

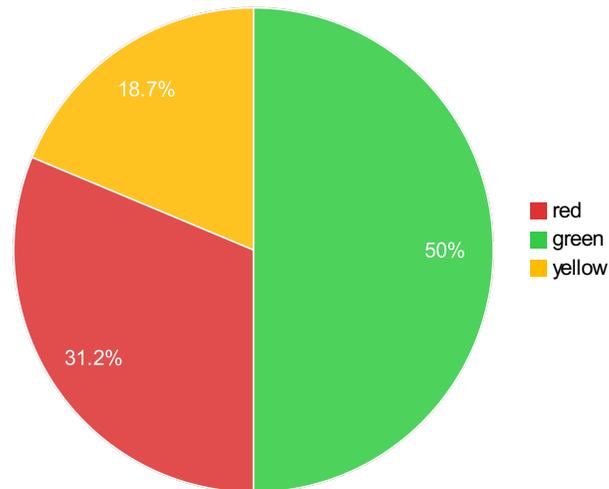
Lands, Department of State

Annual Performance Progress Report

Reporting Year 2018

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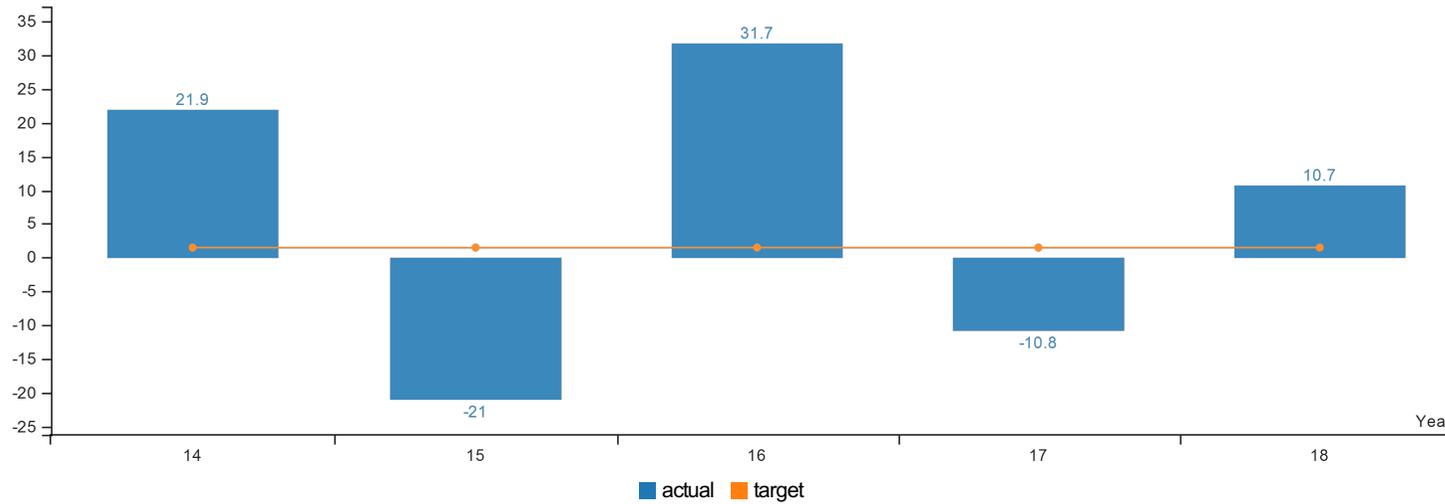
KPM #	Approved Key Performance Measures (KPMs)
1	Increase in Deposits to the Common School Fund - Percent annual increase in amount of cash generated by agency activities deposited to the Common School Fund.
2	Administrative and Operational Costs - Percent of program revenue streams used to cover administrative and operational costs of programs for forest and non-forest lands.
3	Increase in Revenues from Land Management Activities - Amount increase in revenues generated by all Land Management activities, exclusive of timber harvest receipts.
4	Complete Management Plans or Policies - Percent of DSL lands and waterways with completed area management plans or policies.
5	No Net Loss of Wetlands - Change in wetland acreage due to permit actions.
6	Number of Days for a Permit Decision - Average number of days for an agency permit decision after receipt of a complete application.
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.
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.
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.
10	Agency Response Time for Wetland Land Use Notices - Average number of days for an agency response to wetland land use notices.
11	Use of Payment to Provide Moneys - Percent payment-to-provide money received in Mitigation Bank Fund obligated and committed within one year.
12	Unclaimed Property Disbursements - Percentage of total unclaimed property returned to owners and/or heirs compared to the total amount received.
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.
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.
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.
17	Best Practices - Percent of total best practices met by the Land Board.



Performance Summary	Green	Yellow	Red
	= Target to -5%	= Target -5% to -15%	= Target > -15%
Summary Stats:	50%	18.75%	31.25%

KPM #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.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Annual amount of cash generated by agency activities deposited to the Common School Fund					
Actual	21.90%	-21%	31.70%	-10.80%	10.70%
Target	1.50%	1.50%	1.50%	1.50%	1.50%

How Are We Doing

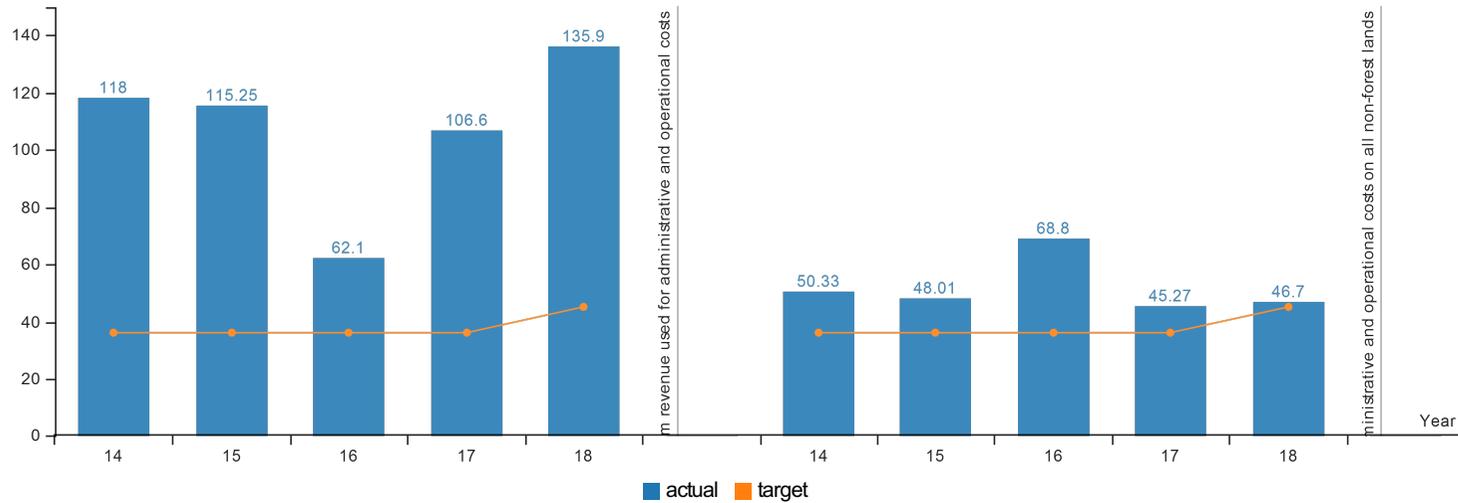
This is the seventh year for this measure. Data for earlier years is included to provide historical context. Deposits to the fund increased by 10.7% in FY18. The increase can be attributed to an increase in unclaimed property receipts. The Department anticipates the revenues and receipts to be at or above the target during the next 2-3 years.

