

# Natural Resources

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	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$144,483,962	\$114,254,185	\$125,193,348
Lottery Funds	96,816,815	109,000,969	133,541,818
Other Funds	574,206,222	590,505,080	590,594,184
Federal Funds	165,054,677	240,910,851	219,998,587
Other Funds (Nonlimited)	189,395,130	301,337,388	327,453,163
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$1,169,956,806</b>	<b>\$1,356,008,473</b>	<b>\$1,396,781,100</b>
Positions	5,722	5,406	5,404
Full-time Equivalent	4,336.75	4,171.04	4,217.81

### Overview

The agencies within the Natural Resources Program Area manage Oregon’s natural resources for present and future generations while supporting a sound and sustainable economy. This program area represents about 1.1 percent of the state’s General Fund budget.

Most of the funding to support natural resources’ work comes from fees, contracts, payments for services, grants, federal grants, federal contracts, and Lottery Funds dedicated by constitutional amendment in 1998. Fee increases are kept to a minimum to support service levels that stakeholders have identified as necessary. The Oregon Plan for Salmon and Watersheds is maintained.

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Natural Resource agencies provide a variety of services, including pollution, land use and water use control, consumer protection, and natural resource product promotion. The following table presents some of the variety of services provided by agencies in this program area:

Protect and Enhance Natural Resources	Economic Development	Consumer and Business Protection
Air quality vehicle inspections, particulates.	Loans for wastewater treatment systems.	Earthquake and landslide assessments.
Water quality.	Agricultural trade missions.	Forest fire protection.
Mineral/Aggregate extraction.	Technical assistance to small timber producers.	Food safety inspections at food retailers.
Combined Animal Feeding operations.	Water rights transfers and permits.	Weights and measures calibrations.
Land use planning, water body navigability.	Certification of Oregon products for overseas trade.	Marine law enforcement.

Natural Resource agencies often have a combination of these different roles. The Department of Agriculture, for example, helps protect water quality through agricultural water quality planning and monitoring of Combined Animal Feeding Operations. It also works to promote Oregon agriculture in existing and new markets, and protects consumers by conducting food safety inspections and checking weights and measures used in business transactions. The Department of Forestry enforces forest practices guidelines while working closely with the timber industry to provide forest fire protection. The Department of Fish and Wildlife regulates the catch of commercial fishers, but also ensures there are fish to catch.

In addition to traditional work protecting the environment, promoting Oregon natural resource products, and promoting consumer safety, many Natural Resource agencies participate in the Oregon Plan for Salmon and Watersheds. The Plan, in effect since 1997, is an effort to restore the health of state watersheds. Plan activities include developing water quality plans, conducting scientific surveys of fish health, assisting landowners and volunteer citizen groups to restore watersheds, and monitoring watershed and fish run health. The funding for these efforts comes mainly from General Fund, Lottery Funds, and Federal Funds.

General Fund support for the Oregon Plan has been partially shifted to federal Pacific Coastal Salmon Restoration Fund (PCSRF) dollars in the 2001-03 and 2003-05 biennia because of limited General Fund resources. The PCSRF funds have been allocated to the state since 2000 and are expected to continue. The 2005-07 recommended budget again addresses General Fund shortfalls by using PCSRF funds instead of General Fund for some programs, but not as extensively as in the 2003-05 biennium.

Another important funding source for natural resource agencies is Lottery Funds, which were dedicated to parks and to fish and watershed restoration by a constitutional amendment approved in 1998. The amendment dedicates 15 percent of net lottery proceeds to the natural resources program area in the Parks and Natural Resources fund. This is further split so park programs receive half and fish and watersheds receive half of the 15 percent dedication. Further restrictions on the fish and watershed Lottery Funds require that no more than 35 percent pay for operations. No less than 65 percent must pay for capital expenditures. The recommended budget includes a greater amount of capital projects expenditure

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authority than in the 2003-05 biennium. The amendment to the constitution requires reconsideration of the Lottery Funds dedication to parks and fish and watershed restoration in 2014.

