



2021-23 BUDGET PRESENTATION

# REFERENCE MATERIALS



MARCH 29, 2021

## TABLE OF CONTENTS

<b>ABOUT THE DEPARTMENT OF STATE LANDS</b> <i>Our History, Mission &amp; Vision, Strategic Goals, and Link to Full Budget Request</i>	<b>PAGES 2-3</b> <i>Corresponds to Presentation Slides 2-3</i>
<b>OUR WORK FOR OREGON</b> <i>Services Delivered with our 2021-23 Requested Budget, Who DSL Serves and How, Progress on Key Performance Measures, and Organizational Charts</i>	<b>PAGES 3-9</b> <i>Corresponds to Presentation Slides 4-12</i>
<b>PERFORMANCE AND PROGRESS</b> <i>Agency Performance, Budget Development, Budget Drivers and Risks, Planned Service Improvements</i>	<b>PAGES 10-16</b> <i>Corresponds to Presentation Slides 13-21</i>
<b>BUDGET INFORMATION</b> <i>2021-23 Budget Overview, Proposed Legislation Affecting DSL Budget</i>	<b>PAGES 17-19</b> <i>Corresponds to Presentation Slides 22-25</i>
<b>REPORTS AND FORMS</b> <i>Supervisory Span of Control, Program Prioritization for 2021-23, Other Funds Ending Balance Form</i>	<b>PAGES 20-31</b>

## **ABOUT THE DEPARTMENT OF STATE LANDS**

*Our History, Mission & Vision, Strategic Goals, and Link to Full Budget Request*

Established by the Oregon Constitution in 1859, the State Land Board oversees the Common School Fund, which sends tens of millions every year to Oregon's K-12 public schools. The Land Board has been composed of the Governor, Secretary of State and State Treasurer throughout its history.

The Department of State Lands is the Land Board's administrative agency, carrying out the day-to-day work of managing the school lands and resources that contribute revenue to the Common School Fund. Over time, the Oregon Legislature has expanded the Department's responsibilities. In addition to ensuring a legacy for Oregonians and their public schools, DSL's work today includes protection of waters and wetlands, and oversight of Oregon's national estuarine research reserve.

### **MISSION AND VISION**

The mission of the Department of State Lands is to ensure a Common School Fund legacy through sound management of our trust responsibilities and protection of waters of the state. We seek to realize the following vision as our mission is achieved:

- Oregon sets the national standard for superior stewardship of public lands, waters, and funds.
- Oregon's natural resources are healthy and resilient.
- Oregon's public schools forever benefit from Common School Fund distributions.
- Oregonians are provided exceptional service with utmost professionalism, integrity and fairness.
- The Department of State Lands is a great place to work.

### **STRATEGIC GOALS**

DSL began a strategic planning process in 2020. The 2021-2025 Strategic Plan, which will be complete in mid-2021, realigns the Department's strategic focus from program-specific goals to agencywide goals that every DSL program contributes to achieving:

**Supporting Schools Goal.** *We continually seek opportunities to increase revenue to the Common School Fund, and regularly demonstrate the results of our efforts at efficiency, innovation, and effective service delivery.*

**Thriving Oregon Goal.** *We are dedicated stewards of lands and waters, ensuring those vital resources contribute to a vibrant, healthy Oregon now and forever.*

**Exceptional Service Goal.** *We are fair and thoughtful problem-solvers, embracing best practices for public service, engaging widely to increase awareness and share information, and striving to exceed expectations in every interaction.*

**Great Workplace Goal:** *We are proud to be members of the DSL team, and all do our part to model our shared values, seek and encourage professional growth, and make DSL a great place to work.*

## **FULL DSL BUDGET REQUEST**

The Department of State Lands Governor's Budget:

<https://www.oregon.gov/dsl/About/Pages/BudgetLeg.aspx>

## **OUR WORK FOR OREGON**

*Services Delivered with our 2021-23 Requested Budget, Who DSL Serves and How, Progress on Key Performance Measures, and Organizational Details*

The Department of State Lands' 2021-23 requested budget supports our work for Oregon:

***Managing land to benefit education – Real Property Program.*** Generating revenue from land assets has been important to Oregon school funding since statehood. The Real Property Program manages 1.5 million acres of Common School Fund real property and the activities – such as land and mineral resource sales, leasing of rangelands, agricultural lands and commercial properties, and harvesting timber – that produce revenue for the Fund.

***Protecting waters and wetlands – Aquatic Resource Management Program.*** Oregon's waters and wetlands are protected for their many contributions to Oregon's environment and economy. The Aquatic Resource Management Program oversees the state's removal-fill and wetlands conservation laws, and related permitting and land-use notice processes. The program also manages Oregon's publicly owned waterways to preserve "public trust" uses of navigation, fishing, commerce, and recreation, and oversees waterway leases and authorizations.

***Understanding and exploring estuaries – South Slough National Estuarine Research Reserve.*** South Slough National Estuarine Research Reserve was established in 1974 as the first in a national network of estuarine habitats protected and managed for long-term research, education, and coastal stewardship. DSL is the state partner for administering South Slough Reserve; the National Oceanic and Atmospheric Administration is the federal partner. Located on the South Slough inlet of the Coos Estuary in Charleston, the Reserve manages nearly 7,000 acres of open water, wetlands, rivers and forests – a rich environment for scientific research, classes aimed at everyone from kids to elected officials to teachers, and recreation of all kinds.

***Providing exceptional public service – Administration and Director's Office.*** The Director's Office and Administration teams ensure DSL meets the expectations of the Land Board, the Legislature, and all Oregonians. The Director's Office team ensures

overall accountability through leadership, human resources, policy, communication, and legislative work. The Administration team supports the Department's business operations, ensuring efficient, effective service through financial, information technology, and administrative work.

**Unclaimed Property, Estates Programs Transferring to State Treasury.** The 2021-23 biennium brings a change to DSL's portfolio of programs. The Oregon Legislature in 2019 passed Senate Bill 454, which transfers administration of Oregon's unclaimed property act from DSL to Oregon State Treasury. Unclaimed property program services – receiving abandoned funds from financial institutions, returning funds to rightful owners, and administering the estates of people without a will and heirs – will transition to State Treasury in July 2021. The transition marks the completion of a significant strategic initiative that will help optimize program performance and reunite even more Oregonians with their lost funds. The transition is detailed in Policy Packages 103 and 104 – *see the full budget narrative*.

## **HOW SERVICE IS DELIVERED**

All programs provide services that contribute to one or more of the Department's strategic goals:

### ***Supporting Schools: Seeking opportunities to increase Common School Fund revenue***

**Who is Served:** All Oregon communities and their public schools directly benefit from DSL's work in this area. In 2019, the Common School Fund distributed \$60.9 million to Oregon's 197 public school districts. Additionally, businesses, organizations, agencies, and individuals are served through opportunities to lease and buy school lands. Many Department initiatives in this area also result in service improvements for all DSL customers along with positive results for Fund revenue.

