



# Oregon

Tina Kotek, Governor

## Department of State Lands

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March 9, 2023

### State Land Board

To: Co-Chair Dembrow, Co-Chair Pham, Committee Members,  
Joint Committee On Ways and Means Subcommittee On Natural Resources

Tina Kotek  
Governor

From: Vicki L. Walker, Director, Oregon Department of State Lands

Shemia Fagan  
Secretary of State

Re: **Budget Presentation Follow-up**

Tobias Read  
State Treasurer

Thank you, Co-Chairs Dembrow and Pham and Committee Members, for your consideration of the Department of State Lands 2023-25 Governor's Budget. We appreciate the Committee's interest in the Department's work for Oregon and are pleased to provide the additional information below and attached. Please do not hesitate to contact us with questions.

### Expenditures and Revenue

- **Follow-up Expenditure Information:**
  - Other Funds make up 96 percent of the Department's 2023-25 Governor's Budget, with Federal Funds making up the remaining 4 percent.
  - Other Funds sources include revenue generated by management of school lands and Oregon-owned waterways, wetland and waterway regulatory permit fees, and realized earnings from Common School Fund investments.
  - Of the 96 percent Other Funds for 2023-25, we estimate 30 percent will be from investments and 66 percent will be from school land and waterway revenue, permit fees, and the one-time transfer from the Department of Justice Monsanto settlement.
  - On average, Common School Fund interest earnings make up approximately 20 percent of the Department's operating budget. In the current 2021-23 biennium, for example, \$16.3 million of the total \$76.8 million budget is from the Common School Fund, or 22 percent. *Note – total does not include the one-time \$121 million in General Funds for the Elliott State Forest decoupling.*
  
- **Follow-up Revenue Information:**
  - Most Other Funds revenue is a direct result of active management of the Common School Fund corpus. Investments are overseen by the Office of the State Treasurer in accordance with policy set by the Oregon Investment Council. Investment income is derived from market appreciation, interest payments, and dividends. Program activities

provide the remainder of the Other Funds revenue. Revenue-generating activities include school land leases, periodic school land sales, State Lands building rental income, waterway leases and use authorizations, permit fees, and other miscellaneous charges for services. Revenue from leasing and other program activities is forecast to remain stable, as efforts continue to maximize revenues from program activities to produce optimum gains for the Common School Fund.

- Expenditures by Fund and Revenue by Fund Charts are on page 19 and 20 of [our Reference Materials document](#).

### **Mineral Potential on School Lands**

- The Department manages the mineral resources of school lands. Mineral resources are the subsurface lands that may be used for mineral resource development or exploration.
- The Department oversees school lands in the vicinity of McDermitt Caldera in southeast Oregon that have potential lithium deposits. Mining companies have expressed interest in school lands with lithium potential, including 95 acres of school lands just outside a current project claim area. Another 226 acres of school land mineral resources without surface ownership are adjacent to those 95 acres. An additional 1,600 acres of school land mineral resources without surface ownership have potential to be within the caldera.

### **Abandoned and Derelict Vessels**

- Abandoned and derelict vessels (ADV) seriously threaten the health and safety of Oregon's public waterways, creating environmental and navigational hazards and deeply impacting public use and enjoyment. Lack of a statewide abandoned and derelict vessel program with dedicated funding has resulted in Oregon's schoolkids footing the bill for cleaning up abandoned and derelict vessels, and in hundreds of ADVs accumulating in waterways.
- DSL, the Oregon State Marine Board, and the Oregon Department of Environmental Quality partnered to develop a joint information sheet on this issue, which is attached.
- The \$18.76 million policy package in the Governor's Budget will allow the Department to remove vessels currently littering waterways, as well as lead collaborative work to address abandoned and derelict vessels long-term with development of a statewide ADV program that will make us competitive for federal grants.
- Policy Package 113 – Safe, Healthy Waterways is also attached.