### Recommended Budget

The Governor's recommended budget continues services and focuses on cleaning up the Willamette River Basin. It also seeks to address business concerns with permitting timeliness and regulatory processes by adding resources for wastewater permit processing, continuing pursuit of a statewide programmatic general permit for removal/fill activity overseen by the Department of State Lands, and maintaining efforts in water rights permitting that allow customers to pay more for more expedient service.

The Governor's recommended budget for Natural Resources supports core efforts in fee-dependent agencies by recommending fee increases for projected revenue shortfalls. Examples of these fee-dependent services are the underground storage tank program that reduces the risk of leaking tanks and food safety inspections. The Oregon Plan for Salmon and Watersheds is continued.

Parks and Natural Resource Fund Lottery Funds are spread among Natural Resource agencies as the law prescribes. Essentially the funding covers park maintenance and construction, land acquisition, local grants, and watershed protection and improvement. An additional \$18 million of Lottery Funds is anticipated to be available from gaming expansion and other potential Lottery Commission actions. These additional revenues are allocated to the Parks and Recreation Department and the Oregon Watershed Enhancement Board as required by law, but expenditure limitation is not equally increased yet. The budget also includes resources for these core natural resource efforts:

- Department of Agriculture. The recommended budget continues most core agency services while making General Fund program reductions to meet available revenue. The food safety program is continued at a reduced level from what was requested and authorized for previous biennia. The budget includes packages supporting food animal tracking, bioterrorism coordination, and Sudden Oak Death eradication. The recommendation also includes packages to add revenues from fee increases for food safety inspections, virus fruit tree registrations, and pesticide registration activities.
- Fish and Wildlife. The budget maintains coastal monitoring and Western Oregon Stream Restoration Project work. Operations at the new Hatchery Research Center are funded. Reductions include shifting funding for habitat biologists, aquatic surveys, fish passage and Oregon Plan monitoring from Lottery Funds to PCSRF. There are also reductions to hunting and fish stocking programs to address state General Fund revenue limitations.
- The Department of Environmental Quality. The budget invests in cleaning up the Willamette River basin by providing additional resources to assist local landowners and communities with water quality planning, collecting and monitoring data on mercury presence, and pursuing less onerous alternatives to regulation enforcement while improving cleanup. Additional resources are also added to address wastewater permitting backlogs that can be problematic to businesses. Funding is continued for homeland security, coastal beach bacterial monitoring and safe drinking water protection. Some water quality program funding is shifted from General Fund to Lottery Funds and PCSRF moneys, and reductions to air quality monitoring, sampling and community outreach address the problem of limited state General Fund revenue.

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- Water Resources Department. Adjudication of Klamath Basin water rights will continue. The recommended budget also includes resources to address workload in the ground water use registration process. Reductions include funding for a final proof survey position and for positions that process final certificates and answer questions from the public.
- Parks and Recreation. Funding is included for the development and operations of the new Hares Canyon state park in Washington County, Fort Yamhill State Heritage Site and Thompson's Mill State Heritage Site. The recommended budget also includes increased funding historic preservation.
- Department of Forestry. The budget continues core agency services while making General Fund program reductions. The budget also supports cooperative fire protection, forest plan implementation, smoke management, Tillamook Interpretive Center and reforestation tax credit activities. It also provides for state participation in national fire plan activities.
- Department of Land Conservation and Development. Funding is continued for core agency programs, and resources are allocated to facilitate a 30 Year Land Use Review project commencing in 2005-07 and enhanced Geographic Information Systems capabilities.

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## NATURAL RESOURCES BENCHMARKS

Oregon's environment and its economic health are inextricably linked. The natural resources program area strives to enhance and protect Oregon's natural resources while also contributing to its economic growth. The following Oregon Benchmarks reflect how Oregon is doing in preserving its natural assets.