**How Service is Delivered:** DSL works with the Oregon Department of Education to send twice-yearly distributions to school districts. The Real Property program issues leases, easements, rights-of-way, licenses, and other authorizations for use of state-owned land, and works with local communities, real estate professionals, and potential buyers to identify development and sale opportunities. The Fund's real property assets are currently valued at an estimated \$577 million. In FY 2019, these lands generated gross program revenues of \$4.4 million.

### ***Thriving Oregon: Protecting the contributions of public lands and waters***

**Who is Served:** DSL's stewardship of waters, wetlands, and land benefits all Oregonians and their communities.

The permitting and authorization processes overseen by the Aquatic Resource Management Program also support landowners, developers, businesses, governments, consultants in minimizing impacts to aquatic resources. Additionally, DSL provides local governments with technical and planning assistance to protect wetlands as required by Oregon's land-use goals.

The benefits of South Slough Reserve's work to enhance scientific and public understanding of estuaries and improve estuarine management extend statewide, and often reach nationally and even globally. Oregonians are directly served by the Reserve through education provided to a wide variety of groups, including coastal decision makers, students and teachers, interns and volunteers, community members and natural resource professionals. All programs at the Reserve provide data and information to national and regional organizations.

**How Service is Delivered:** Aquatic Resource Management Program field operations teams deliver service to specific regions of the state, supporting communities and landowners in protecting aquatic resources and ensuring staff knowledge of local conditions and issues. Each regional team oversees:

- Permitting removal-fill activities in wetlands and waters of the state. Projects requiring removal-fill permits range widely, from stream restoration projects to housing developments. In FY 2019, DSL processed 614 removal-fill permit applications.
- Issuing leases, registrations, easements, and other authorizations on state-owned, navigable waterways. Marinas, docks, and floating homes are among the activities required to obtain authorization for use of the public's waterways. In FY 2019, there were 4,930 active authorizations for waterway uses.
- Helping property owners determine whether permits are needed. Local governments submit wetland land-use notices when wetlands may be present in a project area, and property and project owners request assistance in following the state's removal-fill law. In FY 2019, staff provided 319 delineation report reviews, 320 wetland determinations, and reviewed 755 wetland land use notices.
- Ensuring compliance with permits, leases, and other authorizations through ongoing monitoring, and enforcement actions when necessary.

The Aquatic Resource Management Program's stewardship of waters and wetlands is also supported by:

- A planning and policy team that develops and implements the plans, policies, and tools that support effective service delivery and protection of waters and wetlands.
- Management of the state's waterway and wetland mitigation programs, including mitigation banks and payment-in-lieu programs. These programs offer options for permittees that must replace lost wetland and waterway functions.

South Slough Reserve has two core areas of service delivery: Research and Education.

Research staff provide scientific data and reporting on water quality, wetland function, aquatic and terrestrial habitats and species, and ecological restoration monitoring. Data collected is used to inform best practices in regional ecological and mitigation restoration activities. In FY 2019, 34 research projects were conducted.

Education and outreach staff provide teacher trainings, trainings for best practices in natural resource management, internship opportunities, interpretive experiences for local citizens, and programs for Oregonians of all ages. For example, local K-12 schools benefit from the Reserve's educational programs, including classroom visits, field trips and summer camps – all essential to a region where school funding is heavily strained. In FY 2019, 157 education and interpretive programs and four teacher trainings were held.

South Slough Reserve also provides training for managers and decision-makers whose activities affect the natural resources of Oregon's coastal zone. Program priorities include water quality, habitat restoration, invasive species management, near-shore ocean management, coastal hazards, climate change and energy, and coastal ecosystems. In FY 2019, six coastal training workshops were held.

In FY 2019, 5,618 people participated in Reserve programs and the South Slough Visitor Center had 4,708 visitors.

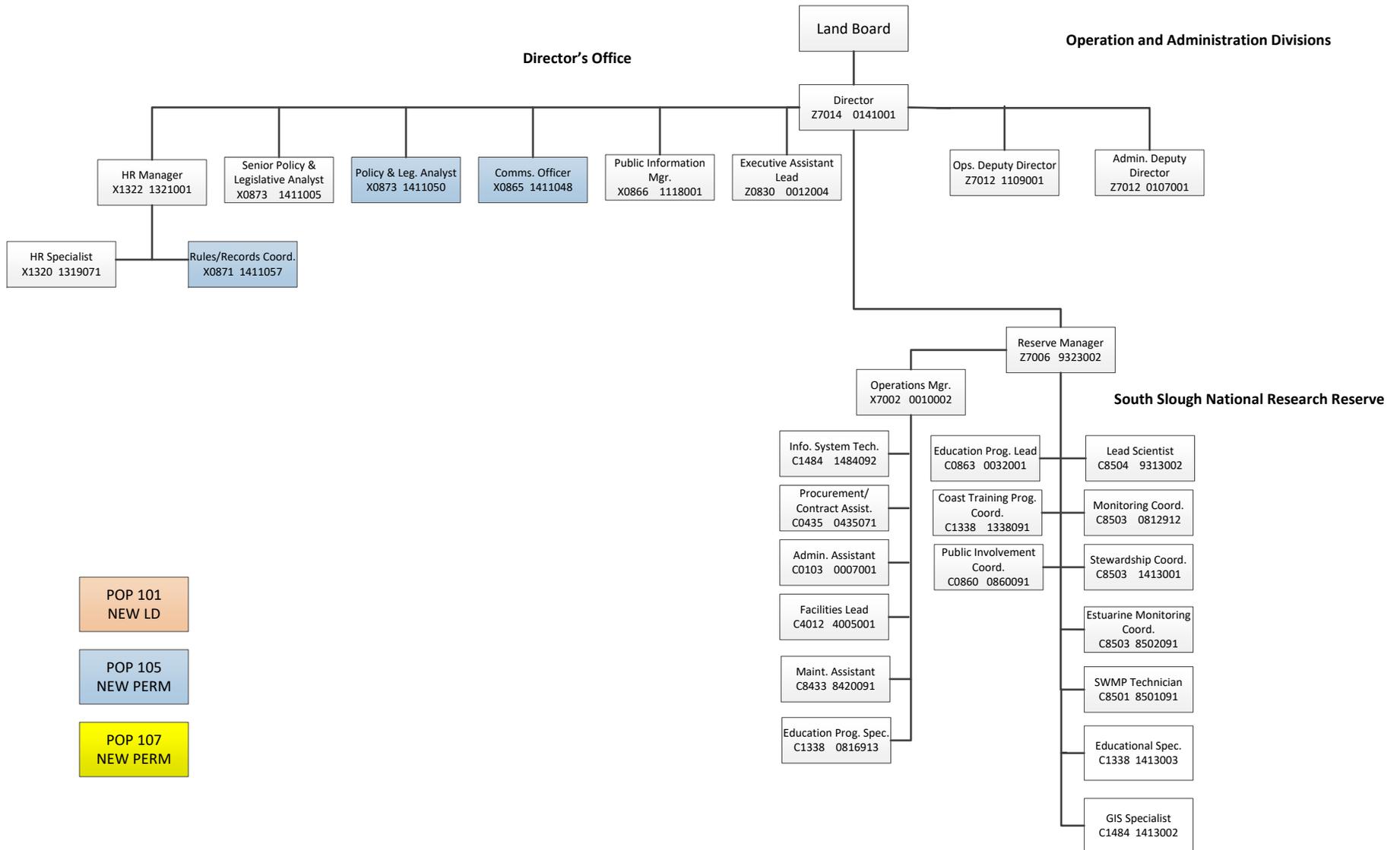
***Exceptional Service: Working for all Oregonians and their communities***

**Who is Served:** Exemplary public service benefits all Oregonians – whether receiving direct program services or realizing the results DSL achieves for schools, lands, and waterways.