### **ATTACHMENTS**

- A. Abandoned and Derelict Vessels Overview
- B. Policy Package 113 – Safe, Healthy Waterways

## ABANDONED AND DERELICT VESSELS

*Abandoned and derelict vessels (ADVs) seriously threaten the health and safety of Oregon's public waterways, contaminating water and degrading habitat, damaging property, and creating navigational hazards*



### OREGON'S ABANDONED AND DERELICT VESSEL PROBLEM

#### ***ADVs Pollute Our Rivers and Ocean***

ADVs often contain harmful quantities of oil, lubricant, and other toxic substances in the materials used to construct the vessel or in cargo on board. These chemicals can injure or kill marine mammals, waterfowl, and other aquatic life, and contaminate aquatic lands, nearby shorelines, and water bodies.

Many harmful toxic substances on derelict vessels do not dissolve in water and remain in the environment for lengthy periods of time. These "persistent organic pollutants" are fat-soluble and eventually accumulate in animal fat, becoming concentrated in top predators like orca whales and otters.

#### ***ADVs Impact Waterway Recreation and Commerce***

ADVs can impede access to public boating facilities like ramps and docks and present a hazard to recreational and commercial navigation. Their presence can also diminish the level of enjoyment sought by Oregonians recreating on waterways.

#### ***Oregon's Schoolkids Pay Cleanup Costs***

The Department of State Lands oversees Oregon's school lands as well as public waterways. ADV cleanup costs far exceed waterway revenue – so the Common School Fund, and Oregon schoolkids, often foot the bill. Since 2017, the Common School Fund has expended more than \$18 million removing commercial and recreational vessels from public waterways.



## A STATEWIDE PROBLEM WITH NO DEDICATED RESOURCES

Oregon currently has **several hundred ADVs across the state**, including large vessels like tugboats, barges, and former military vessels as well as recreational vessels like sailboats and motorboats. This does not include the unknown number of out-of-service boats deteriorating in storage lots, pastures, and sheds with no affordable disposal options.

Vessel removals are both challenging and costly. Vessel condition, contamination levels, and environmental and physical hazards all affect how complex a removal is – and how much it costs. Though variable, **the cost of removing a single ADV is substantial, ranging from thousands to millions of dollars**. While recreational vessels typically have a lower per-vessel removal cost, there are far more recreational ADVs than large ADVs. Large ADVs typically have significantly higher removal price tags than recreational vessels. Removing a vessel that has sunk costs significantly more than removing a vessel that is still afloat.

For example, the recent removal of the Sakarissa and the Alert, two sunken former military vessels in the Columbia River, **cost upward of \$6 million** and involved significant time and coordination by federal, state, and local agency staff.

## EXTENSIVE COLLABORATION, ONGOING CHALLENGES

For years, state, federal, and local partners have been working to clean up and remove abandoned and derelict recreational and commercial vessels, patching together funding and resources as possible to address the most serious ADV hazards. State agencies and partners recognize that collaboration is essential to the immediate success of cleanups, as well as any comprehensive effort to address this issue as a state.

Though some cleanup efforts have been successful, there are multiple challenges to address:

- **Lack of a comprehensive approach.** Despite Oregon's coastal location, extensive river system, and numerous other navigable waterways, no coordinated statewide ADV program or initiative exists to address abandoned and derelict vessels. This has led to ongoing impacts to agency resources and state programs.
- **Incomplete ADV information.** At various points, including as recent as 2022, state agencies have attempted to create ADV inventories. However, without dedicated staff to maintain these inventories, information may be far from complete or current.
- **Insufficient state funding.** There is currently no permanent statewide funding stream to address ADVs. With no ADV funding, other resources, at all levels, are impacted by unavoidable ADV costs, resulting in program impacts and slowdowns in other program work.

## AGENCY CONTACTS

### DEPARTMENT OF STATE LANDS

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State of Oregon  
Department of  
Environmental  
Quality



# BUDGET NARRATIVE

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## **POLICY PACKAGE 113**

### **Waterway Health and Safety**

*Abandoned and Derelict Vessels and Camping Program Unit*

#### **Purpose**

This package improves Oregon's public waterways by removing the abandoned and derelict vessels currently threatening waterway health and safety.

#### **How Achieved**

The people of Oregon own the beds and banks of all navigable and tidally influenced waterways throughout the state. Abandoned and derelict vessels (ADV) seriously threaten the health and safety of these public waterways by creating both environmental and navigational hazards. Threats include water contamination, habitat degradation, public and private property damage, and impacts on recreational and commercial use and enjoyment of waterways.