Factors Affecting Results

Timber revenues, once the largest cash flow into the CSFP, are now minimal and are not expected to improve. Unclaimed property receipts vary significantly year over year, however the general trend over the past five years is a slow and steady increase. The variances in unclaimed property receipts can be attributed to changes in dormancy periods, timing of securities sales, and increased compliance for different property types.

KPM #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.

Data Collection Period: Jul 01 - Jun 30



Report Year	2014	2015	2016	2017	2018
Percentage of forest lands program revenue used for administrative and operational costs					
Actual	118%	115.25%	62.10%	106.60%	135.90%
Target	36%	36%	36%	36%	45%
Percentage of program revenue used for administrative and operational costs on all non-forest lands					
Actual	50.33%	48.01%	68.80%	45.27%	46.70%
Target	36%	36%	36%	36%	45%

How Are We Doing

Common School Fund forest lands have not been profitable in recent years due to the environmental encumbrances which have greatly reduced the amount of revenue potentially generated by the Elliott State Forest. The Elliott has historically been the greatest source of timber revenue for Common School Fund forest lands. Revenue on the other forestlands excluding the Elliott State Forest will continue to be within historic levels. Once the Elliott State Forest is transferred to another public entity, the KPM target will be more attainable.

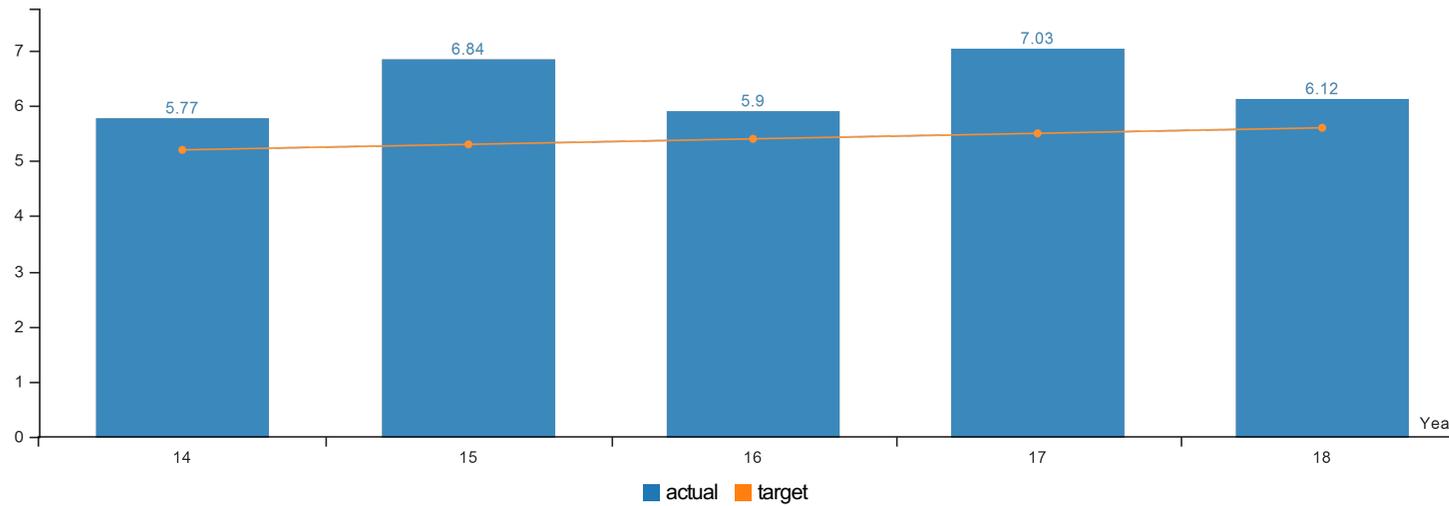
The non-forest lands were slightly less profitable than the previous year because of a lower livestock grazing fee, loss of a major agricultural lease and less than 100% tenant occupancy in the Helvetia property.

Factors Affecting Results

This measure is impacted by the timing and ability to transfer the Elliott State Forest from the Common School Fund to another public entity.

KPM #3	Increase in Revenues from Land Management Activities - Amount increase in revenues generated by all Land Management activities, exclusive of timber harvest receipts.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Annual Revenue from Real Estate Assets					
Actual	\$5.77	\$6.84	\$5.90	\$7.03	\$6.12
Target	\$5.20	\$5.30	\$5.40	\$5.50	\$5.60

How Are We Doing

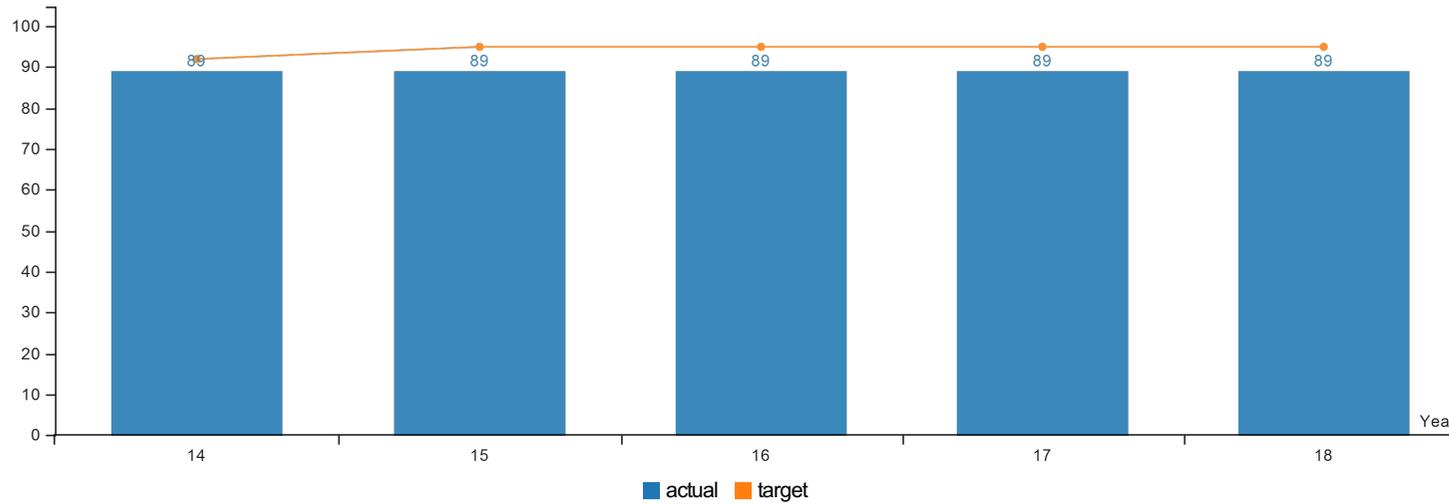
Revenues have slightly declined compared to FY17 yet remain above target levels. It is expected revenue from current industrial property, agriculture lands, and waterway leasing will continue to increase gradually. (data reported as millions)

Factors Affecting Results

Factors affecting this include reduced grazing fees due to lower calf prices received during the prior year, and termination of a significant agricultural lease.