**How Service is Delivered:** DSL identifies and implements best practices for business operations, communications and engagement efforts, and transparent, accountable public service. Though all DSL programs strive to set a standard for service, the Director's Office provides overall leadership for the strategic, budgetary, policy, and planning processes that guide the Department's work. The Administration team supports consistent agencywide excellence through oversight of DSL-managed funds, audits, and properties; maintaining and protecting computer information systems, database systems, and websites; and providing essential clerical support.

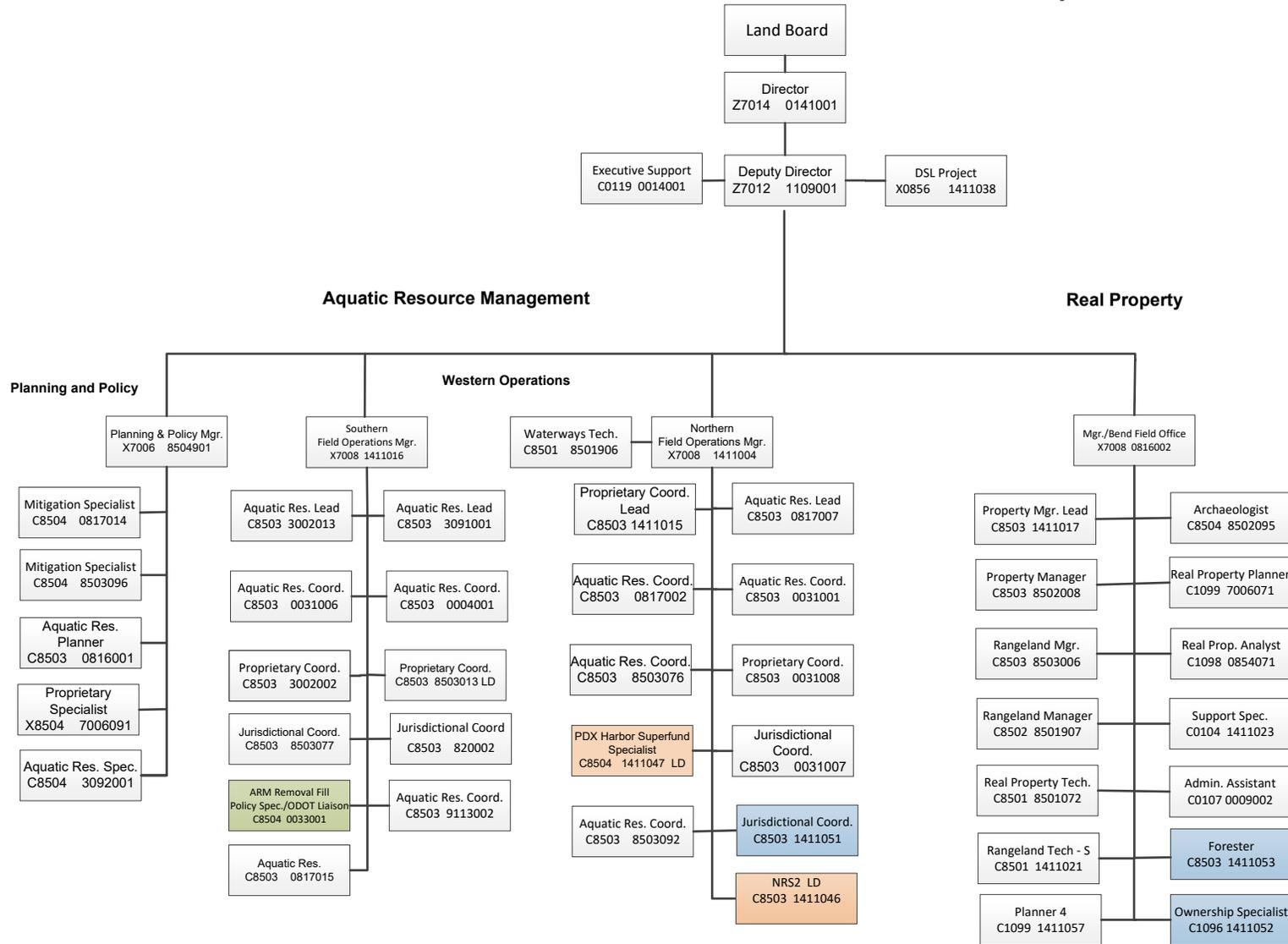
# ORGANIZATIONAL CHARTS

## DEPARTMENT OF STATE LANDS: AGENCY WIDE 2021-2023



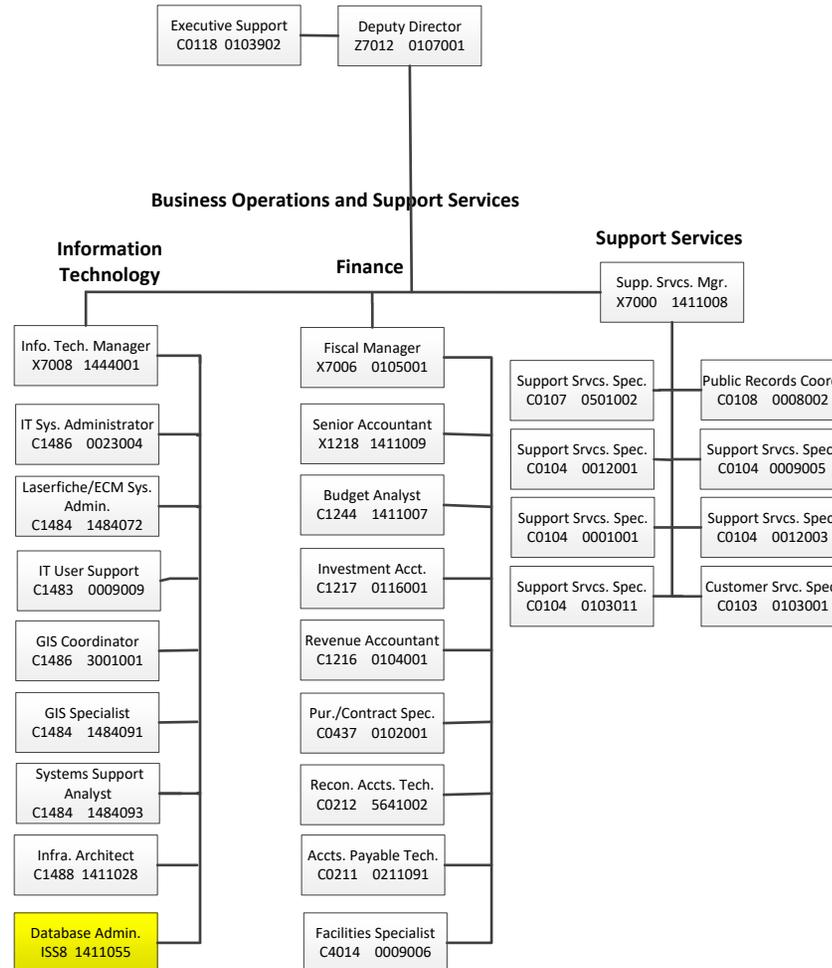
DEPARTMENT OF STATE LANDS: AGENCY WIDE 2021-2023

Operations Division



DEPARTMENT OF STATE LANDS: AGENCY WIDE 2021-2023

Administration Division



## PERFORMANCE AND PROGRESS

*Agency Performance, Budget Development, Budget Drivers and Risks, Planned Service Improvements*

### KEY PERFORMANCE MEASURES

Key Performance Measures (KPMs) are mapped to the Department's strategic goals, providing the long-term metrics for evaluating success in each of those areas.

