

Oregon Parks and Recreation Department

	2019-21 Actual	2021-23 Legislatively Adopted	2021-23 Legislatively Approved *	2023-25 Current Service Level	2023-25 Governor's Budget
General Fund	--	2,549,040	2,560,334	9,070,940	9,070,940
Lottery Funds	92,024,570	119,081,060	121,334,605	127,950,952	156,716,774
Other Funds	94,003,973	175,550,478	177,958,102	119,152,134	181,624,388
Federal Funds	9,478,840	22,802,629	22,854,464	11,473,708	22,542,959
Total Funds	195,507,383	319,983,207	324,707,505	267,647,734	369,955,061
Positions	863	864	864	860	874
FTE	596.08	597.07	597.07	592.23	634.82

* Includes Emergency Board and administrative actions through December 2022.

Program Description

The State Parks and Recreation Department (OPRD) operates under the direction of a seven-member Commission. The Department operates the state's system of more than 250 recreational properties, managing various programs including: ocean shores protection; scenic waterways; the Willamette River Greenway; recreational trails; all-terrain vehicles program; recreation grants to counties and local governments; and state park land use and outdoor recreation planning. The OPRD director is also designated as the State Historic Preservation Officer and oversees activities of the Oregon Heritage Commission and Oregon Commission on Historic Cemeteries. In addition, the Department manages Natural Resource Lottery Funds programs including local park development grants; state park land acquisition; operations and maintenance; the parks-prisons inmate work program; state park facilities; and development projects.

The Department manages park lands covering 113,000 acres. These include 56 campgrounds, 256 day-use areas (some include campgrounds), about 1,000 miles of recreation trails, 362 miles of ocean shore, and other special sites such as boating and fishing docks, group meeting halls, interpretive centers, museums, and 2 historic inns.

The primary revenue sources for the agency are constitutionally dedicated Lottery Funds and park user fees. In the prior biennium, OPRD reached the constitutional threshold that requires the agency to shift from the provisioning of lottery revenues received for local park development grants, from 12% to 25%, thus reducing the percentage of Lottery Funds available for agency operations. Other revenue sources are typically dedicated to specific purposes. These include: share of recreational vehicle registration revenues, monies transferred from the Oregon Department of Transportation for the maintenance of park roads and rest areas, sales of off-road permits for all-terrain vehicles, and a share of fuel tax revenues from taxes on gasoline used in off-road vehicles. Federal Funds revenue is received by the agency

for the administration of several federally-sponsored programs including: land and water grants, heritage preservation, recreational trails, and natural heritage.

The Department operates through the following programs:

- Director's Office – (5 positions, 5.00 FTE) Responsible for overall agency management; support of Commission activities; coordination with the Governor, Legislature, and other government entities; and development of broad policy direction. It also provides public information, agency program review, internal audits, and coordinates rulemaking in its efforts to improve agency performance.
- Central Services – (82 positions, 81.22 FTE) Provides budget and fiscal resources management, staff recruitment and training, safety and risk management, information technology services including managing the park reservation system, and centralized business services such as fleet and procurements.
- Park Development – No budgeted positions are currently housed in the program. The park development budget includes the non-personnel costs of engineering, surveying, and construction for statewide park development projects, including repairs and deferred maintenance. This budget also includes funding for the purchase of new real property.
- Direct Services – (747 positions, 480.01 FTE) Supports park operations; park planning and recreation programs, along with property and resource management; and engineering services for operations. The program is responsible for operation of the state park system on a daily basis. It also provides labor, materials, and products for state parks through partnerships with state, county, and local corrections and youth crew programs.
- Community Support and Grants – (26 positions, 26.00 FTE) Responsible for direction and management of the Department's major grant programs and Heritage programs. The grant programs include the All-Terrain Vehicle (ATV) grant program, the Land and Water Conservation Fund, the Local Government Grant Program, the Recreational Trails Grant Program, Natural Heritage (Section 6) grants, and the Recreational Vehicle Grant Program. The Heritage program administers federal and state programs for historic and archeological resource planning and preservation, and provides the services required of the State Historic Preservation Office.