KPM #4	Complete Management Plans or Policies - Percent of DSL lands and waterways with completed area management plans or policies.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Percent of Completed Area Mgmt Plans or Policies					
Actual	89%	89%	89%	89%	89%
Target	92%	95%	95%	95%	95%

How Are We Doing

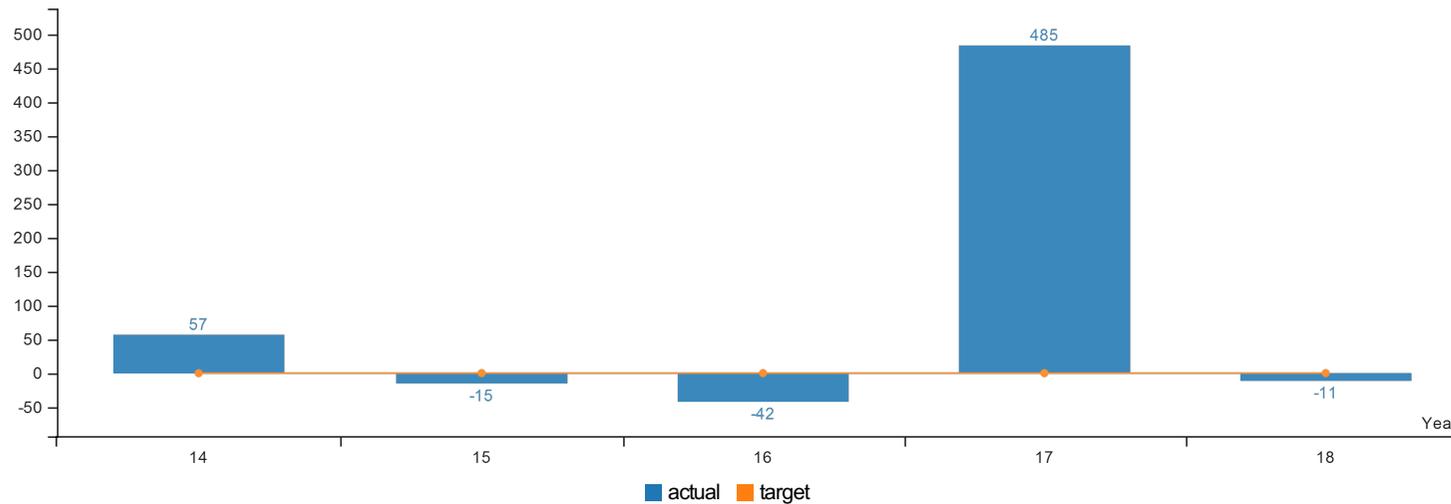
In FY18 there was no change in this measure.

Factors Affecting Results

The Department's Real Property Program has focused on other, higher priority, work managing DSL lands and waterways now including the Elliott State Forest.

KPM #5	No Net Loss of Wetlands - Change in wetland acreage due to permit actions.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Gain or Loss of Wetlands (In Acres)					
Actual	57	-15	-42	485	-11
Target	0	0	0	0	0

How Are We Doing

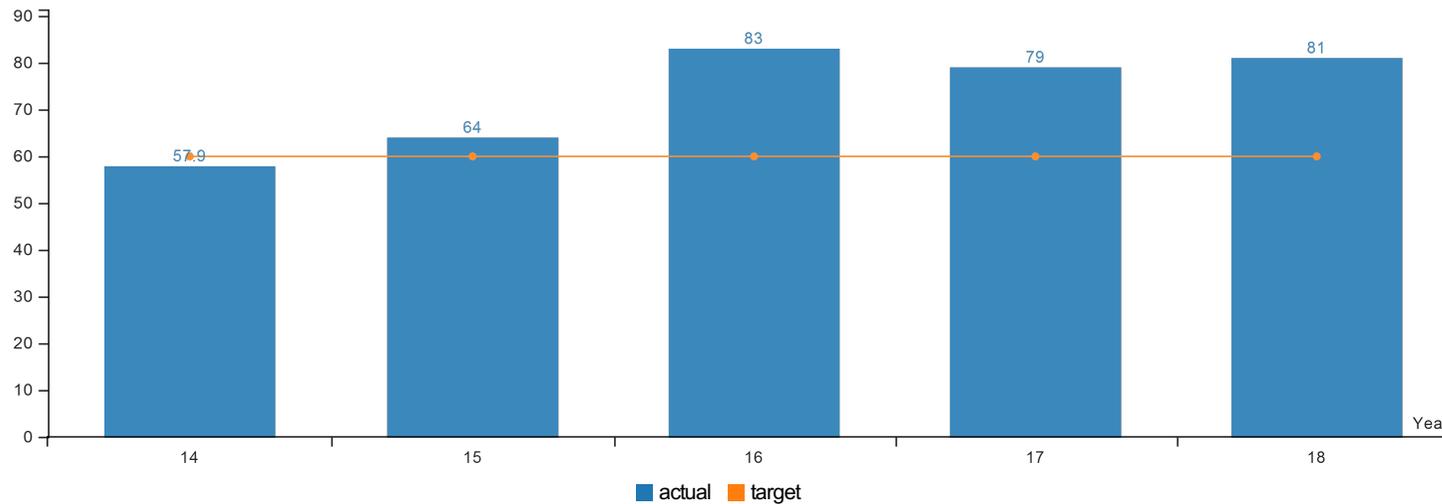
For the combined totals during the period shown in the graph DSL has met and exceeded this performance measure showing a net gain of wetland. There was a loss in in three of the five years, including FY18, but the gains in other years, specifically FY14 and especially FY17, have exceed the losses significantly.

Factors Affecting Results

The agency has been diligent in applying mitigation requirements based upon its regulatory authorities and responsibilities. Additionally, there have been several large gains from restoration projects by private organizations and agencies. Of note in FY17 there were 507 acres of wetland gain from three voluntary projects.