**Drinking water quality** – Benchmark 68: percent of Oregonians served by public drinking water systems that meet health-based standards. Standards address E. coli, disinfection, nitrate/nitrite levels, lead, and coliform bacteria. The percent of Oregon's population drinking safe water nearly doubled between 1994 and 2003.

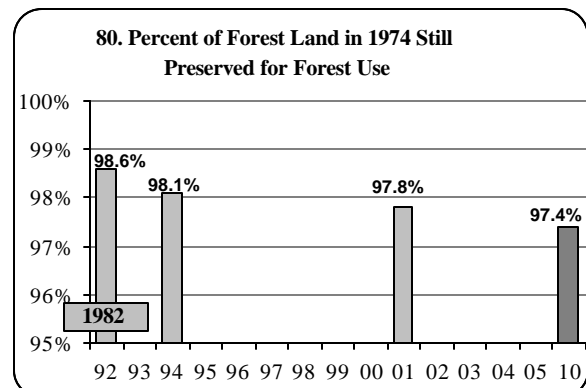
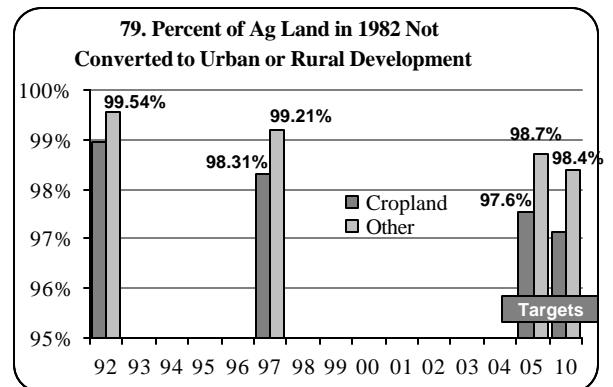
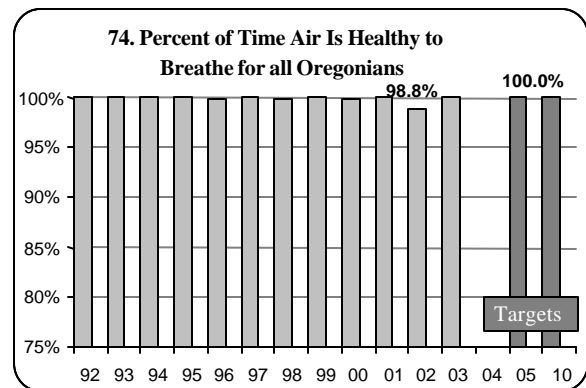
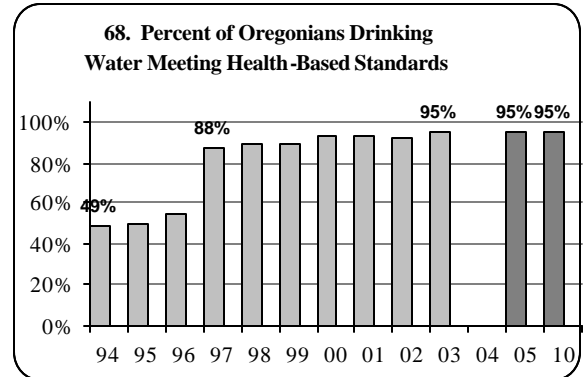
**Air quality** - Benchmark 74: percent of time that the air is healthy to breathe for all Oregonians. "Healthy" means zero exceedances of National Ambient Air Quality Standards. The state monitors pollutants in 15 strategic metropolitan areas throughout Oregon. Of particular relevance to Oregon are: a. carbon monoxide, b. nitrogen oxide, c. lead, d. ozone, and e. fine particulate matter. Oregonians breathe healthy air the vast majority of the time.