In 2021-23, the Department is proposing six new KPMs. All proposed KPMs revise existing measures to improve the accuracy and usefulness of the metric by correcting methodology issues, expanding data reported, or better aligning the measurement with statute and rule. Changes are being proposed to the performance measures that track:

- **Changes to Oregon's wetland acres.** The proposal replaces existing KPM #5 – Change in wetland acreage due to permit actions, with proposed new KPM #5 – Change in wetland acres due to regulatory actions. The proposed KPM will better capture losses and gains related to all regulatory action, including actions related to unpermitted removal-fill activities and resolution of unauthorized actions.
- **Timeliness of removal-fill permitting decisions.** The proposal replaces existing KPM #6 – Average number of days for an agency permit decision after receipt of a complete removal-fill permit application, with two proposed new KPMs. Proposed KPM #6 is percent of individual permit applications with completeness review performed within 30 days. Proposed KPM #7 is percent of complete individual permit applications with a decision within 90 days. The proposed changes align the Department's removal-fill permit KPM with statutory deadlines for two key steps in the permitting process, providing a more accurate picture of how long the process takes and demonstrating whether DSL meets statutory deadlines for making a removal-fill permit decision once an application is deemed complete.
- **Resolution of removal-fill violations.** This proposal replaces existing KPM #7 – Percent of removal-fill permit non-compliance conditions that have a final resolution in place within 12 months from date non-compliance is determined, and existing KPM #8 – Percent of unauthorized removal-fill activities with final resolution in place within 12 months, with proposed new KPM #8 – Percent of potential removal-fill violations with a final resolution in place within 12 months of opening an enforcement record. The KPM will better capture the Department's work to identify, investigate, and resolve potential violations of removal-fill law or removal-fill permit conditions.
- **Timeliness of wetland delineation report responses.** This proposal replaces existing KPM #9 – Average number of days for the agency's initial review and response to a complete wetland delineation report, with proposed new KPM #9 – Percent of wetland delineation reports with a response within 120 days. The proposed KPM will now align with statutory deadlines for responding to delineation reports.
- **People served at South Slough Reserve.** This proposal replaces existing KPM #16 – Percentage of South Slough education programs that use a structured assessment process to provide information and services responsive to audience needs, with proposed new KPM #16 – Total number of people served annually at South Slough

National Estuarine Research Reserve. This proposed KPM offers a meaningful, straightforward metric to capture the direct reach of educational programs and the South Slough Visitor Center.

### **Progress on Legislatively Approved KPMS**

The Department has ten existing Legislatively approved KPMS. For FY 2020, DSL met expectations – exceeded, met, or was within 5 percent of the performance target – for five of those KPMS. DSL was more than 15 percent from meeting the performance target for the remaining five KPMS.

*Note – KPM #12, percentage of unclaimed property received that is returned to rightful owners within the year received, is covered in State Treasury’s budget information.*

### **Supporting Schools Goal – KPM Progress**

#### **Meeting Expectations**

**KPM #1 – Percent annual increase in cash generated by Department activities deposited to the Common School Fund.** DSL exceeded the 2020 target of 10 percent, increasing deposits to the Fund by 12.8 percent from the previous year. The increase reflects stable revenue from Department activities and an increase in unclaimed property receipts, which can vary significantly from year to year though the trend has been a slow, steady increase.

**KPM #3 – Increase in revenues generated by all land management activities, excluding timber harvest receipts.** DSL exceeded the 2020 target of 3 percent, with an 8.2 percent increase.

Multiple sales, including the sale of a commercial property in Hillsboro for \$4.45 million, contributed to the increase. Rangeland revenue also increased despite a slight reduction in grazing fees. The Department anticipates continued increased revenue from current leases and authorizations and will continue to pursue opportunities to lease or sell industrial, commercial, and residential properties and enter renewable energy leases.

**KPM #15 – Percentage of South Slough National Estuarine Research Reserve operations funded from non-Common School Fund sources, including grants, fees, program revenues and gifts.** DSL exceeded the 2020 target of 25 percent, with outside sources funding 39 percent of Reserve operations.

Staff are continually seeking grants and other funding opportunities to support Reserve operations and projects. Successful applications for grants and awards in the past year has allowed the Reserve to use state budget funds as match, thereby leveraging funding. The fee rule adopted in 2008 has also provided the Reserve with the opportunity to charge fees for building use. Rentals of housing and meeting spaces have increased over the last year primarily due to word of mouth.

However, grant opportunities and usage fees are unpredictable and can significantly vary from year to year. Fee revenue was also affected by COVID-19, as several reservations were cancelled due to the Reserve's health and safety closure.

### **Not Meeting Expectations**

#### **KPM #2 – Percent of program revenue streams used to cover administrative and operational costs of programs for forest and non- forest lands.**

The target is 45 percent for both forestlands and non-forest lands. FY 2020 performance for forest lands, at 136.7 percent, did not meet the target. The target was nearly met for non-forest lands at 53 percent.

The primary factor affecting forestland performance is the Elliott State Forest, which no longer produces revenue for the Common School Fund due to harvest limitations prompted by a lawsuit over federally protected species. Decoupling the Elliott from the Common School Fund, expected as part of ongoing work to transform the Elliott into an Oregon State University research forest, will make the KPM target more attainable. The research forest exploratory work has also increased expenses, as has the ongoing cost of the Elliott maintenance contract. Those costs will cease when the Elliott's transition to an OSU managed research forest is completed.

Operations costs also increased for non-forest lands, the cost of ongoing work to develop large lot industrial land in Redmond particularly contributing to higher expenses.

### ***Thriving Oregon Goal – KPM Progress***

#### **Not Meeting Expectations**

**KPM #4 – DSL-managed lands and waterways with completed area management plans or policies.** The target is 95 percent. In FY 2020, 89 percent of Department-managed lands and waterways had plans or policies.

The Department will complete this planning effort as resources and capacity allow. The forester position, proposed to be permanent in Policy Package 105, increases the Department's capacity to complete this forestland planning.

**KPM #11 – Percent of Mitigation Bank Fund money obligated and committed within one year.** The target is 100 percent. In FY 2020, 55 percent of funds were committed. The Department received \$389,264 into the fund in FY 19 to be committed within one year, in FY 2020.

