

HB 5035 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

2019-21

PRELIMINARY

Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 5,000,000	\$ -	\$ -	\$ (5,000,000)	(100.0%)
Lottery Funds Debt Service	\$ -	\$ 589,920	\$ 589,920	\$ 589,920	100.0%
Other Funds Limited	\$ 55,921,667	\$ 45,144,633	\$ 47,658,174	\$ (8,263,493)	(14.8%)
Other Funds Capital Improvements	\$ 514,470	\$ 326,420	\$ 526,420	\$ 11,950	2.3%
Other Funds Nonlimited	\$ 19,234,249	\$ 10,627,890	\$ 10,627,890	\$ (8,606,359)	(44.7%)
Federal Funds Limited	\$ 2,466,188	\$ 2,225,284	\$ 2,146,477	\$ (319,711)	(13.0%)
Total	\$ 83,136,574	\$ 58,914,147	\$ 61,548,881	\$ (21,587,693)	(26.0%)

Position Summary

Authorized Positions	113	106	113	0
Full-time Equivalent (FTE) positions	110.67	105.50	111.50	0.83

⁽¹⁾ Includes adjustments through December 2018

* Excludes Capital Construction expenditures

Summary of Revenue Changes

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

Summary of Natural Resources Subcommittee Action

The DSL generates revenue for the CSF through the management of state-owned lands and investment activities. The Department also provides administrative support to the State Land Board, which is comprised of the Governor, the Treasurer, and the Secretary of State. The Department implements the policies of the State Land Board in management of the CSF and its assets. The Subcommittee approved a total funds budget of \$61,548,881 with 113 positions (111.50 FTE). The total funds budget is a 26.0 percent decrease from the 2017-19 Legislatively Approved Budget and a 4.5 percent increase from the 2019-21 current service level. The approved budget continues service levels and includes funding for

Portland Harbor Superfund Site legal costs, historically filled lands work, and the Elliott Forest projects. Additionally, the approved budget carries forward federal grant funding, which will not be entirely spent by the end of the 2017-19 biennium.

Common School Fund

The Common School Fund (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. The CSF program also includes the revenue transfer of the CSF distribution for school support. The Subcommittee approved a total funds budget of \$54,731,124 and 95 positions (94.00 FTE).

The Subcommittee recommends the following policy packages:

Package 101, Portland Harbor Cleanup – this package provides \$6,772,077 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 \$4.2 million for Professional Services and \$2.3 million for Attorney General expenses. The position is the same classification as in the 2015-17 and 2017-19 biennia. 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 each biennium since the 2011-13 biennium and the cost allocation process and legal questions are expected to continue.

Package 103, Systems Replacement Project (IT Project Manager) - this package provides \$450,000 to continue the planning and initial work to replace the Department's Land Administration system, which was initially deployed in 1999. The technologies, which underpin the system, are no longer supported. In July 2018, the Department received Stage Gate 1 endorsement from the State CIO to continue the planning phase for the project. This package continues funding which was approved during the 2018 Legislative Session; however, it augments the original package by eliminating the support for a limited duration project management position and providing funding for contracted professional management as directed by the following Budget Note:

Budget Note:

The Department of State Lands (DSL) is directed to:

- Continue to work closely with and regularly report project status to OSCIO and LFO throughout the project's lifecycle.
- Continue to follow the Joint State CIO/LFO Stage Gate Review Process.

- Work with OSCIO and DAS Procurement Services to establish a contract for project management services - ensuring the project is led by a qualified project manager with experience in managing projects of this magnitude.
- Update the project's Business Case and foundational project management documents prior to the submission of Stage Gate 2 documents.
- Work with the OSCIO to obtain third-party, independent quality management services and ensure the contractor:
 - Conducts an initial risk assessment and performs quality control reviews on the updated Business Case, foundational project management documents, and business analysis contractor deliverables, as appropriate, prior the agency's request for Stage Gate 2 endorsement.
 - Performs ongoing, independent quality management services as directed by the OSCIO.
- Submit the updated business case, project management documents, risk assessment and quality control reviews to the OSCIO and LFO for Stage Gate 2 Review and endorsement.
- Report back to the Joint Legislative Committee on Information Management and the Joint Committee on Ways and Means on project status during 2020 annual legislative session.
- Utilize the Office of the State CIO's Enterprise Project and Portfolio Management system all project review, approval, and project status and QA reporting activities throughout the life of the DSL Land Administration Replacement Project.

The Subcommittee also approved the following Budget Note:

Budget Note:

The Department of State Lands is directed to work with the Office of the State Chief Information Officer (OSCIO) to conduct a comprehensive assessment of the agency's information technology- related operations. The assessment is to include, but not be limited to, an evaluation of the following:

- IT organizational structure, policies and practices, management and staffing, funding and expenditures and governance
- Inventory of current systems, hardware, software, data resources, and applications
- Business drivers and organizational mandates for information technology and data management
- Operational and technical requirements for DSL's information technology infrastructure (network, servers, storage), applications, and data
- Current operational and technical deficiencies and gaps
- Recommended changes or enhancements to IT management, staffing, operations, funding, policies, and practices

A report on this comprehensive assessment is to be submitted to the Legislative Fiscal Office in December 2019 and jointly presented by DSL and OSCIO to the Joint Legislative Committee on Information Management and Technology and to the Joint Committee on Ways and Means during the 2020 Legislative Session.

The Subcommittee recommends the following policy packages:

Package 104, EPA Grant Carry Forward – this package continues \$113,193 Federal Funds expenditure authority in the 2019-21 biennium for grants awarded in the 2017-19 biennium for the wetlands management program development and wetlands and stream mitigation management tools.

Package 105, Elliott Forest Work – this package provides \$2,186,854 Other Funds expenditure limitation for costs related to the management of the Elliott State Forest. The majority of the funding (\$2,002,762) supports a maintenance contract consisting of the following three primary tasks: 1) maintaining the road system for safe public access, 2) reforestation as required under the Oregon Forest Practices Act, and 3) general property oversight. The remaining Other Funds expenditure limitation (\$176,592) supports one new (1.00 FTE) limited duration Natural Resource Specialist 3 Forester position to oversee the on the ground issues related to the maintenance of the forest. This position will be housed at the South Slough National Research Reserve office but will report to the Real Property Bend Field Office.

Package 106, Filled Lands and Online Mapping Tool – this package adds \$432,746 Other Funds expenditure limitation and two limited duration positions (2.00 FTE) to continue work required by Senate Bill 912 (2015), which directed the Department to inventory historically filled lands in tidally-influenced waterways and legally navigable waterways, providing notification to property owners of any remaining state interest in those lands. This requirement also applies to lands where state-asserted ownership occurred prior to September 9, 1995. The measure allows the Department to sell, lease, or trade historically filled lands owned by the state. The Department anticipates the project to be completed by December 31, 2025. The requested expenditure limitation for the development of an online mapping tool was not included in the package.

Package 107, Project Manager for Procurements & Project Management – this package provides \$296,706 Other Funds expenditure limitation and a permanent Project Manager 3 position (1.00 FTE) to work on the Elliott State Forest Public Ownership Project and the Portland Harbor Superfund cleanup.

Package 114, Elliott State Forest Public Ownership Project – this package provides one-time \$1,579,059 Other Funds expenditure limitation for costs associated with continuing the Elliott State Forest public ownership project. In addition to the funding for the custodial management of the Elliott State Forest contained in Policy Package 105, this package provides the agency with expenditure authority for continued development of a habitat conservation plan for the forest and continued consulting provided by Oregon Consensus for public affairs work related to separating the Elliott from the Common School Fund.

Package 801, LFO Analyst Adjustments - reduces Other Funds expenditure limitation by \$9,441,082 to phase-out items that should have phased-out of the current service level, including \$6,235,000 from the Portland Harbor Cleanup Fund, \$2,500,000 to correct an upward adjustment to the Department's budget for legal costs related to the Portland Harbor Superfund Site, \$98,082 to correct an adjusting entry error in Package 020, and \$608,000 to correct for the costs of fire patrol assessments related to the Elliott State Forest.

Oregon Wetlands Revolving Fund

The Oregon Wetlands Revolving Fund program is a revolving fund and receives payments from removal fill applicants needing mitigation for their projects. The Fund provides resources to the State Land Board for investments in other wetland mitigation sites. The Subcommittee approved a total funds budget of \$1,996,518 and 0.50 FTE. The budget continues the 2017-19 biennium level of service.

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 \$ 4,294,819 with 18 positions (17.00 FTE).

The Subcommittee recommends the following policy packages:

Package 108, South Slough Reserve – GIS/Data Management Position – this package provides \$102,239 Other Funds expenditure limitation for one permanent half-time Information Services Specialist 4 position (0.50 FTE) to provide GIS and data management capacity for the reserve.

Package 109, South Slough Reserve – Grant Carry-Forward – this package adds \$58,714 Other Funds expenditure limitation and \$137,000 Federal Funds expenditure limitation for a grant from the National Oceanic and Atmospheric Administration.

Package 110, Seasonal Education Position (South Slough Reserve) – this package provides \$76,228 Other Funds expenditure limitation for one seasonal Natural Resource Specialist 1 position (0.50 FTE) to provide summer season programming for visiting school-age children.

Package 801, LFO Analyst Adjustments – this package reduces Federal Funds expenditure limitation by \$329,000 for a grant that should have been phased-out of current service level.

Capital Improvements

This program provides resources to manage and maintain landholdings and leases following an asset management plan. The Funds for the Capital Improvements program come from the CSF principal. The Subcommittee approved a budget of \$526,420 Other Funds.

The Subcommittee recommends the following policy package:

Package 801, LFO Analyst Adjustments – this package adds \$200,000 Other Funds expenditure limitation that was erroneously removed from the current service level.

Summary of Maximum Supervisory Ratio

The Subcommittee reviewed the Department's proposed Maximum Supervisory Ratio of 1:8.

Summary of Performance Measure Action

See attached "Legislatively Approved 2019-2021 Key Performance Measures."

PRELIMINARY

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			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ 5,000,000	\$ -	\$ 56,436,137	\$ 19,234,249	\$ 2,466,188	\$ -	\$ 83,136,574	113	110.67
2019-21 Current Service Level (CSL)*	\$ -	\$ 589,920	\$ 45,471,053	\$ 10,627,890	\$ 2,225,284	\$ -	\$ 58,914,147	106	105.50
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 010 - Common School Fund									
Package 101: Portland Harbor Clean Up - Defense Expenses									
Description									
Personal Services	\$ -	\$ -	\$ 251,873	\$ -	\$ -	\$ -	\$ 251,873	1	1.00
Services and Supplies	\$ -	\$ -	\$ 6,520,204	\$ -	\$ -	\$ -	\$ 6,520,204		
Package 103: Systems Replacement Project (IT Project Manager)									
Services and Supplies	\$ -	\$ -	\$ 450,000	\$ -	\$ -	\$ -	\$ 450,000		
Package 104: EPA Grant Carry Forward									
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 113,193	\$ -	\$ 113,193		
Package 105: Elliott Forest Work									
Personal Services	\$ -	\$ -	\$ 176,592	\$ -	\$ -	\$ -	\$ 176,592	1	1.00
Services and Supplies	\$ -	\$ -	\$ 2,010,262	\$ -	\$ -	\$ -	\$ 2,010,262		
Package 106: Filled Lands Positions & Online Mapping Tool									
Personal Services	\$ -	\$ -	\$ 322,946	\$ -	\$ -	\$ -	\$ 322,946	2	2.00
Services and Supplies	\$ -	\$ -	\$ 109,800	\$ -	\$ -	\$ -	\$ 109,800		
Package 107: Project Manager for Procurements & Project Management									
Personal Services	\$ -	\$ -	\$ 296,706	\$ -	\$ -	\$ -	\$ 296,706	1	1.00
Package 114: Elliott State Forest Public Ownership Project									
Services and Supplies	\$ -	\$ -	\$ 1,579,059	\$ -	\$ -	\$ -	\$ 1,579,059		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ (9,441,082)	\$ -	\$ -	\$ -	\$ (9,441,082)		
SCR 030 - South Slough National Estuarine									
Package 108: South Slough Reserve - GIS/Data Management									
Position									
Personal Services	\$ -	\$ -	\$ 102,239	\$ -	\$ -	\$ -	\$ 102,239	1	0.50
Package 109: South Slough Reserve - Grant Carry Forward									
Services and Supplies	\$ -	\$ -	\$ 58,714	\$ -	\$ 137,000	\$ -	\$ 195,714		
Package 110: Seasonal Education (South Slough Reserve)									
Personal Services	\$ -	\$ -	\$ 76,228	\$ -	\$ -	\$ -	\$ 76,228	1	0.50
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ (329,000)	\$ -	\$ (329,000)		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
SCR 088 - Capital Improvements									
Package 801: LFO Analyst Adjustments									
Capital Outlay	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000		
TOTAL ADJUSTMENTS	\$ -	\$ -	\$ 2,713,541	\$ -	\$ (78,807)	\$ -	\$ 2,634,734	7	6.00
SUBCOMMITTEE RECOMMENDATION *	\$ -	\$ 589,920	\$ 48,184,594	\$ 10,627,890	\$ 2,146,477	\$ -	\$ 61,548,881	113	111.50
% Change from 2017-19 Leg Approved Budget	(100.0%)	0.0%	(14.6%)	(44.7%)	(13.0%)	0.0%	(26.0%)	0.0%	0.7%
% Change from 2019-21 Current Service Level	0.0%	0.0%	6.0%	0.0%	(3.5%)	0.0%	4.5%	6.6%	5.7%

*Excludes Capital Construction Expenditures

PRELIMINARY

Legislatively Approved 2019 - 2021 Key Performance Measures

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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 2020	Target 2021
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	10.70%	10%	10%
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	135.90%	45%	45%
	b) Percentage of program revenue used for administrative and operational costs on all non-forest lands		46.70%	45%	45%
3. Increase in Revenues from Land Management Activities - Percent increase in revenues generated by all Land Management activities, exclusive of timber harvest receipts from the prior year		Approved	No Data	3%	3%
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	-11	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	81	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	0%	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	71%	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	49	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	20	22	22
11. Use of Payment to Provide Moneys - Percent payment-to-provide money received in Mitigation Bank Fund obligated and committed within one year.		Approved	0%	100%	100%
12. Unclaimed Property Disbursements - Percentage of total unclaimed property returned to owners and/or heirs compared to the total amount received.		Approved	48%	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	89%	95%	95%
	Availability of Information		77%	95%	95%

Legislatively Approved KPMS	Metrics	Agency Request	Last Reported Result	Target 2020	Target 2021
	Accuracy		87%	95%	95%
	Helpfulness		83%	95%	95%
	Timeliness		71%	95%	95%
	Overall		81%	95%	95%
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	56.30%	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%	90%	90%
17. Best Practices - Percent of total best practices met by the Land Board.		Approved	93%	95%	95%
3. Increase in Revenues from Land Management Activities - Amount increase in revenues generated by all Land Management activities, exclusive of timber harvest receipts.		Legislatively Deleted	\$6.12	\$0.00	TBD

LFO Recommendation:

LFO recommends approval of the Key Performance Measures and targets as presented.

SubCommittee Action:

The Natural Resources Subcommittee approved the Key Performance Measures and targets as presented

PRELIMINARY