**Agricultural land** – Benchmark 79: percent of agricultural land in 1982 not converted to urban or rural development.

**Forest land** – Benchmark 80: percent of forest land in 1974 still preserved for forest use. Even though about 98 percent of agricultural and forest lands have been preserved in recent decades, the trend shows that both are slowly being converted to other uses. (*Editor's note: New data is only available about every five years.*)

Additional natural resource benchmarks include:

- **Carbon dioxide emissions** – Benchmark 75: carbon dioxide emissions as a percentage of 1990 emissions.
- **Wetland acreage** - Benchmark 76: wetland acreage change per year: a. freshwater, b. estuarine.
- **Stream water quality** - Benchmark 77 – percent of monitored stream sites with: a. significantly increasing trends in water quality, b. significantly decreasing



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trends in water quality, c. water quality in good to excellent condition.

- **Water rights** – Benchmark 78: Percent of key rivers meeting instream water rights: a. Nine or more months of the year, b. 12 months a year.
- **Timber harvest** – Benchmark 81: timber harvest as a percent of potential allowed: a. public, b. private lands.
- **Solid waste** – Benchmark 82: pounds of Oregon municipal solid waste landfilled or incinerated per capita.
- **Hazardous substance** – Benchmark 83: percent of identified hazardous substance sites that are cleaned up or being cleaned up: a. tank sites, b. other hazardous substances.
- **Freshwater species** - Benchmark 84: percent of monitored freshwater species not at risk (state and federal listing): a. Salmonids, b. other fish, c. other organisms (amphibians, mollusks).
- **Marine species** – Benchmark 85: percent of monitored marine species not at risk (state and federal listing): a. fish, b. shellfish, c. other (mammals).
- **Terrestrial species** – Benchmark 86: percent of monitored terrestrial species not at risk (state and federal listing): a. plants, b. vertebrates, invertebrates.
- **Species protection** – Benchmark 87: Species populations that are protected in dedicated conservation areas: a. species found in rivers and streams, b. other.
- **Invasive species** – Benchmark 88: Number of most threatening invasive species not successfully excluded or contained since 2000.
- **State Park Acreage** – Benchmark 89: Acres of state-owned parks per 1,000 Oregonians.

Data and reports for all Oregon Benchmarks can be found at <http://www.oregon.gov/DAS/OPB/obm.shtml>.

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## DEPARTMENT OF AGRICULTURE

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$17,498,207	\$11,295,439	\$17,900,969
Lottery Funds	7,506,927	7,835,034	6,408,093
Other Funds	38,682,242	51,140,076	46,519,559
Federal Funds	6,798,922	4,841,314	4,970,843
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$70,486,298</b>	<b>\$75,111,863</b>	<b>\$75,799,464</b>
Positions	707	604	524
Full-time Equivalent	423.42	382.36	348.57

### Overview

The Department of Agriculture ensures food safety and protects consumers. It also protects natural resources and promotes agriculture. The Department's budget includes four program areas.

- The Administration and Support program manages finances, develops and maintains the Department's computer system, and manages personnel, purchasing, buildings, and automobiles.
- The Food Safety program protects the food supply, keeps livestock healthy, and ensures measurement device accuracy. It also maintains fertilizer and pesticide standards. This is done through laboratory testing of food, animal feeds, and other items. Employees inspect food processing plants, grocery stores, and in-store delis. Staff also record livestock brands to help identify and deter theft of animals.
- The Natural Resources program conserves, protects, and develops natural resources. The program includes efforts to control and exclude foreign pests and plant diseases. Employees inspect and certify nursery stock, Christmas trees, and seed crops. The program controls the use of pesticides and fertilizers. Under the Oregon Plan, the program helps to restore salmon/steelhead runs and watersheds.
- Agricultural Development and Marketing program staff work with Oregon producers to increase sales in the United States and abroad. Commodity inspectors grade seeds and produce for quality.

### Recommended Budget

The recommended budget of \$75.8 total funds is a 1.0 percent increase from the 2003-05 Legislatively Approved Budget. The increase is primarily due to inflation adjustments which were offset by revenue shortfalls and mandated reductions.