Identifying projects and committing funding can take multiple years. For example, DSL began seeking a project in the Umpqua basin in 2014 and has been working with the sponsor of a proposed mitigation bank in Douglas County since 2016. The Department of Environmental Quality identified issues regarding potential contaminants, and only after the issue was resolved in FY 2020 was DSL able to commit partial funds. Additional

funds will be committed in future years as the project is constructed and monitored, and credits are released.

### ***Exceptional Service Goal – KPM Progress***

#### **Meeting Expectations**

##### **KPM #10 – Average number of days for a response to wetland land use notices.**

Average response time in FY 2020 was 17 days – five days faster than the 22-day target.

The number of wetland land use notices received is influenced by how well the economy is doing and the effectiveness of outreach to local governments regarding notice requirements. The Department responded to 804 notices in FY 20; 49 more notices than FY 19 and 108 more than FY 18. The Department anticipated this increase in wetland land use notices following release of the Statewide Wetland Inventory web map in early 2019. One additional staff position was hired near the end of the 2019 calendar year using funds allocated by the 2019 Legislature in HB 2436.

**KPM #17 – Percentage of best practices met by the State Land Board.** The 2020 percentage is 93. The target is 95 percent.

#### **Not Meeting Expectations**

**KPM #13 – Percentage of customers rating their satisfaction with DSL services as excellent or good.** Multiple areas are rated, including overall satisfaction, timeliness, accuracy, helpfulness, expertise and availability of information. 2020 percentages ranged from 75 to 85 percent. The overall satisfaction percentage was 79.5 percent. The target is 95 percent.

DSL conducts a customer satisfaction survey biannually. The most recent survey was conducted in June 2020 and sent to approximately 7,600 DSL customers; 447 customers responded.

Factors affecting ratings may include a high number of claims for unclaimed property, which increased the time to return funds and may have affected the “timeliness” rating. The acknowledged need to improve the services and information available online may have also affected the “availability of information” rating.

Multiple initiatives in the Department’s new Exceptional Service strategic goal are expected to help improve customer satisfaction ratings, particularly implementing a new online permitting and information system that is easy for customers to use, updating the Department’s website, and developing and implementing customer service plans for each agency program. The Department will also examine current approaches to equity and inclusion across agency operations and develop a plan to improve service to all Oregonians.

## **BUDGET DEVELOPMENT & DRIVERS**

DSL developed this budget considering the Governor's planning priorities; State Land Board policies; Key Performance Measures; and emerging issues identified by staff and partners.

The requested budget also supports implementation of the 2021-25 Strategic Plan. Budget drivers and other factors were therefore identified and considered for each strategic goal:

### ***Supporting Schools: Seeking opportunities to increase Common School Fund revenue***

**Factors Considered:** Factors included need to identify efficiencies and improve processes; establishing partnerships; and exploring potential revenue streams and funding alternatives. Cost containment is a perpetual consideration, and key to DSL's stewardship of the Fund. An estimated 20 percent of the Department operating budget is funded from the Common School Fund investment earnings. Activities that may result in less funds going to schools are evaluated through cost-benefit analysis and other methods.

**Budget Drivers:** Multiple factors affect DSL's efforts to increase revenue to the Common School Fund. The expense of maintaining land, for example, is affected by natural hazards such as wildfire and drought, as well as increased public use. External economic factors affect land leasing and sales. Reducing operational costs across the Department, seeking to increase the revenue that supports statutory programs, and exploring outside funding sources such as grants all support increased Fund revenue.

The requested budget provides funding for staffing and activities critical to protecting Common School Fund real property assets and to increasing revenues, in order to meet the performance goal of increasing the return on asset value by three to five percent per biennium.

### ***Thriving Oregon: Protecting the contributions of public lands and waters***

**Factors Considered:** Factors included principles of sound natural resource stewardship; principles of environmental justice; and DSL's ongoing role in environmental cleanups and waterway health and safety issues.

**Budget Drivers:** Increased use of state lands and waters directly affects the costs related to managing waters and lands for public use. This includes public use, recreation and commercial uses that increase demand for leases and authorizations, as well as illegal uses that negatively impact other users and the environment. Costs associated with waterway cleanups are also variable and unpredictable. The Department has begun examining the fees associated with for removal-fill and waterway programs; many customers pay only a fraction of the costs associated with delivering those services.

### ***Exceptional Service: Working for all Oregonians and their communities***

**Factors Considered:** Factors included best practices for transparent, accountable service; diversity, equity, and inclusion; engaging Oregon communities in DSL initiatives and decision-making; and increasing access to services and information.

**Budget Drivers:** Increased demand for DSL services directly impacts the cost of maintaining exceptional service. During times of economic prosperity, more permit and authorization applications are received. Adding additional resources to deliver service – and meet statutory timelines – increases costs.

### **BUDGET RISKS**

Risks to the Department budget include:

- **Portland Harbor Superfund site cleanup.** Portland Harbor is one of the largest superfund sites in the United States and has been identified by the Environmental Protection Agency as a target for immediate and intense attention. Most of the riverbed and much of the riverbank in the 10-mile cleanup area is land that was transferred to Oregon at statehood. DSL is involved in Portland Harbor as a potentially responsible party for cleanup. Defense costs have and will continue to be substantial.

DSL is also involved as the manager of most of the land where investigation and cleanup are likely to occur. Dedicated DSL staff attention is required to participate in and be responsive to the Superfund process.

- **Uncertainty related to other waterway cleanups.** Waterway cleanup projects, such as the \$12 million cleanup of hazardous vessels on the Columbia River at Goble 2017, present an ongoing risk to the Department budget.
- **Legal challenges related to agency decisions and management of lands.** Litigation affects agency costs and can also affect the revenue lands produce. The Elliott State Forest is the largest drain on revenue. At the direction of the State Land Board, DSL is working closely with Oregon State University for a potential sale and transfer as a research forest, and decoupling of the forest from the Common School Fund.
- **Increased demand for services due to economic upturn and other factors.** Users and customers of many DSL programs pay only a fraction of the cost of the important services provided by the agency. The remaining cost of service is covered by Common School Fund investment earnings. Increased demand for services has the potential to impact the long-term health of the Fund and future distributions, as well as the Department's ability to deliver services.
- **Environmental factors such as natural hazards and presence of listed species.** Natural hazards like drought and wildfires affect the expense of maintaining real property

assets. Costs related to fire suppression and rangeland management all come from Common School Fund revenue. During the 2020 wildfires, more than 1,200 school land acres burned, with an estimated lost timber value of nearly \$3 million. Maintaining a sustainable expense-to-revenue ratio is critical and requires continual monitoring, evaluation and adaptive management. Threatened and endangered species also have the potential to affect property management decisions and development.

#### **PLANNED SERVICE IMPROVEMENTS**

Cost containment is a key component of protecting the Common School Fund, as is making strategic investments to increase revenue or reduce costs. Continual improvements to service delivery are also essential to DSL achieving its mission and all strategic goals. Initiatives planned for 2021-23 include:

- Improving and increasing the services and information available online, including online permitting and updating the DSL website.
- Streamlined wetland and waterway permitting processes.
- Developing a new plan to manage real estate assets.
- Examining fee structures for Department permits and authorizations.
- Implementing a customer service plan that reflects the Department's values of diversity, equity, inclusion, and environmental justice.

