

## ANALYSIS

### Item 40: Parks and Recreation Department Park Acquisitions

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**Analyst:** April McDonald

**Request:** Increase the Lottery Funds expenditure limitation in the Parks Development Division by \$1,867,960 for property acquisitions.

**Analysis:** The Oregon Parks and Recreation Department (OPRD) is charged with administering Oregon's public investment in land and facilities for parks, recreation, and historic preservation. This includes acquiring property for the development and operation of the parks system. The Oregon State Parks and Recreation Commission (OPRC) and the agency maintain a confidential watch list of properties for potential acquisition that meet the criteria set forth in ORS 390.121, which is quite broad, but can be summarized to describe any property which aids the Department in delivering their mission. Although the watch list is considered confidential due to the nature of property negotiations, all land acquisitions go through a public review process prior to approval by OPRC.

The Department has a base budget for property acquisitions of \$1.7 million in Lottery Funds expenditure limitation included within their operational budget. For the 2023-25 biennium, this amount has been committed to five other properties that are either fully acquired, or in the process of being acquired. OPRD has identified two additional properties for acquisition this biennium but would need a one-time increase of \$1.9 million in Lottery Funds expenditure limitation, supported by the agency's Lottery Funds cash reserve balance. The target for OPRD's Measure 76 Lottery Funds reserve is six months of operational costs, and if approved, this request would reduce the balance to approximately five months.

OPRD made a similar request during the 2023 legislative session. However, the request was not tied directly to the cost of property acquisitions in progress, but rather to increase the acquisitions budget based on prior funding levels. This request was not approved due to cash flow concerns. OPRD submitted the same request from the 2023 legislative session for consideration by the January 2024 Joint Interim Committee on Ways and Means, which deferred the request until release of the state's next revenue forecast, anticipated at the beginning of the February 2024 legislative session. The Office of Economic Analysis projected a slight decline in Lottery Funds revenues and the Department's request was not included in the budgetary changes approved during the 2024 legislative session. Some changes have occurred since OPRD's prior requests. While Lottery Funds revenue projections have not changed meaningfully, the Department has already committed its existing acquisitions budget, and this request to increase expenditure limitation is specific to the acquisition of two properties from OPRD's watch list which are currently under negotiation.

The first property, estimated at \$1.1 million, includes 37.3 acres adjacent to Silver Falls State Park. The property acquisition would provide staff housing, increase the buffer between the park and private land, and create more space for recreation. The staff housing is anticipated to help with recruitment and retention and OPRD estimates the housing would result in a rental income of between \$9,000 and \$11,000, annually. This is a property the Department has sought to acquire for decades. OPRD attempted to purchase it in 2018, but the sale fell through, and the new owner has reached out to the Department with interest in selling.

The second property, estimated at just under \$0.8 million, includes 73.66 acres near Wallowa Lake. The land is divided into three parcels containing park maintenance facilities, and if purchased, would provide approximately 20 additional primitive campsites as well as trail opportunities. OPRD has leased much of this land since the 1980's and the owner is currently seeking to sell it to OPRD. The additional campsites would glean user fees; however, the grounds are in need of approximately \$90,000 to \$100,000 in improvements, which OPRD anticipates scheduling during the 2025-27 biennium. The Department reports the community is supportive of the potential acquisition, as it would keep the property from being further developed, and maintain the natural setting close to the Eagle Cap Wilderness access point.

The infrequency of opportunity to acquire specific land aligning to the Department's mission is a factor weighted with significance in the Legislative Fiscal Office's consideration of this request. However, given the variable nature of Lottery Funds revenues and the need to maintain an adequate Measure 76 Lottery Funds operational reserve balance, any subsequent OPRD request for an increase of Lottery Funds expenditure limitation in the 2023-25 biennium should be considered with caution and the most current revenue forecast in mind.

**Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board increase the Lottery Funds expenditure limitation for the State Parks and Recreation Department, Parks Development Division, on a one-time basis, by \$1,867,960 for property acquisitions.

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Parks and Recreation Department  
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**Request:** Increase Lottery Funds expenditure limitation by \$1,867,960 for property acquisitions.