For years, the Department has been working with state, federal, and local partners to clean up and remove abandoned and derelict commercial and recreational vessels. While collaborative efforts have resulted in removing hazardous vessels from waterways, lack of a statewide abandoned and derelict vessel program with dedicated funding has led to the Common School Fund, and Oregon's schoolkids, footing the bill for these cleanups. Since 2017, the Common School Fund has expended more than \$18 million removing commercial and recreational vessels from public waterways.

The State Land Board – then Governor Kate Brown, Secretary of State Shemia Fagan, and Treasurer Tobias Read – in June 2022 directed the Department to submit a policy package request for \$40 million in General Funds. The Governor's Budget includes \$18.76 million in Other Funds, a one-time allocation from the Monsanto settlement. These funds would be used to remove abandoned and derelict vessels currently in Oregon's waterways. This work would include:

***Collaborating with partners and stakeholders.*** The Department will engage widely with the many partners and stakeholders who are essential to vessel removal, including the Oregon State Marine Board, Oregon Department of Environmental Quality, U.S. Coast Guard, local governments, ports, community organizations, waterway user groups, and businesses. These conversations will further shape and refine the ADV removal initiative as challenges and opportunities associated with removal are discussed and additional perspectives gathered.

***Mobilizing for vessel removal by hiring staff and streamlining processes.*** The Department is requesting three new positions to support

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# BUDGET NARRATIVE

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ADV removal projects across the state. These positions include a manager to oversee the removal initiative and statewide collaboration; a project manager to coordinate, track and report on removals; and a procurement specialist to manage delegated authority and ensure efficient procurement and contracting processes.

With new staff adding capacity and expertise, the Department, in partnership with ADV stakeholders, will design and implement a streamlined procurement process for ADV removal, including solicitation, contracting, and scheduling for salvage, dismantling and disposal. The Department in July 2022 received delegated authority from the Department of Administrative Services to execute contracts of up to \$10 million (total) for ADV removal; securing that authority was a critical first step in expediting procurement of removal services. Increased capacity will also allow for development of a work plan for priority removals, with continued flexibility to address emergency situations or changing needs, as well as the inter-agency and other collaborative work necessary to create a comprehensive ADV program for Oregon.

***Removing vessels from waterways.*** Statewide, commercial vessels of concern include tugboats, barges, dredges, military vessels, and fishing vessels. There are an estimated 175 recreational ADVs in the Portland metro area with hundreds more likely present in other areas of the state. Removal projects will be prioritized following information gathering, evaluation of vessel hazards and removal challenges, and conversations with partners and stakeholders. Flexibility is necessary to address emerging issues, such as immediate environmental or navigational hazards, as well as emerging opportunities, such as availability of other funding sources to leverage state dollars.

This package would also support the Department leading collaborative efforts to address abandoned and derelict vessels long-term. While removing the existing vessel backlog is essential, creation of a statewide program, including an authorized disposal location, is critical to addressing perpetual risks. In 2018, Oregon joined west coast states and British Columbia in developing a white paper examining abandoned and derelict vessel issues, as well as a model blue-ribbon program to effectively address those issues. The Department remains committed to working with legislators, state and federal agencies, local governments, ports, and other partners to develop long-term comprehensive solutions for addressing abandoned and derelict vessels.

## **Staffing Impact**

This package adds three limited duration positions:

- .76 FTE Program Manager-2 position
  - .76 FTE Project Manager-3 position
  - .76 FTE Procurement Specialist-3 position
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# BUDGET NARRATIVE

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## **Quantifying Results**

Results will be quantified by evaluating how effective these efforts are in reducing the number of abandoned and derelict vessels currently on Oregon waterways, and by Oregon's progress toward addressing abandoned and derelict vessels in the long-term. The Department will set removal targets for both commercial and recreational vessels and report on removal initiative progress throughout the biennium.

## **Revenue Source**

\$18,763,236 Other Funds (one-time revenue transfer from the Department of Justice – Monsanto settlement).