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The recommended budget continues most core agency services while making General Fund program reductions to meet available revenue. The food safety program is continued at a reduced level than requested and authorized for previous biennia. The budget includes packages supporting food animal tracking, bioterrorism coordination, and Sudden Oak Death eradication. The recommendation also includes packages to add revenues from fee increases for food safety inspections, virus fruit tree registrations, and pesticide registration activities. The budget adds positions for the Pesticide Use Reporting System, Pesticide Analytic Response Center, and for a Compliance Certification program.

The budget includes \$6.4 million Lottery Funds in support to support Oregon Plan, weed control, and soil and water activities. An additional \$1 million in support for water quality activities was shifted from General Fund to Pacific Coastal Salmon Restoration Funds (Federal Funds). The recommended budget reduces General Fund support for insect pest prevention, soil and water conservation districts, water conservation, and commodity inspection activities.

### Revenue

General Fund, Lottery Funds, Other Funds, and Federal Funds support the Department. General Fund comprises 24 percent of the recommended budget. Lottery Funds, at eight percent, support Oregon Plan activities and county fair administration. Other Funds is the largest revenue component, supplying 61 percent of the agency's income. Sources include fees for licenses, registrations, inspections, certifications, and reimbursements under federal service contracts. The recommended budget includes fee increases for pesticide registration, pesticide inspection, livestock brand recording, and virus fruit tree inspections. The U.S. Department of Agriculture and other federal agencies provide the remaining seven percent of agency revenue.

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## COLUMBIA RIVER GORGE COMMISSION

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$664,440	\$601,600	\$869,247
Lottery Funds	0	0	0
Other Funds	0	0	0
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$664,440	\$601,600	\$869,247
Positions	0	0	0
Full-time Equivalent	0.00	0.00	0.00

### Overview

The Commission has been charged with protecting the scenic, cultural, recreational, and natural resources while encouraging compatible growth and economic development within the Scenic Area. Created in 1987 by interstate compact and authorized by the 1986 Columbia River Gorge National Scenic Area Act, the Commission consists of thirteen members: six appointed by the counties located in the Columbia River Gorge, three appointed by the Oregon Governor, three appointed by the Washington Governor, and one appointed by the U.S. Secretary of Agriculture. It is the regional land use policy entity for the 292,615 acre Scenic Area, which consists of Multnomah, Hood River, and Wasco counties in Oregon; Clark, Skamania, and Klickitat counties in Washington; and thirteen designated urban areas.

### Recommended Budget

The Governor's recommended budget of \$869,247 General Fund is 44.5 percent higher than the 2003-05 Legislatively Approved Budget. The budget continues current services, adds one additional planner position and includes funding for an increased liability insurance assessment.

The Commission's staff members are administered by the Washington personnel system, although they are employees of neither state. Each of the two states pays one-half of the Commission's joint operating expenses and the full cost of commissioners who represent their respective state. The Governor's recommended budget includes only Oregon's half of the Commission's operating expenses and expenses relating to Oregon's Commission members.

### Revenue

The Commission's budget officially resides in Washington. The Oregon budget reflects payments to Washington from the General Fund.

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## DEPARTMENT OF ENERGY

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$867,872	\$0	\$0
Lottery Funds	0	0	0
Other Funds	14,245,704	15,709,330	18,137,637
Federal Funds	4,468,271	6,302,370	5,446,266
Other Funds (Nonlimited)	84,400,641	152,418,142	184,717,257
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$103,982,488</b>	<b>\$174,429,842</b>	<b>\$208,301,160</b>
Positions	87	82	87
Full-time Equivalent	80.35	82.49	86.02

### Overview

The mission of the Oregon Department of Energy is to ensure Oregon has an adequate supply of reliable and affordable energy and is safe from nuclear contamination, by helping Oregonians save energy, develop clean energy resources, promote renewable energy and clean up nuclear waste.

The Department's work falls into four primary program areas:

- Encouraging individuals and businesses to invest in energy conservation
- Siting new energy facilities that are safe and environmentally acceptable
- Promoting development of new energy resources and technologies that show promise of being cleaner than conventional resources, and that have the potential to provide economic development opportunities
- Protecting Oregonians from the hazards of radioactive wastes.