KPM #6	Number of Days for a Permit Decision - Average number of days for an agency permit decision after receipt of a complete application.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = negative result



Report Year	2014	2015	2016	2017	2018
Average number of days for an agency permit decision					
Actual	57.90	64	83	79	81
Target	60	60	60	60	60

How Are We Doing

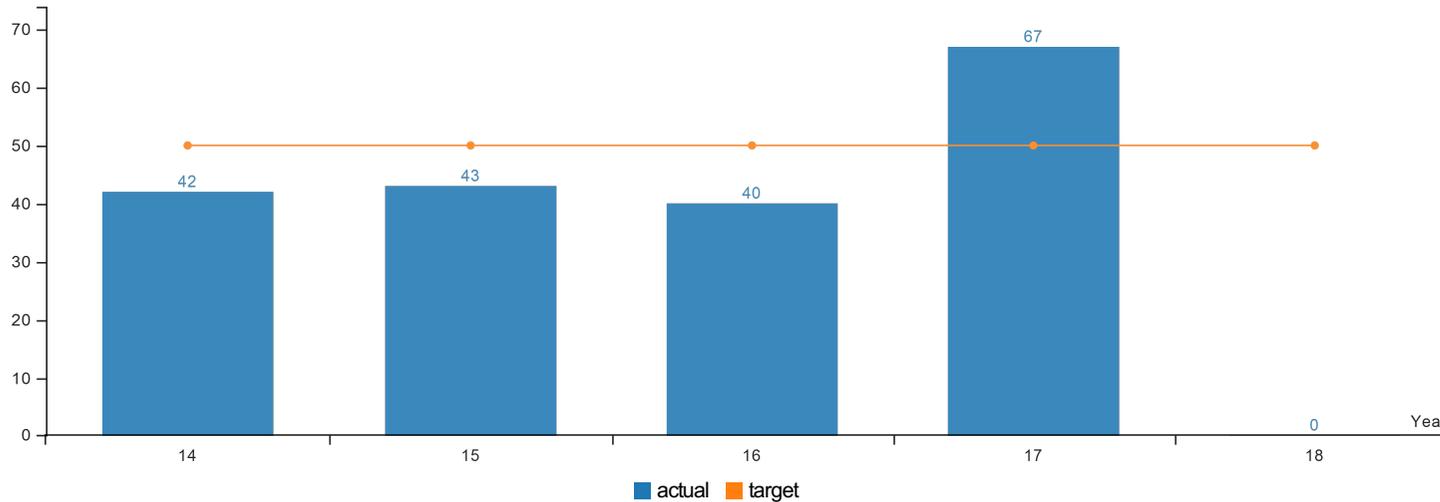
The agency averaged 81 days to make a permit decision in FY18. This does not meet the agency target of 60 days or less.

Factors Affecting Results

This measure is for Individual Permits, which are often related to large projects with significant impacts. The applications often require a high level of technical information and agency review. Factors that affect the results are the number of permit applications, the level of staff resources, and the number of very complex projects such as transmission lines and LNG projects. During this time the Department received 245 Individual Permit applications, compared to 232 received the previous reporting period. This 5% increase in permits corresponded with a 1% increase in average permitting time. Note that the average is still well within the 120-day timeframe required by statute.

KPM #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.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Annual Resolution of Non-Compliance Conditions					
Actual	42%	43%	40%	67%	0%
Target	50%	50%	50%	50%	50%

How Are We Doing

The Department did not meet the target of having a resolution in place within 12 months for half of the three permit non-compliance instances in FY18. The Department recorded a total of three permit non-compliance cases resolved in FY18, none of which were resolved within 12 months from the date non-compliance was determined. The number of permit-related non-compliance issues was less than 2017, when there were six cases. The resolution rate decreased from 67% in FY17.

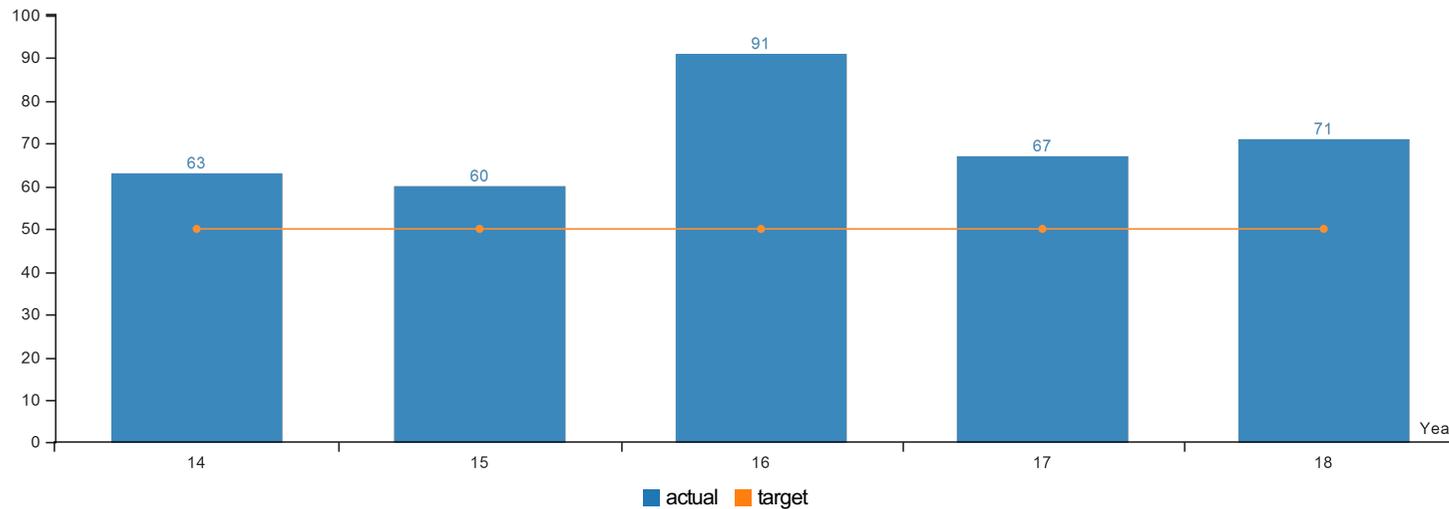
Factors Affecting Results

The amount of time it takes to pursue and resolve permit non-compliance can depend on many factors, including the number of pending agency actions, land owner cooperation, and the specifics of each violation. The process could be much quicker with less extensive negotiations, but permittees have more control and feel much more respected with the time taken for greater interaction.

The Department had less permit related enforcements than in the prior years. The diminished number of permit non-compliance instances is likely due to an aggregate of many reasons; one contributing factor is likely an effort to achieve greater clarity and consistency in permits. Out of 530 active permits, only three non-compliance instances resulted. Because there are so few the percentage is affected greatly by even one permit (33% per permit).

KPM #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.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Percent of Removal-Fill Violations					
Actual	63%	60%	91%	67%	71%
Target	50%	50%	50%	50%	50%