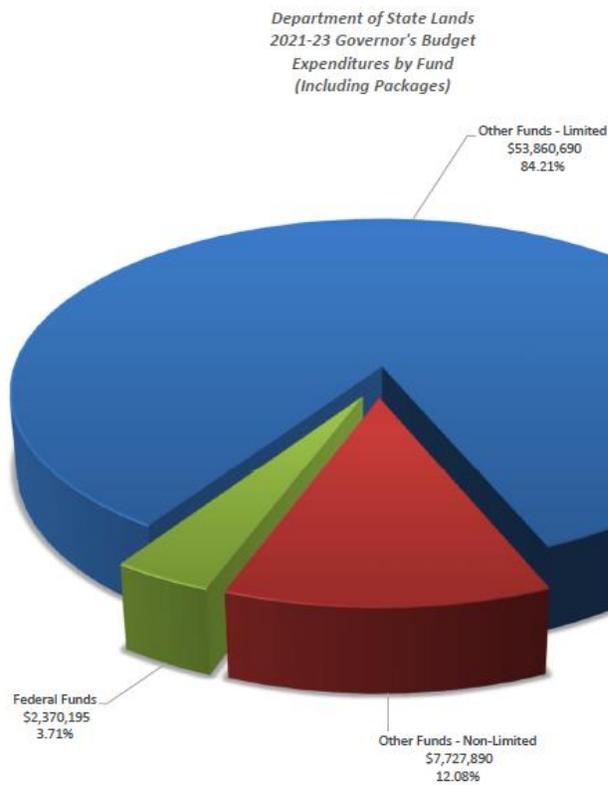
## BUDGET INFORMATION

### 2021-23 Budget Overview, Proposed Legislation Affecting DSL Budget

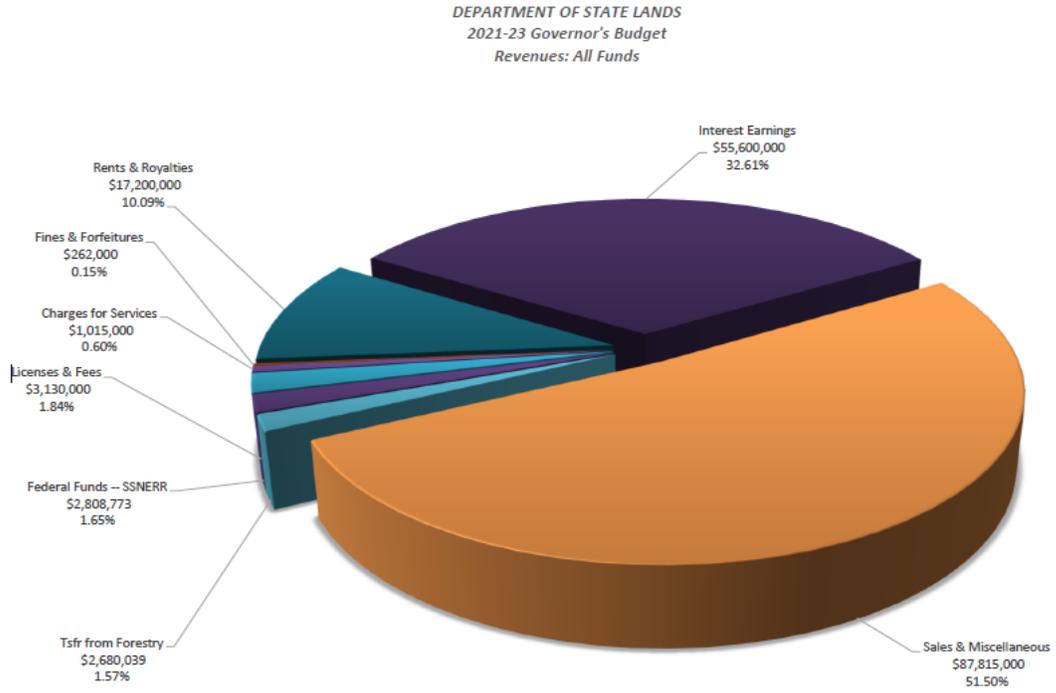
#### BUDGET OVERVIEW

The Department's work is carried out by 104 positions/102.5 full-time equivalent (FTE) employees with a Total Funds budget of \$63,958,775. DSL is primarily funded by Other Funds generated by program activities and Common School Fund investment returns, with some Federal Funds in the form of grants.

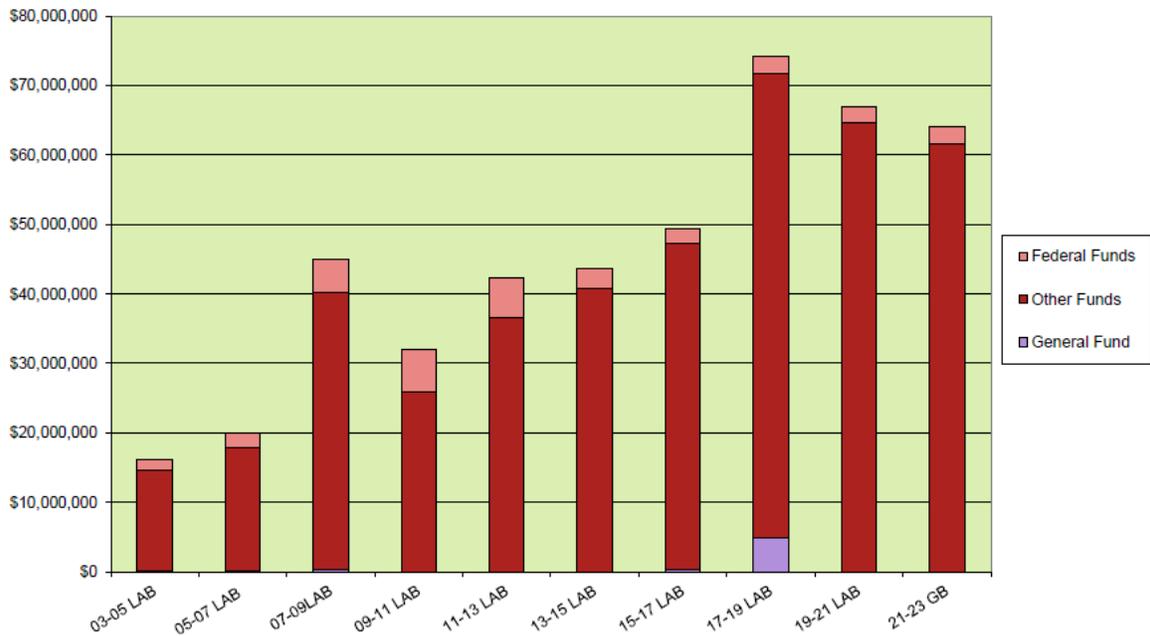
#### Expenditures By Fund



## Revenue By Fund



## Budget History



## PROPOSED LEGISLATION AFFECTING DSL BUDGET

- **House Bill 3371:** HB 3371 requires DSL to consider potential risks in entering into agreements for authorized use of submerged and submersible lands and allows department to require risk mitigation or insurance. Due to the complex nature of waterway activities and the nuances of insurance policy options, insurance requirements for activities on state lands need to be tailored to the specific risks of each lessee's operations. This is not currently occurring. The Department would need to add positions to ensure insurance requirements for authorized uses adequately protect Oregon's public waters and reduce the state's financial liability, and to work with lessees on reducing risks.
- **House Bill 2603:** HB 2603 directs DSL to study permitting processes for undersea fiber optic telecommunication cables and report results of the study to interim committees of the Legislative Assembly related to environment no later than September 15, 2022. Additional staff would be needed for DSL to undertake such a study.