The energy conservation program provides information to consumers, demonstrates new energy-saving technologies and offers a variety of programs encouraging Oregonians to conserve energy. The siting program reviews energy siting applications and works with the various involved and affected parties to ensure that the site is both safe and environmentally sound. The new energy resources program offers tax credits and loans for renewable resource projects. The program also provides information and technical advice to individuals, businesses and power-plant developers on specific technologies and applications. The radioactive wastes program ensures that radioactive wastes are cleaned up, stored, and transported safely. The Department is also responsible for the state's emergency preparedness in the event of an accident involving radioactive materials. General administrative services under these programs include

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budgeting, accounting, information services technology support, human resources, and grant/contract oversight.

This program unit provides staff support for the Energy Facility Siting Council and the Hanford Cleanup Board and the administrative function for energy loans, including bond management and technical assistance.

### **Recommended Budget**

The Governor's recommended budget for the Department of Energy is \$208,301,160 total funds. This is a 19.4 percent increase from the 2003-05 Legislatively Approved Budget. Much of the increase is associated with increasing the Department's General Obligation Bond limit to assist the Oregon University System (OUS) in funding a variety of capital construction projects.

The Governor's recommended budget includes the addition of seven positions, five of which have been filled as Limited Duration positions for the last few years. These positions will help the Department meet the increasing workloads associated with their various programs and add stability to the Department's workforce.

### **Revenue**

Other Fund revenues for the Oregon Department of Energy are from assessments on energy and petroleum suppliers, energy facility site application and certificate renewal fees, and contracts primarily for emergency response planning, energy conservation achievement, energy education programs, and hazardous waste cleanup. The largest source of Other Funds (Non-Limited) is from the State Energy Loan Program, which generates revenue from General Obligation bond sales, loan repayments, and interest earnings.

The Department also receives money from the U.S. Department of Energy for several programs. These programs provide grants to improve the energy efficiency of public and private buildings, promote alternative fuels, and demonstrate new energy-saving technologies; support business projects that reduce waste, cut pollution and save energy; fund the Department of Energy's activities to ensure the safe cleanup at the Hanford Nuclear Site; and provide energy audits of federal buildings. The Department of Energy also receives funding from the National Renewable Energy Laboratory for expanding wind resource sites in Oregon and developing a model ordinance for siting locally regulated energy facilities. The Federal Highway Administration provides funding to establish technology centers in rural Oregon communities.

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### DEPARTMENT OF ENVIRONMENTAL QUALITY

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$35,919,156	\$23,384,838	\$24,131,944
Lottery Funds	2,160,080	3,286,418	3,534,936
Other Funds	100,515,095	112,118,599	113,806,687
Federal Funds	33,202,479	44,331,436	35,839,459
Other Funds (Nonlimited)	46,864,283	98,739,078	86,253,288
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$218,661,093</b>	<b>\$281,860,369</b>	<b>\$263,566,314</b>
Positions	880	838	810
Full-time Equivalent	857.50	813.78	778.35

### Overview

The Department of Environmental Quality leads efforts to restore, enhance, and maintain the quality of Oregon's air, water, and land. The agency administers the state's pollution laws. It also manages several federally delegated programs. The Environmental Quality Commission's five-member board sets policy direction for the Department. The Department operates six major programs. These are:

- Air Quality, which regulates air pollutants, detects and monitors pollutant levels, analyzes data, provides education and business assistance, and enforces pollution laws.
- Water Quality, which monitors and regulates the discharge of water and wastewater to ensure water quality goals are met. The program has identified standards for water quality and monitors those regularly.
- Land Quality, which works to reduce hazardous and solid waste, regulates underground storage tank use, responds to hazardous substance spills, and cleans up contaminated sites.
- Cross Media, which helps manage issues that cover more than one of the previous programs.
- Agency Management, which contains the Director's Office, public affairs, and management services. These centralized functions provide leadership, coordination, and support.
- Loan programs, which have used the sale of Pollution Control Bonds to provide capital for wastewater revolving loan funds and orphan site cleanup work in the past. The Orphan Site Cleanup program conducts assessment and cleanup when the owner of a contaminated site is unknown, unwilling, or unable to pay for the cleanup.