CSL Summary

Beginning with the 2021-23 Legislatively Approved Budget, adjustments are made both in the base budget and through essential budget packages to arrive at the Current Service Level (CSL) budget for the 2023-25 biennium. The Current Service Level contains the cumulative authorized expenditure and staffing levels for ongoing program activities and specific limited-duration activities. There are automated adjustments to the base budget that account for standard inflationary factors, changes to personal services for roll-up costs of permanent positions, elimination of limited-duration positions and associated costs, anticipated debt service, and non-limited expenditure authority. Essential package adjustments include the phase-in of ongoing programs that were not fully budgeted in the prior biennium, phase-out of one time or expiring expenditure authorizations, extraordinary inflation, technical adjustments, and revenue shortfall adjustments.

The CSL budget for OPRD decreases by \$57.1 million, or 17.6 percent, from the legislatively approved budget for the 2021-23 biennium. This reduction is entirely due to the removal of expenditure limitation for bond proceeds and for both state and federal grant programs for which

limitation is reestablished in the requested budget. By removing these extraordinary items, total expenditures at CSL rise by \$18.1 million, or 5.6% from the legislatively approved budget. Increased debt service and inflation being the two largest reasons for the increase.

General Obligation bond authorization was provided in SB 5506 (2021) to produce \$50 million in net proceeds for capital construction projects at OPRD. The agency was provided six-year expenditure limitation for those proceeds on the 2021-23 biennium. Base budget adjustments include the removal of that \$50 million from the biennial budget, however the expenditure authority remains throughout the six-year period.

General Fund debt service is increased by \$6.8 million in the base budget to a total of \$9.07 million for the general obligation bonds issued in 2021-23. Lottery Funds debt service was adjusted upwards by \$818,928 to account for the cost of debt service on lottery revenue bonds issued in prior biennia related to Willamette Falls, Oregon Main Street Grants, and Forest Park.

The limited-duration position that was provided to work on the establishment statewide standards for the design of recreation projects as directed by House Bill 2171 (2021) was also removed from the current service level as a base budget adjustment.

Funding was phased-out of the current service level budget for one-time funded activities and for most grant programs. It has been the practice of the agency to eliminate the previously authorized expenditure limitation, both Other Funds and Federal Funds, for grant programs at the current service level and then re-establish expenditure limitation for those programs in the upcoming biennium via a policy package at the anticipated amount of available grant funding.

Individual phase outs are:

- Bond cost of issuance for General Obligation bonding for capital improvement and renewal - \$750,000 Other Funds
- Bond cost of issuance for Lottery Revenue bonding for the Main Street grant program - \$214,553 Other Funds
- Expenditure limitation for Main Street bond proceeds - \$10 million Other Funds
- Expenditure limitation for County Opportunity, Land and Water, Recreational Trails, and other state and federal grant programs - \$11.9 million Federal Funds, and \$2.3 million Other Funds
- Federal Funds expenditure limitation for the Bureau of Reclamation Prineville Project. The funding for the project had originally been provided during the 2019-21 biennium, but due to the COVID-19 pandemic, the expenditure authority had been moved into the 2021-23 biennium budget - \$80,000 Federal Funds
- One-time funding for the Development of statewide standards for recreation projects and administrative support for the Outdoor Recreation Advisory Committee (HB 2171). The position authority and associated costs were removed in the base adjustments, this amount is the residual, non-position funding - \$132,894 General Fund

Standard inflation factors are applied at a rate of 4.2% for all Service and Supplies, Capital Outlay, and Special Payment accounts except for Professional Services expenditures which are allowed an 8.8% inflation rate. Standard inflation accounts for increases of \$3.3 million Other Funds, \$3.3 million Lottery Funds, and 0.5 million Federal Funds at the current service level. An upward adjustment for exception inflation of one million Lottery Fund was made in the Community Support and Grants program to account for unanticipated growth in Lottery Funds revenues for the Local Government Grant Program. The Direct Services program budget was also adjusted upward for exceptional inflation due to increased Department of Administrative Services fleet charges.

The agency included one technical adjustment in the development of the current service level budget. The adjustment moved the budget and position authority from the Direct Services division to the Central Services division for a position previously used as a Park Ranger 2 that has been converted to an administrative support position.

Policy Issues

Article 15, section 4a (3), of the Oregon Constitution details the allocation of Lottery revenues between Oregon Parks and Recreation Department operations and local parks programs grant funding. The allocation originally provided that 88% of the funding is to be used for OPRD operations and 12% is allocated to local grants. The Constitution provides for a redistribution of the funding to 75% for OPRD operations and 25% for local grants if the revenues deposited in the Parks and Natural Resources Fund exceed 150% of the amounts deposited in the 2009-11 biennium; roughly \$122,185,455. The December 2022 revenue forecast for the 2021-23 biennium predicts that this will occur in the upcoming biennium with the current forecasted revenues at \$135,145,400. However, the change in the distribution is based on amounts actually realized and, therefore, sufficient fund balances for the redistribution of revenues were built into the OPRD budget for 2021-23 should sufficient revenues be realized to change the allocation during the biennium. The actual payment of those amounts is the subject of a policy option package in the Governor's budget, but should be thought of as a current service level issue.