How Are We Doing

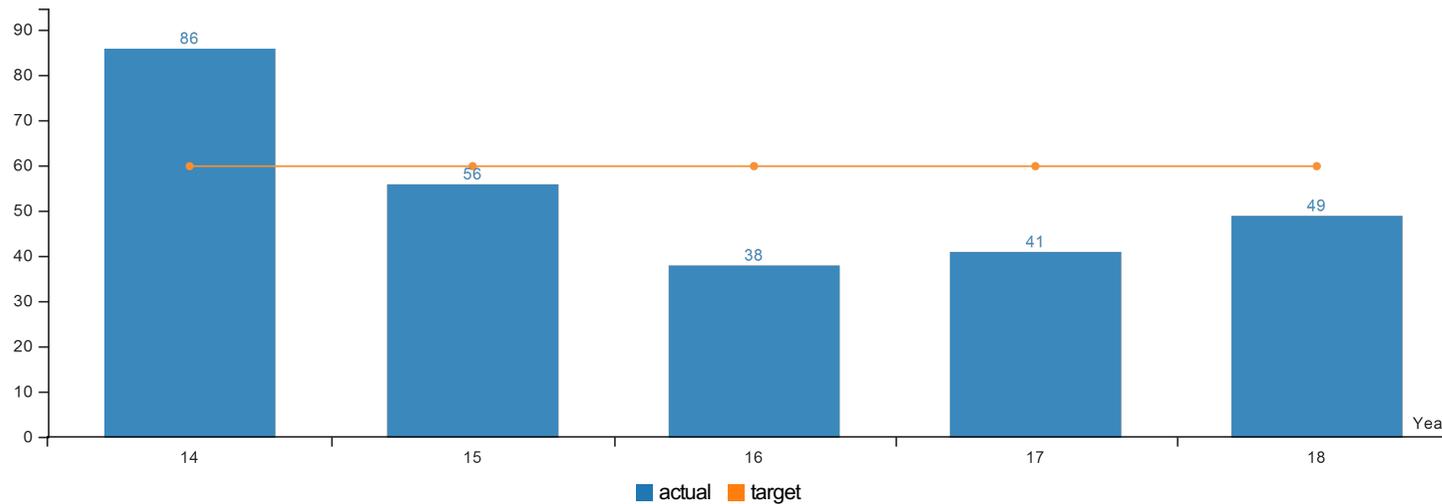
The Department exceeded the target of having a resolution in place within 12 months for 50% of the violations for unauthorized activity. The Department closed 53 enforcements for unauthorized activities during the reporting period. Of the 53 violations, 38 (71%) were resolved within 12 months. The percentage of violations resolved during the 12-month period was slightly higher (4% higher) than the previous year. The percent resolved with 12 months is slightly higher than last year, but relatively consistent with previous years.

Factors Affecting Results

The amount of time it takes to pursue and resolve permit non-compliance can depend on many factors, including the number of pending agency actions, cooperation, and the specifics of each violation.

KPM #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.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = negative result



Report Year	2014	2015	2016	2017	2018
Agency Response Time to Wetland Delineation Reports Within 120 Days					
Actual	86	56	38	41	49
Target	60	60	60	60	60

How Are We Doing

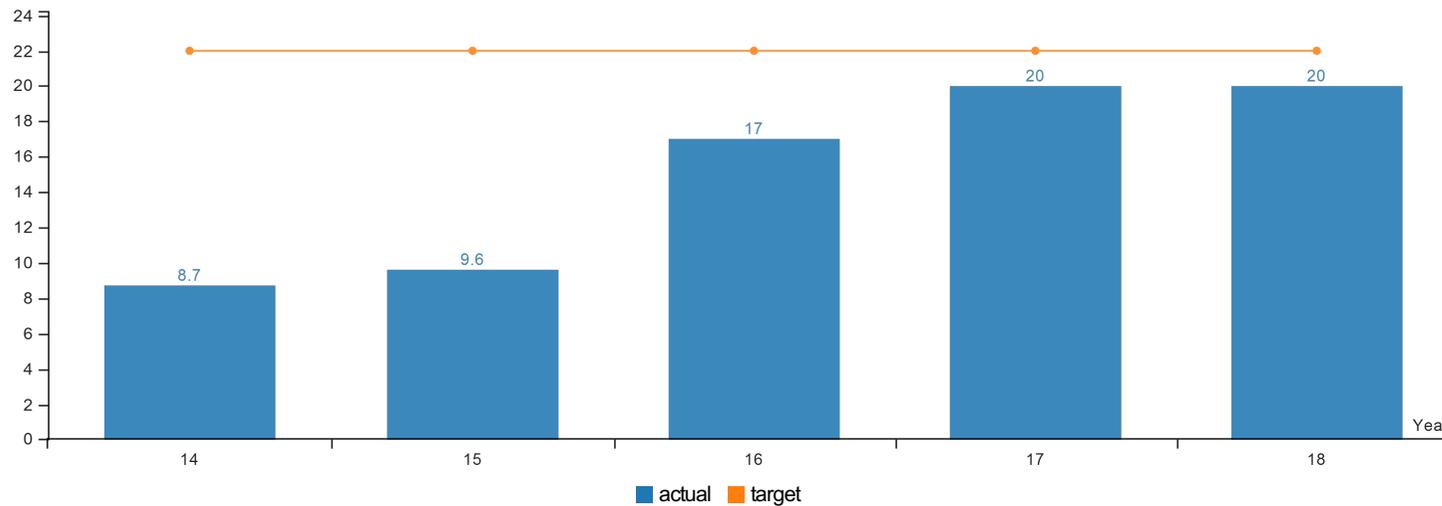
The Department began tracking initial review timelines when the 120-day statutory requirement took effect on January 1, 2008. The average agency response time for FY18 is 49 days, which is lower than our 60-day target. The Department has met the statutory requirement of 120 days for initial review since FY09.

Factors Affecting Results

The number of delineation reports submitted for review affects the average review time, and the number of reports submitted is heavily influenced by the economy. Very large and difficult delineations, such as that for the Jordan Cove LNG project, also can significantly affect review times. The number of delineation reports we receive has increased since the economy rebounded. The number of reports in FY16, FY17 and FY18 were 279, 270 and 333 respectively.

KPM #10	Agency Response Time for Wetland Land Use Notices - Average number of days for an agency response to wetland land use notices.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = negative result



Report Year	2014	2015	2016	2017	2018
Agency Response Time for Wetland Land Use Notices Within 30 Days					
Actual	8.70	9.60	17	20	20
Target	22	22	22	22	22

How Are We Doing

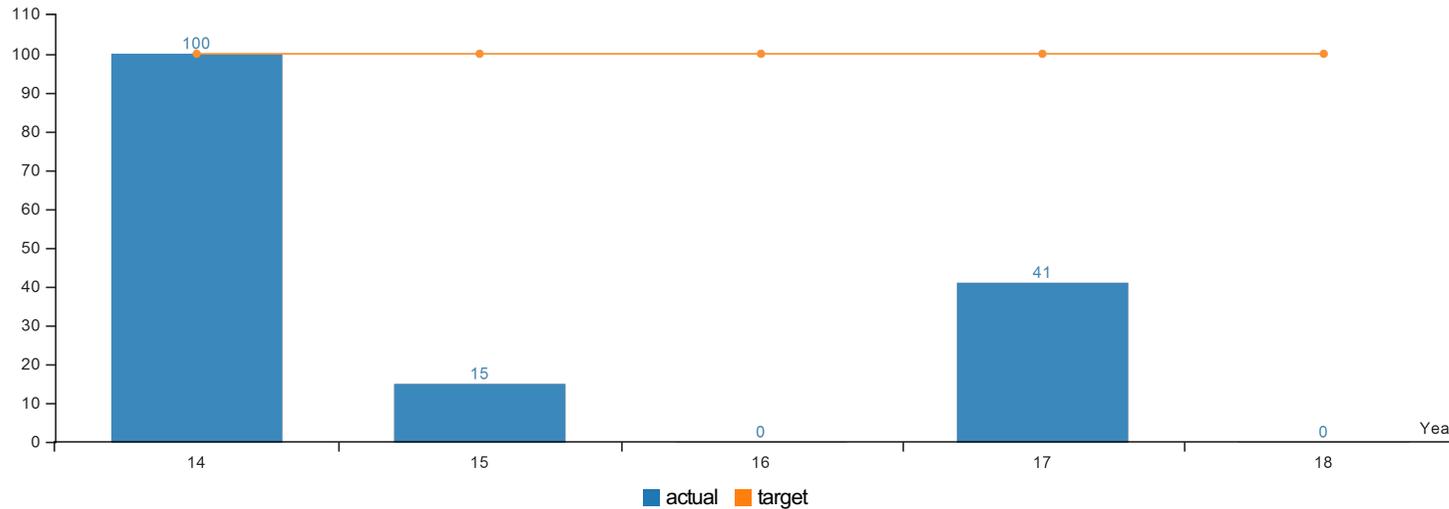
During FY18 the average agency response time was 20 days, which is 2 days faster than the 22-day target. This review time is the same as the previous fiscal year.