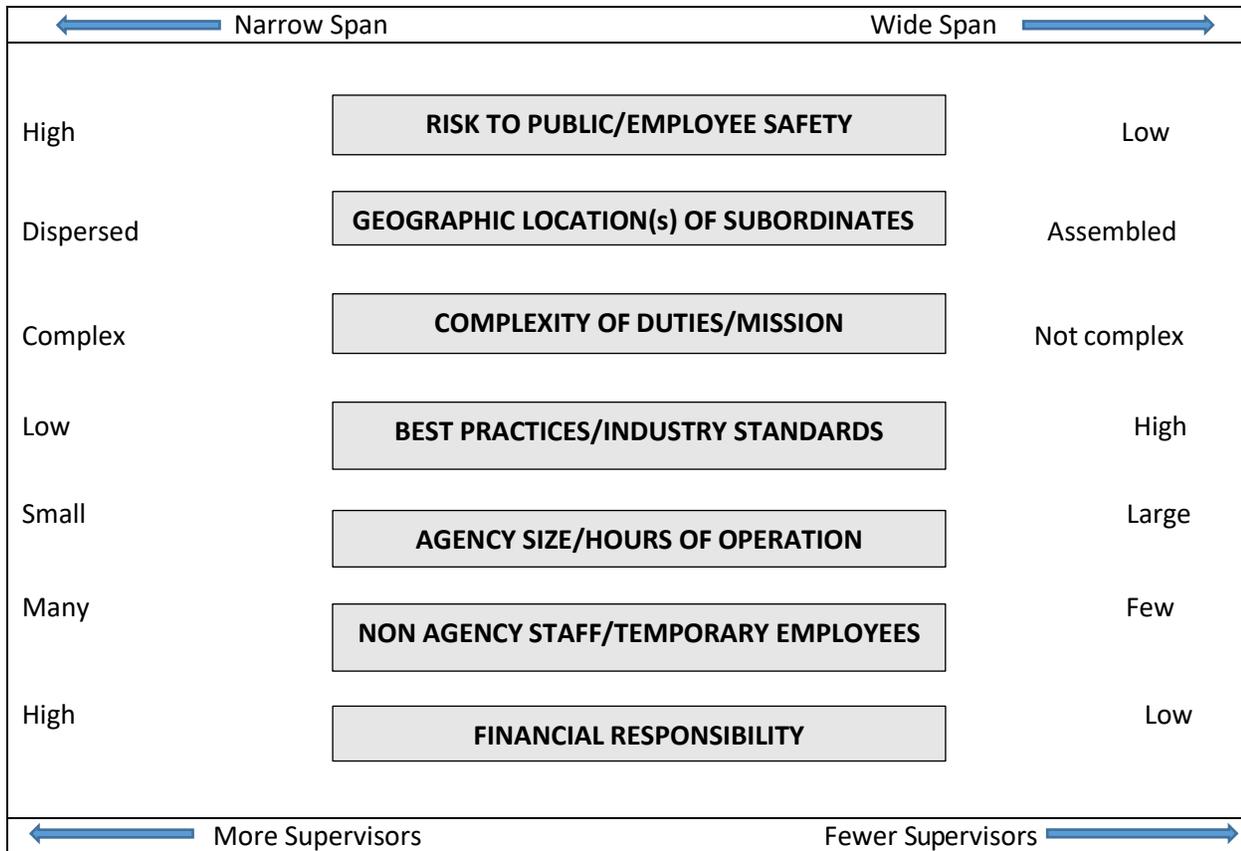
## SUPERVISORY SPAN OF CONTROL REPORT

In accordance with the requirements of ORS 291.227, The Department of State Lands presents this report to the Joint Ways and Means Committee regarding the agency’s Proposed Maximum Supervisory Ratio for the 2021-2023 biennium.

**Supervisory Ratio for the last quarter of 2019-2021 biennium**

The agency actual supervisory ratio as of June 30, 2020 is 1:10.67

When determining an agency maximum supervisory ratio all agencies shall begin of a baseline supervisory ratio of 1:11 and based upon some or all of the following factors may adjust the ratio up or down to fit the needs of the agency.



**Ratio Adjustment Factors**

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Is safety of the public or of State employees a factor to be considered in determining the agency maximum supervisory ratio?  
Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

Although our agency is not considered to have a traditional public safety mission, our work does impact the safety of Oregonians in relation to their use and enjoyment of our state's natural resources. We are responsible for the sound management of the states navigable waterways. This includes partnering with other agencies for environmental considerations. We manage state forestlands. This also requires partnership with other agencies to ensure the safety of Oregonians when they visit public forests.

Is geographical location of the agency's employees a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

Approximately 25 DSL staff members are located in field offices in Bend and Coos Bay. In addition, many of our staff members conduct site and field visits to geographic locations spanning the entire state of Oregon. While some functions are managed by onsite supervisors at field offices, the diversity of our programs requires that there are more managers and supervisors available to oversee these remote locations and workers.

Is the complexity of the agency's duties a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

The agency is responsible for very complex programs and often competing priorities. State Lands manages Common School Fund real property to meet trust obligations, consistent with the conservation of the resource under sound techniques of management. To accomplish this goal, along with many others, we employ highly qualified industry experts in fields such as marine and wildlife biology, forestry, finance, trust property, and others. This level of complexity requires additional management and supervisory engagement to ensure we meet our goals.

Are there industry best practices and standards that should be a factor when determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

Industry best practices and standards are not factors impacting the agency maximum supervisory ratio.

Is size and hours of operation of the agency a factor to be considered in determining the agency maximum supervisory ratio?  
Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-  
Size and hours of operation are not factors impacting the agency maximum supervisory ratio.

Are there unique personnel needs of the agency, including the agency's use of volunteers or seasonal or temporary employees, or exercise of supervisory authority by agency supervisory employees over personnel who are not agency employees a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-  
The agency uses volunteer and seasonal employees in a variety of capacities primarily in the South Slough National Estuarine Research Reserve. These volunteers require additional supervision and oversight, thus impacting the number of supervisors required for effective operations.

Is the financial scope and responsibility of the agency a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

The agency is responsible for ensuring a Common School Fund legacy through sound management of our trust responsibilities and protection of waters of the state. This is clearly a significant responsibility. The financial scope and responsibility of the agency requires additional oversight by highly skilled management and supervisors to achieve these results.