A Legislative concept is being submitted in conjunction with policy package 111. This concept would require an exam and permit for riders of class 4 ATVs over the age of 16. Operators ages 16 and over currently do not need a safety card or equivalent. All they need is a state issued driver's license.

Governor's Recommended Budget Summary

The Governor has included a request for issuance of \$20 million in net bond proceeds to support the Main Street Grant program. Other Funds expenditure limitation was included in the Governor's budget for the bond proceeds and the cost of issuance for the bonds. No debt service was included related the bonds as the issuance of the bonds would be scheduled for late spring of 2025.

There are five additional policy packages proposed in the Governor's budget dealing with grant programs. Policy packages 103 and 104 account for the change in Lottery Fund revenue allocation between the OPRD operating programs and grants to local governments park programs. POP 103 includes an ongoing adjustment in Lottery Fund limitation for local grants by about \$17.7 million to adjust the ongoing

budget of the agency to the new allocation scheme. POP 104 adds a one-time increase in Lottery Funds expenditure limitation to make up for the amount that should have been allocated to local grants in the 2021-23 biennium, assuming that the constitutional threshold is met. However, this package erroneously assumes that only those revenues that are above the trigger threshold are subject to the revised allocation between OPRD operations and local grant funding by providing only \$4.45 million of additional limitation. The actual adjustment should be for the reallocation of the entire biennium's revenues in any given biennium when the trigger is met and, therefore, this adjustment will need to be increased to roughly \$17.8 million, depending on subsequent revenue forecasts. With the increase in local grant funding, OPRD proposes to add additional staffing in policy package 112 to handle the higher volume of work to review and process grant applications. An increase in expenditure limitation of \$3 million is included in policy package 115 to enable the expenditure of anticipated additional revenues from gas tax for the all-terrain vehicle program. Lastly, anticipated increases in federally supported grant programs are addressed with a requested \$7.9 million increase in Federal Funds expenditure limitation in policy package 105.

Expenditure limitation for state and federal grant programs that was phased out of the budget at current service level is proposed to be reestablished in the Governor's budget via policy option package 102. The \$13.2 million, all funds request represents the amount of already awarded grants that the agency anticipates making payment on during the 2023-25 biennium.

The Governor's budget includes two packages (092 and 093) that adjust the Current Service Level for revised estimates of statewide assessments and charges from the Department of Administrative Services, and for revised Attorney General rates assumed in the Governor's budget.

OPRD perennially request expenditure limitation increases above the current service level for expense accounts for which standard inflationary factors are not applied, these include utility costs, fuel, and Department of Administration fleet charges. This biennium is no exception, however there are two additional packages (114 and 109) that request a combined \$4 million for increased non-personnel related costs due to increased park visitation and undefined customer service projects. Tangentially related to these cost increases, another policy package (107) request \$5.5 million to extend the duration of seasonal staffing.

There are two significant Information Technology investment packages. The first deals with the initial implementation of a reservation system replacement totaling \$2.3 million. This is a project that the agency has been working on for several biennia, but has been delayed due to the pandemic. The agency has issued a Request for Proposal on the project and should have a solution vendor selected for award by the end of the current biennium. The second package discusses the need to implement an information architecture to meet the agency's data and application needs. The package request the establishment four high-level Information Systems positions among others. The package also requests to expend \$2.9 million in IT professional services, but the specific services are currently undefined.

The agency was provided with \$50 million in net proceeds from General Obligation bonds for addressing capital improvements. The expenditure limitation provided to the agency associated with the bonding is not explicit in the Governor's budget, but is included as a

continuance of the six-year capital construction expenditure limitation provided on the prior biennium. In addition to the funding from the bond proceeds, the Governor’s budget includes expenditure authority for an additional \$16.25 million Other Funds for park repairs and improvements from park user fees in policy package 108.

Key Performance Measures

A copy of the Oregon Parks and Recreation Department Annual Performance Progress Report can be found on the LFO website:

https://www.oregonlegislature.gov/lfo/APPR/APPR_OPRD_2022_08_15.pdf