Factors Affecting Results

The number of land use notices submitted during FY18 was 694; 88 more than received in FY17 and 246 more than FY16. The number of wetland land use notices submitted for review is influenced by the economy, how well wetland mapping flags areas of concern and DSL outreach efforts to local governments regarding the requirement. Since the 2008 recession, the number of notices steadily dropped to a low of 173 in FY11 but has greatly increased as the economy has improved.

KPM #11	Use of Payment to Provide Moneys - Percent payment-to-provide money received in Mitigation Bank Fund obligated and committed within one year.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Payments into and out of revolving fund					
Actual	100%	15%	0%	41%	0%
Target	100%	100%	100%	100%	100%

How Are We Doing

The agency has not met the target in FY18. Deposits into the fund in FY 2017 totaled \$529,394.32. Of this amount, \$51,034.67 was associated with mitigation credit sales from projects that were implemented in prior years. Gains from these projects were counted in the fiscal year the project was approved by DSL. The remaining deposits totaled \$478,359.65 and represents funds that should be committed to projects within one year. The agency did not commit any funds to projects in FY 2018.

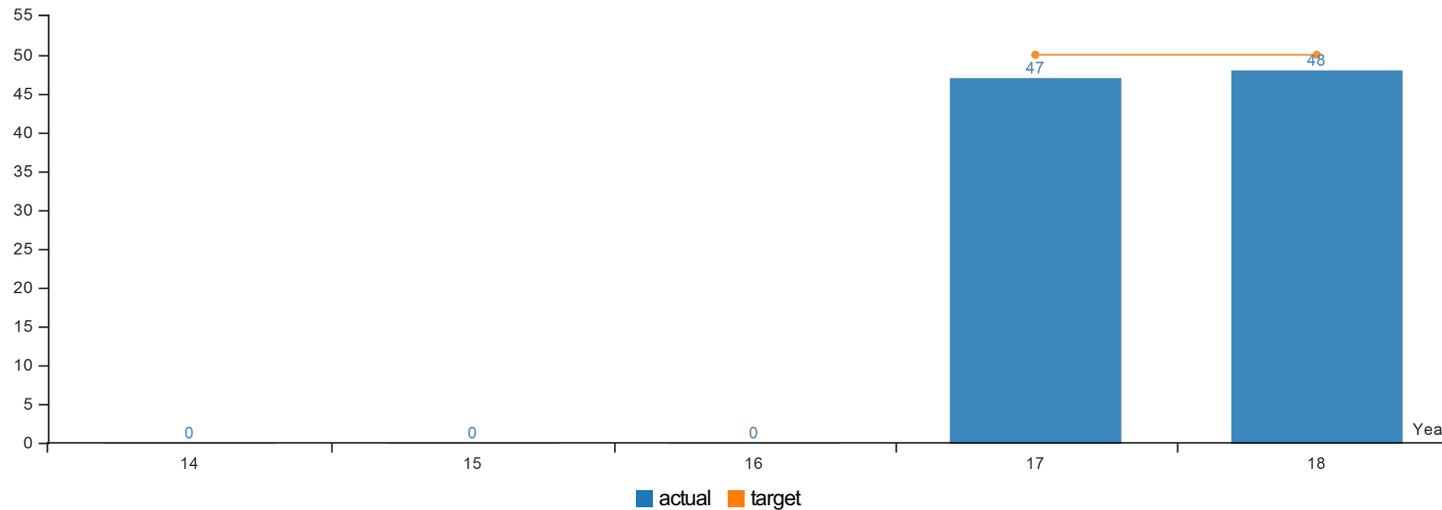
Please note that this figure does not match the information in the 2019-21 budget narrative for Program Unit 013. The chart on Wetland Mitigation Fund Deposits and Grant Awards reports \$321,246 in mitigation fund deposits in FY 2017.

Factors Affecting Results

Deposits to the Oregon Removal-Fill Fund in 2017 were higher than previous years. Nearly 90% of the funds received were from two impacts. One of these was a deposit of \$290,617 for 1.4 acres of wetland impacts in the Lower Willamette Basin where previous DSL mitigation projects have resulted in a net gain of 48.5 acres of wetland. The second of these was a deposit of \$137,198 for 1.86 acres of wetland impacts in the Roseburg area of the Umpqua Basin. DSL is contracting with the sponsors of a proposed mitigation bank in Yoncalla, Oregon to satisfy our credit obligation in the area. Credits will be purchased from the mitigation bank using the Oregon Removal-Fill Fund as performance requirements are met and credits are released, which is estimated to occur between December 2018 and late 2020 as the project meets performance requirements.

KPM #12	Unclaimed Property Disbursements - Percentage of total unclaimed property returned to owners and/or heirs compared to the total amount received.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Unclaimed Property Disbursements					
Actual	No Data	No Data	No Data	47%	48%
Target	TBD	TBD	TBD	50%	50%

How Are We Doing

We returned \$32.4 million representing 65,996 properties. Refunds were 47% of the \$67.5 million received in FY 2018.

We continue to improve our owner location efforts to return more funds to Oregonians. A record \$11.3 million was returned to owners by our direct efforts. Skip-tracing tools are used to obtain improved addresses and letters are sent to all living owner accounts at \$250 or more. We currently perform a manual owner location attempt on any account with stock valued at \$1,000 or above before any sales. As time allows, staff also conduct a 2nd attempt on larger accounts including those where the apparent owner is deceased per external research.

During FY 2018 claim requests began to regularly exceed our capacity to review and approve claims within the required 120 days. We have requested a new claims examiner position to help deal with the increase in claims volume. This will be our first increase in staff in twelve years. Over the longer term, we will seek an owner locator position to manage our owner location efforts. This will free up claims staff who currently do that work in addition to claims review.

Another way we are dealing with the increase in claims is by using technology improvements. We are in contract negotiations on a paperless claim solution where our online claim application would permit certain claims to be approved based on immediate ID and verification techniques. Other states using this technology report that as much as 30% of the claims received can be automatically reviewed and approved without the claimant submitting paper documentation to support their claim.