**Based upon the described factors above the agency proposes a Maximum Supervisory Ratio of 1: 8.**

**Unions Requiring Notification** \_\_\_\_\_

**Date unions notified** \_\_\_\_\_

**Submitted by:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Signature Line** \_\_\_\_\_

**Date** \_\_\_\_\_

**PROGRAM PRIORITIZATION FOR 2021-23**

Agency Name: DEPARTMENT OF STATE LANDS																					
2021-23 Biennium																			Agency Number: 14100		
Agency-Wide Priorities for 2019-21 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/Div																				
1	1	DSL	Common School Fund	Umbrella program encompassing real property, escheatable estates, unclaimed property, removal fill permitting and enforcement, and wetlands technical assistance.	14100-1 through, 14100-14, and 14100-17	7	-	-	35,980,973	10,627,890	45,954	-	\$ 46,654,817	91	90.00	Y	Y	C	Oregon Admissions Act Sections 1.2 & 4; Oregon Constitution Article VIII, Sections 2.4, 5 & 7, ORS 327403-484		
2	1	DSL	Capital Improvements	Protection of Common School Fund real property assets to optimize return on those assets.	14100-1, 14100-2b, 14100-3,	6	-	-	549,056	-	-	-	\$ 549,056	0	0.00	N	Y	C	327.403-484		
3	1	DSL	South Slough National Estuarine Research Reserve	SSNERR provides educational, recreational and research opportunities for coastal wetlands and other ocean issues/resources.	14100-13, 14100-15, 14100-16	9	-	-	2,591,621	-	2,063,001	-	\$ 4,654,622	18	17.00	N	Y	S	ORS 273.553-558		
4	1	DSL	Oregon Removal Fill Mitigation Fund	Provides an avenue for economic development projects to proceed and comply with the mitigation requirements while conserving the functions of wetlands.	14100-5, 14100-11, 14100-13	6	-	-	2,048,739	-	-	-	\$ 2,048,739	0	0.50	N	Y	S	ORS 196.600-692		
													\$ -								
													\$ -								
													\$ -								
													\$ -								
													\$ 53,907,234	109	107.50						

**7. Primary Purpose Program/Activity Exists**

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

**19. Legal Requirement Code**

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Prioritize each program activity for the Agency as a whole

Document criteria used to prioritize activities:

## Program Prioritization for 2021-23

Agency Name: DEPARTMENT OF STATE LANDS																					
2021-23 Biennium																			Agency Number: 14100		
Program 1																					
Program/Division Priorities for 19-21 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
1	1	DSL	Proprietary Resource Management	Manages CSF land holdings to produce revenue for the Common School Fund. Earnings provide distribution twice annually to Oregon's K-12 Public Schools. In accordance with AG Opinions in 1991, 2002, and 2003 all expenses of managing land are constitutional.	14100-1, 14100-2a & 2b, 14100-3, 14100-4, 14100-13	6		6,587,528	719,323			\$ 7,306,851	13	13.50	N		C	Oregon Admissions Act Sections 1,2 & 4; Oregon Constitution Article VIII, Sections 2,4,5 & 7, ORS 327.403, 484, ORS 273, ORS 274, ORS 530	The Oregon Constitution Article VIII, Section 5,(2) requires the Land Board to manage lands under its jurisdiction in such a manner as to obtain the best benefit for the people of the state.		
1	2	DSL	Escheatable Estates	Oversees the estates of people who die without a will and without known heirs. After due diligence is performed, property may escheat to the Common School Fund for the benefit of Oregon K-12 Schools.	14100-1, 14100-2b, 14100-13	3		558,511				\$ 558,511	2	2.00	N		C	Oregon Constitution, Article VIII, ORS 111-118	Escheats are a Common School Fund revenue source specifically identified in the Constitution.		
1	3	DSL	Unclaimed Property	Collects and holds in trust abandoned funds, such as bank accounts, lost securities and uncashed checks. Holders submit funds to DSL after efforts to find the owner fails. The agency seeks to reunite the funds with the proper owner. Interest earned from the holdings become part of the school distribution according to established policy.	14100-1, 14100-2b, 14100-12, 14100-13	3		3,071,812	1,182,059			\$ 4,253,871	11	11.00	N		S	ORS 98.			
1	4	DSL	Regulatory Resource Management	Oversees the fill and removal of material from Oregon streams, lakes, estuaries, and wetlands. Protects waters of the state from uncontrolled alteration.	14100-1, 14100-2b, 14100-5, 14100-6, 14100-7, 14100-8, 14100-13, 14100-14	9		9,687,197		45,954		\$ 9,733,151	22	21.00	N		S	ORS 196.600-.692			
1	5	DSL	Wetland Technical Assistance	Provides assistance to property owners, developers, and government agencies in complying with Oregon's wetlands laws. Aides in expediting land development processes. Provides review and concurrence of wetland delineations.	14100-1, 14100-2b, 14100-9, 14100-10, 14100-11, 14100-13	9		1,536,501				\$ 1,536,501	6	5.50	N		S	ORS 215.418, ORS 227.350			



# PROGRAM PRIORITIZATION FOR 2021-23

Agency Name: DEPARTMENT OF STATE LANDS																					
2021-23 Biennium																			Agency Number: 14100		
Program 2																					
Program/Division Priorities for 2019-21 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
2	1	DSL	Capital Improvements	Protection of Common School Fund real property assets to optimize return on those assets.	14100-1, 14100-2b, 14100-3, 14100-4	6		549,056				\$ 549,056	0	0.00	N	Y	C	327.403-484			
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ 549,056	0	0.00							

### 7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

### 19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities)  
by detail budget level in ORBITS

Document criteria used to prioritize activities:

**PROGRAM PRIORITIZATION FOR 2021-23**

Agency Name: DEPARTMENT OF STATE LANDS																					
2021-23 Biennium																			Agency Number: 14100		
Program 3 - South Slough National Estuarine Research Reserve																					
Program/Division Priorities for 2019-21 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
3	1	DSL	South Slough National Estuarine Research Reserve	SSNERR provides educational, stewardship and research opportunities for coastal watersheds and other ocean issues/resources.	14100-13, 14100-15, 14100-16			2,591,621		2,063,001		\$ 4,654,622	18	17.00	N	Y	S	ORS 273.553-558			
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
								2,591,621		2,063,001		\$ 4,654,622	18	17.00							

**7. Primary Purpose Program/Activity Exists**

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
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Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:

**PROGRAM PRIORITIZATION FOR 2021-23**

Agency Name: DEPARTMENT OF STATE LANDS																					
2021-23 Biennium																		Agency Number: 14100			
Program 4																					
Program/Division Priorities for 2019-21 Biennium																					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request	
Agcy	Prgm/ Div																				
4	1	DSL	Oregon Removal Fill Mitigation Fund	Provides an avenue for economic development projects to proceed and comply with the mitigation requirements while conserving the functions of wetlands.	14100-5, 14100-11, 14100-13	6		2,048,739				\$ 2,048,739		0.50	N	Y	S	ORS 196.600-692			
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
												\$ -									
								2,048,739				\$ 2,048,739		0	0.50						

**7. Primary Purpose Program/Activity Exists**

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- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:

