, facility siting, building code and zoning changes, and emergency planning. The program also provides publication and outreach functions and the agency's administrative functions such as budgeting, accounting, and human resource services.

The MLRR Program is responsible for regulating the exploration, extraction, production, and reclamation of mineral and energy resources for the purposes of conservation and second beneficial uses of mined lands. MLRR regulates oil, natural gas, geothermal exploration and extraction, and receives no General Fund or Lottery Funds support.

### CSL Summary and Issues

The 2019-21 current service level (CSL) total funds budget of \$18.6 million is a 2.8% increase from the 2017-19 legislatively approved budget, with the General Fund portion of CSL up 8.7% from 2017-19. This is largely the result of increases to personal services, state government service charges, rent, data processing, and professional services.

### Policy Issues

GS&S Program -- Other Funds and Federal Funds revenue stability is always an issue within the program; however, they have significantly improved project and grant tracking to reduce project overrun. The program is reliant on developing funding partnerships with local, state

and federal agencies. The availability of projects with federal partners has continued to grow over the past biennia, while the Other Funds revenue has slowly declined (the agency has a \$1 million OF revenue shortfall). While the Department is a regular recipient of grants from the US Geologic Survey, FEMA, and NOAA, federal funding will always be a somewhat volatile revenue source that makes up roughly 33% of the agency budget. The LIDAR work the agency does is determined by the priorities of its funding partners, which is why the agency routinely requests a General Fund appropriation for LIDAR to work on State-prioritized projects.

MLRR Program -- As part of the effort to improve business practices, the Department has been conducting a comprehensive internal review of the MLRR program. The review revealed that the program did not have a standard indirect cost methodology to fund its share of centralized service costs and that the program was not recovering its costs related to the permit application process. The program initially held three positions vacant to ensure that licensing revenue was sufficient for the 2017-19 biennium, but the Department has found that the fee increases approved in 2015 and implemented in 2016 are no longer sufficient to cover both program and indirect costs beyond 2019-21 with the program fully staffed. The Department is proposing fee increases to better cover the costs of permitting, fund current activities beyond 2019-21, and to fund four additional positions described in POP 101. The program currently does not have capacity to conduct inspections on mine sites, which it had done in the past, although in a very inefficient manner that also contributed to permit processing backlog. Adding the three inspector positions will allow the Department to better meet its KPM #4 goal of inspecting 50% of all mine sites biennially (currently only 6.5% of mines have been inspected).

#### Other Significant Issues and Background

Business and IT Practices -- the 2015 Legislature directed the Department to improve its business practices related to its accounting structure, financial controls and cash flow and to implement an information technology remediation plan to improve outdated IT practices. The Department has taken significant steps to improve both the business and IT practices and is no longer required to provide follow-up reports on these improvements.

DOGAMI has the following policy option packages in the Agency Request Budget:

1. Package 101 -- MLRR Program Capacity -- \$698,705 Other Funds -- would fund four permanent positions (3.50 FTE) within the MLRR program. Three of the positions would be site inspectors, with the fourth position a half-time ISS-5 position to support the acquisition and maintenance of an electronic online permitting and inspection system. KPM #4 tracks the number of mine sites inspected biennial. Currently, MLRR has 865 surface mining operating permits, and over 1,000 different types of permit sites when including geothermal, oil and gas wells, but does not have the capacity to conduct site visits. The funding for this package is dependent on the approval of increases for the application, licensing and permitting fees received by the program.
2. Package 102 - Expansion of LIDAR Mapping -- \$1,000,000 General Fund -- would provide funding to collect LIDAR mapping data for areas that are a priority to the state. While DOGAMI has GF and OF/FF limitation included in its budget for LIDAR mapping, this

additional amount would allow DOGAMI to prioritize the state's mapping needs rather than being obligated to the prioritization of its potential funding partners.

3. Package 103 -- Mineral Study Continuation -- \$422,156 General Fund -- would provide funding to digitize paper maps, reports and documents that are related to the state's mineral data. DOGAMI has a large collection of legacy mineral data that could be turned into a valuable resource for potential mining activities if digitized and published in a modern online geospatial database format. This package includes two limited duration positions (2.0 FTE) to work on the digitizing, indexing, cross-referencing, and publishing of the state's mineral data online.

While the MLRR program would require a fee increase to support the additional positions included in Package 101, based on current revenue projections, the program would also require a fee increase in order to continue operating at the current service level budget.

Finally, the program is regulating the first chemical mine permitting process to occur in Oregon, where Department expenditures related to the permitting are reimbursed under contract by the mining company. Additional limitation for this permitting process was approved by the September 2018 Emergency Board. If current expenditure trends continue, the MLRR program may need additional limitation in the 2019-21 budget for further reimbursement of expenses.

Overall, the Governor's Budget increases the General Fund budget within the GS&S Program 14.10% from 2017-19 Leg Approved, and 5% from CSL. The MLRR Program budget is increased 36% above 2017-19 Leg Approved, and 32% above CSL.

In the Geologic Survey Program, the Governor's Budget includes a 6% reduction of agency's General Fund totaling \$307,177 and reduces empty Federal Funds limitation by \$700,000. Additions to the GS&S Program include:

- \$300,000 General Fund for a study to relocate or to build vertical evacuation options for coastal schools and hospitals that are within the Tsunami Inundation Zone, evaluate earthquake early warning sites, improve evacuation routes, and building defensive wall structures;
- \$300,000 General Fund for LIDAR natural hazard mapping and mitigation work;

Additions to the Mined Land Reclamation Program includes:

- \$611,103 Other Funds limitation for continued work on the Grassy Mountain chemical mine;
- Approves the fee increase requested in Package 101, but modifies the ARB amounts to reflect the timing of the fee increase taking effect January 2020. Due to the corresponding decrease in fee revenue, the Governor's Budget reduces the requested positions in the package from four to two, approving an NRS2 position and an ISS5 position, both being phased in at 18 months;
- One-time increase of \$250,000 OF limitation, are for the projected cost of the online permitting system.