In the next five years we plan to update our database management system. An improved data management product will enhance all the functions of the unit, including simplifying report processing, securities management, audit tracking, and will allow us to streamline and automate our owner notification processes. We are also looking at branding strategies that will help us improve citizen

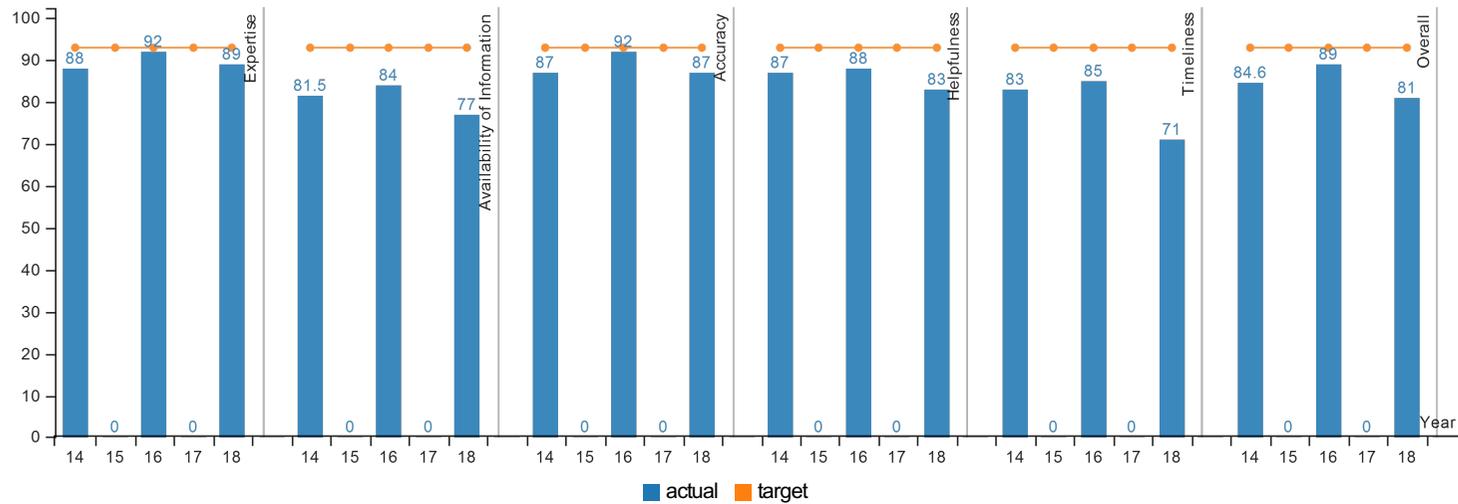
awareness of our service. This would also reduce confusion because people often think real estate when they see Department of State Lands/Unclaimed Property.

Factors Affecting Results

Claims staff must process claims and arrange time to conduct owner location activities. We have limited capacity to handle incoming claims and press releases or media interest often increase claims workload well beyond our capacities. It is desirable to have a reasonable response time to claims and we have an implicit deadline to review claims within 120 days. (ORS 98.402(2))

We are also directing attention to reporting non-compliance and having increasing success in receiving more unclaimed property each year. While our total claim refunds have been agency records in the last two years, our receipts have also broken records during the same period.

KPM #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.
	Data Collection Period: Jul 01 - Jun 30



Report Year	2014	2015	2016	2017	2018
Expertise					
Actual	88%	No Data	92%	No Data	89%
Target	93%	93%	93%	93%	93%
Availability of Information					
Actual	81.50%	No Data	84%	No Data	77%
Target	93%	93%	93%	93%	93%
Accuracy					
Actual	87%	No Data	92%	No Data	87%
Target	93%	93%	93%	93%	93%
Helpfulness					
Actual	87%	No Data	88%	No Data	83%
Target	93%	93%	93%	93%	93%
Timeliness					
Actual	83%	No Data	85%	No Data	71%
Target	93%	93%	93%	93%	93%
Overall					
Actual	84.60%	No Data	89%	No Data	81%
Target	93%	93%	93%	93%	93%

How Are We Doing

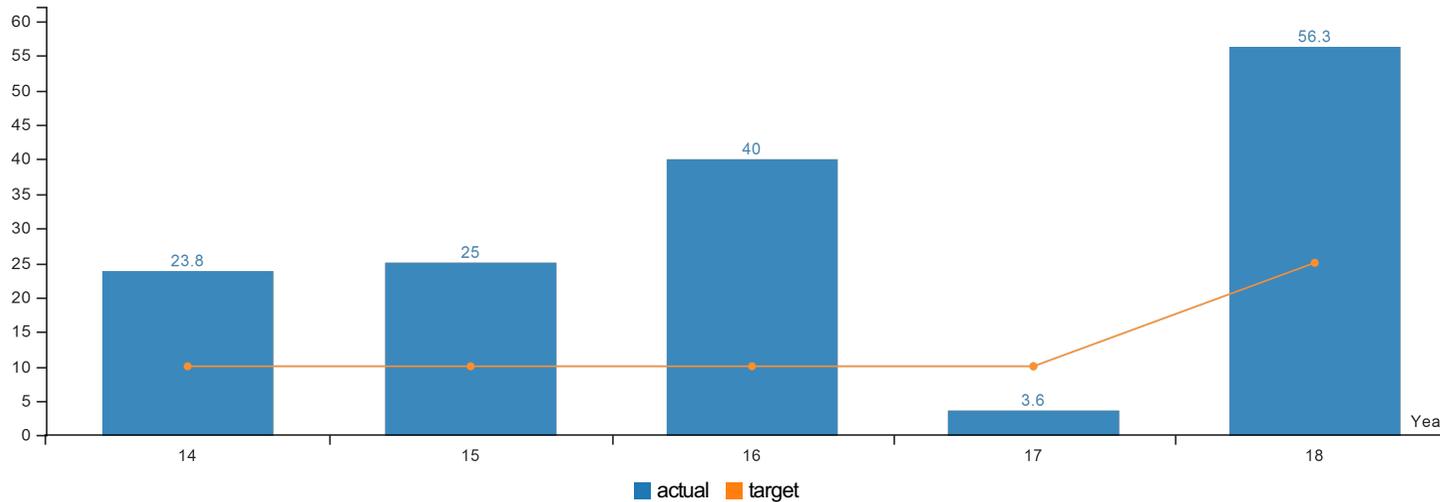
In March 2018, approximately 4,100 DSL customers were emailed a link agency's biennial customer survey. Customers included removal-fill permit, wetlands, waterway authorization, and land authorization customers; wetland consultants; unclaimed property claimants; and South Slough Reserve customers such as program participants. 665 respondents took the survey for a response rate of 16 percent. While 2018 ratings were slightly lower than in 2016, ratings have steadily improved since the agency first conducted a customer survey in 2007.

Factors Affecting Results

DSL has identified several factors that may have affected 2018 responses. The Unclaimed Property program has had many claims this year, resulting in return of funds taking more time and a possible impact on the "timeliness" rating. DSL also migrated to a new website, which may have affected the "availability of information" rating.