**Recommendation:** Approve the request.

**Discussion:** Property acquisitions are the mechanism the Oregon Parks and Recreation Department (Department) has for the expansion of State Park system land. Often, the Department utilizes land acquisitions for lands that are adjacent to existing parks for expansion or ease of access or to make strategic purchases to alleviate congestion within parks. Without property acquisition funding, the Department must rely on land donations to increase parklands, which often limits the Department's ability to purchase park-adjacent land or other targeted areas.

In the 2023-25 budget, the Department has \$1.8 available for strategic acquisitions. Currently, the Department expects to expend the available budget on four outstanding projects. The request for an additional \$1.9 million will provide the Department with the resources to enter negotiations for two additional properties. A similar request was made to the January meeting of the Joint Interim Committee on Ways and Means where there was a recommendation to defer the request to the 2024 Legislative Session. However, the request was not funded during the session.

Revenue supporting the request would be derived from the Parks and Natural Resources Fund within Lottery Funds. The Parks and Natural Resources Fund accounts for the majority of Lottery Funds allocated to the Department and is projected to maintain a sufficient balance of \$34.8 million, accounting for the approval of this request and covering operational expenditures through the 2023-25 biennium. The projected balances have been updated utilizing full cost methodologies, which was not included in the analysis of the Parks and Natural Resources Fund provided in the January 2024 request.

**Legal Reference:** Increase Lottery Funds expenditure limitation established by chapter 477, section 3(3), Oregon Laws 2023, for the Parks and Recreation Department, Parks development by \$1,867,960 for the 2023-25 biennium.



# Oregon

Tina Kotek, Governor

## Parks and Recreation Department

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April 22, 2024

Senator Rob Wagner, Co-Chair  
Representative Julie Fahey, Co-Chair  
State Emergency Board  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairs:

### Nature of the Request

Oregon Parks and Recreation Department (OPRD) respectfully requests an increase in Lottery Fund limitation of \$1,867,960 for the purpose of acquiring two specific pieces of property.

### Agency Action

OPRD is authorized in ORS 390.121 to acquire real property for the development and operation of the state park system. The agency works with willing sellers to identify and purchase property so that the existing state parks can meet recreation demand, respond to natural and human changes in the environment around parks, and secure iconic recreation resources that might otherwise be lost without department action.

Under direction of the governor appointed, citizen lead Oregon State Parks and Recreation Commission (OPRC) the agency maintains a confidential watch list of potential property acquisitions that may meet the charge in ORS 390.121. All land acquisitions go through a public review process prior to approval by the OPRC. OPRD staff have identified addition properties available for purchase at the present time. Based on current market conditions and anticipated valuation, the agency requires additional limitation to complete these transactions. OPRD currently has the cash available. OPRD is in active discussions with the property owners and expects to be able to negotiate property and sales agreements.

To prepare for this action, the agency has actively managed a list of properties that meets the agencies mission. Using the current limitation, the agency is actively pursuing four properties for purchase and has completed acquisition of one property as of April 2024. The other four properties on the watchlist are in negotiations and include properties that are inholdings of existing state parks, give visitors clearer access to our current properties, and protect a culturally significant site. Completion of these acquisitions already in progress will exhaust the available limitation within the current 2023-25 budget.

Two additional properties have been identified as being currently available with sellers that are looking to close by the end of the biennium. In order to negotiate in good faith, the agency needs access to additional limitation. These new properties are available now and may not be available in the future. The first property, OPRD has been leasing for many years, contains park maintenance facilities and provides for additional camping and trails opportunities. The second property, OPRD attempted to purchase in 2018, borders a current park that is one of the most visited in the state and additionally will provide housing for park staff. If additional limitation is approved, the agency would utilize existing constitutionally dedicated lottery funding for these one-time unique acquisitions.

### **Action Requested**

OPRD respectfully requests an increase in Lottery Funds limitation of \$1,867,960.

### **Legislation Affected**

Chapter 547, Section 2, Subsection 3 \$1,867,960.

Sincerely,

  
Lisa Sumption (Apr 29, 2024 15:24 EDT)

Lisa Sumption  
Director