KPM #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.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Percent of Operations Funded from Non-CSF Sources					
Actual	23.80%	25%	40%	3.60%	56.30%
Target	10%	10%	10%	10%	25%

How Are We Doing

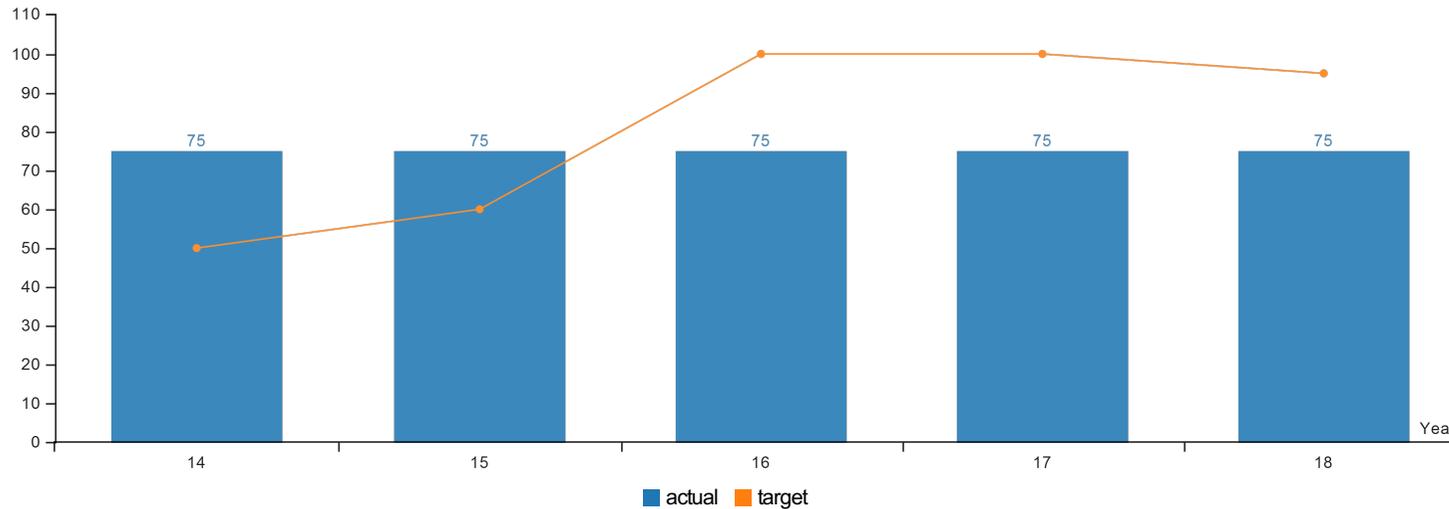
Staff are continually seeking grants and other funding opportunities to support Reserve operations and projects. Opportunities over the past year and successful applications for grants and awards allowed the Reserve to leverage funding using state budget funds as match. The fee rule adopted in 2008 has provided the Reserve with the opportunity to charge fees for building use. Change in data from prior year due to the reporting of other funds spent instead of total grant awards received during report period.

Factors Affecting Results

Grant and award opportunities are highly unpredictable. The Reserve was fortunate to maintain level funding within its Federal Fund operations budget vs. receiving a budget cut. That award will continue through the next reporting period. The amount of fees to be collected is also difficult to predict, and local organizations will generally use space that is available for no fee. Additionally, the Reserve's public space is located a distance from the communities that typically use gathering places for events and meetings. When individuals or organizations do choose to use the Reserve's resources, availability is dependent upon prioritizing the needs of the Reserve to support its programs. Gifts, donations and bequests are another source of funding and resources that cannot be planned upon.

KPM #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.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Percentage of SSNERR Programs using a structured assessment process					
Actual	75%	75%	75%	75%	75%
Target	50%	60%	100%	100%	95%

How Are We Doing

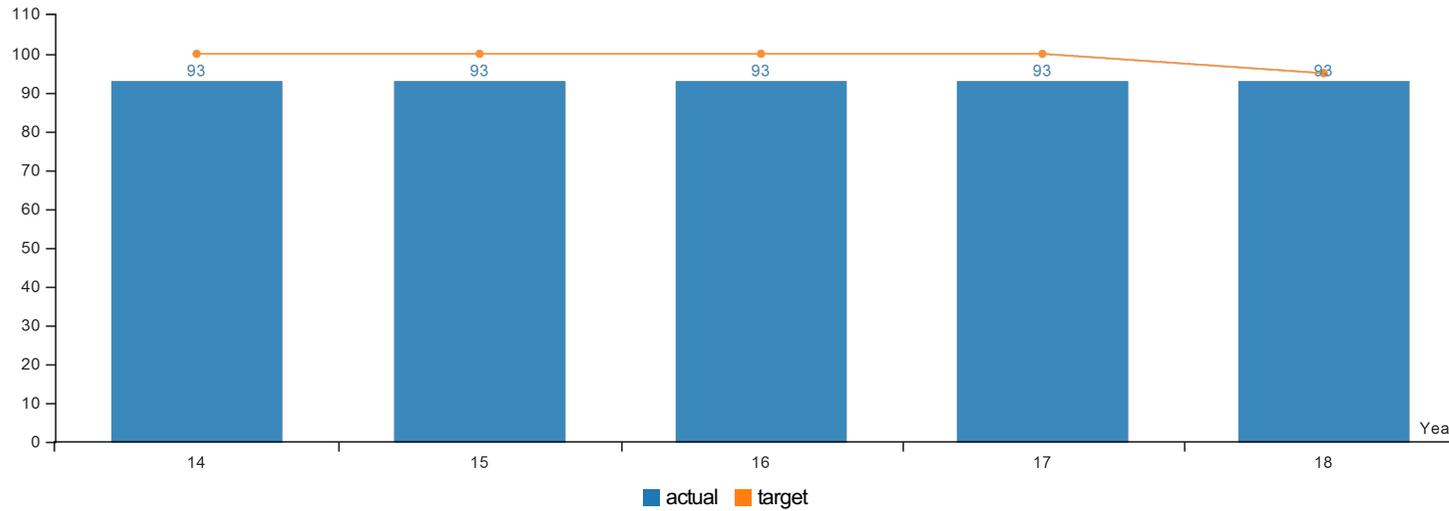
The process of conducting a formal market analysis has occurred within the K-12 education and CTP program areas. Six of the eight identified program areas currently use some form of needs assessment to identify audience-driven program development, information and services

Factors Affecting Results

Grant funding for projects is competitive and unpredictable, although Reserve staff continually seek grant opportunities. Evaluation techniques are incorporated in project and grant application development, though adequate resources for surveying are not always received. Without specifically identified recourses, existing staff are tasked with collecting necessary data and this occurs in the most efficient way feasible to assess and address audience needs.

KPM #17	Best Practices - Percent of total best practices met by the Land Board.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2014	2015	2016	2017	2018
Percent of Criteria Being Met					
Actual	93%	93%	93%	93%	93%
Target	100%	100%	100%	100%	95%

How Are We Doing

The Land Board currently meets all targets except for one. The Director does not receive a written annual performance review. The Board and Director meet on a regular basis and feedback is given but not in writing.

Factors Affecting Results