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## Recommended Budget

The Governor's recommended budget is \$263.6 million total funds. This is a six percent decrease from the 2003-05 Legislatively Approved Budget. The largest reasons for the decrease are the removal of revolving loan fund expenditure authority used in the 2003-05 biennium, a reduction in existing debt service, and expected completion of the McCormick and Baxter superfund site cleanup. In addition to these normal decreases, the recommended budget includes reductions to the air quality program, including monitoring, sampling, planning, emissions inventories, Northwest Region community outreach, air toxics, and the Lane Regional Air Pollution Authority. Funding for Total Maximum Daily Load work is shifted from General Fund to Measure 66 operations Lottery Funds, and Oregon Plan monitoring is shifted from General Fund to Pacific Coastal Salmon Restoration Funds. These changes, along with reductions to water quality training and hazardous waste technical assistance, result from General Fund constraints statewide and priorities. The recommended budget also does not include new funding for the Orphan Site cleanup program.

The recommended budget adds funding and positions for the Governor's Willamette Cleanup initiative. The initiative includes supporting Total Maximum Daily Load development and implementation in the Willamette Basin. A Total Maximum Daily Load describes the amount of each pollutant a waterway can receive and still not violate water quality standards. A position would collect and analyze mercury data and develop charts, graphs and maps for decision makers. The additional resources for the Willamette basin would provide outreach and technical assistance to watershed councils and land managers, assist local governments in improving their stormwater management, work with partners to ensure that Agricultural Water Quality Management (Senate Bill 1010) Plans are consistent with the Willamette Basin Total Maximum Daily Load, and monitor and evaluate the effectiveness of water quality improvement activities. Also, the Willamette Cleanup initiative additions would allow for more innovative compliance and enforcement options to ensure that they are legally sufficient and sound.

The recommended budget includes:

- Wastewater permitting. The recommended budget increases funding and positions for the wastewater permitting program, which has had a backlog of permits for several years. The additional resources include General Fund and increased revenues from fees. This investment in wastewater permitting follows recommendations prepared by an advisory "blue ribbon" committee that included members of local government and industry. The additional resources are expected to help reduce the backlog, thus reducing the time industry spends waiting for final permits necessary to conduct business.
- Continuation of several Federally funded projects. The Department of Environmental Quality implements several federal projects that span multiple biennia that must be re-authorized in each budget. These include drinking water protection, special environmental monitoring projects, homeland security work and a federal grant for data system improvements.
- Underground Storage Tank program. The recommended budget maintains this program through continuing fees that would otherwise end because of a sunset clause in law. The program reduces the risk that underground storage tanks might leak and contaminate groundwater and soil.

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- Vehicle Inspection Program. The recommended budget continues 47 positions as state employees; these gradually diminish throughout the 2005-07 biennium, leaving 25 positions at the end of that period.
- Laboratory Rent. The recommended budget adds General Fund to cover increased rent costs for the agency's new laboratory space; the new laboratory acquisition and development was approved by the 2003 Legislature is shared with the Department of Human Services Public Health program

### Revenue

Over 40 different fees support the Department's activities, along with Federal Funds and General Fund. Fees are charged for the three major programs: Air, Water, and Land Quality. The recommended budget depends on ratification of previously approved fee increases for various water pollution control permits and on fee bills that would remove a sunset clause for underground storage tank fees and increase wastewater permitting fees.

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## DEPARTMENT OF FISH AND WILDLIFE

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$14,328,508	\$10,650,611	\$10,815,450
Lottery Funds	8,201,579	10,297,061	7,891,858
Other Funds	83,268,598	112,882,874	112,073,231
Federal Funds	75,723,980	94,932,601	97,176,639
Other Funds (Nonlimited)	2,256,788	3,000,000	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$183,779,453</b>	<b>\$231,763,147</b>	<b>\$227,957,178</b>
Positions	1,399	1,355	1,378
Full-time Equivalent	1,127.03	1,108.37	1,150.02

### Overview

The Department of Fish and Wildlife protects and enhances fish, wildlife, and their habitats. Its mission is to ensure fish and wildlife populations for present and future generations. The agency operates four major programs:

- Fish Division. This Division manages and enhances fish habitat, production, and use. The program is divided between propagation, which runs fish hatcheries and satellite rearing facilities; Natural Production, which manages trout, warm water fish, wild salmon, and steelhead populations; Marine, which monitors commercial fisheries, and Inter-jurisdictional Fisheries, which protects and enhances fish in the Columbia River Basin. Activities include technical assistance to private individuals, watershed councils, and state and federal agencies in support of the Oregon Plan for Salmon and Watersheds.
- Wildlife Division. This Division maintains all wildlife species at optimum levels compatible with primary land and water uses. Biologists count big game, implement species management plans, respond to damage complaints, and survey hunters. They also oversee habitat improvement work, and undertake the protection and recovery of non-game bird and animal species.
- Administrative Services. This is the support section for the agency. Activities include accounting and budgeting, license and tag sales, personnel management, information systems, engineering, information, and education. This program also runs the networked point of sale license and tag sales system.

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In addition to the operating divisions, the agency maintains a contract with the Oregon State Police for fish and game law enforcement. It also has a capital improvement program to maintain and repair agency property, such as fish hatcheries.

## Recommended Budget

The Governor's recommended budget is \$228 million total funds. This is a two percent decrease from the 2003-05 Legislatively Approved Budget. The largest reasons for the decline include elimination of expenditures associated with the; old Portland headquarters building, costs for the move to Salem, and capital expenditures for the new Hatchery Research Center.

The recommended budget addresses issues regarding the use of time-limited positions for long-term work. The solution to these issues is to make the positions that do the work permanent. The recommended budget also directly funds the Western Oregon Stream Restoration Project and the Coastal Monitoring program, both of which were funded by grants from the Oregon Watershed Enhancement Board previously. A major theme in the budget continues to be aligning the budget with actual activities, just as it has been since 2001.

Reductions include shifting Ballot Measure 66 operations Lottery Funds expenditures to Pacific Coastal Salmon Restoration Funds from the Oregon Watershed Enhancement Board; this allows the Lottery Funds to be used elsewhere to create General Fund savings to meet statewide budget needs in a time of limited resources. Oregon plan for Salmon and Watersheds monitoring, habitat biologists, aquatic surveys, and fish passage activities are included in this fund shift. Other reductions include a decrease to library services for archival and historic information on Oregon's fish and wildlife research regarding water quality and quantity. There is a reduction to the upland game bird program and the access and habitat program, which will affect hunting opportunities. A reduction to funding provided to the Klaskanine River Clatsop Economic Development Committee operated hatchery will affect the spring Chinook catch in Youngs Bay. A reduction is also made to purchases of trout stock through private hatcheries.

## Revenue

The 2005-07 budget is supported by General Fund, Lottery Funds, Other Funds, and Federal Funds. Lottery Funds come from the Measure 66 operations portion of the Parks and Natural resources Fund. Other Fund revenues come from three major categories:

- Sales of hunting, fishing, and occupational (excluding commercial fishing) licenses and tags. Fee increases are proposed in legislative concepts. A repeal of surcharges on hunting and fishing licenses for the Fish Restoration and Enhancement program and the Habitat program is also requested.
- Indirect or overhead charges on federally funded work.
- Miscellaneous sources such as agreements with non-federal agencies, fines, and forfeitures from game law violations, and donations.

## Natural Resources

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The agency receives Federal Fund revenues from the U.S. Forest Service, Army Corps of Engineers, Bonneville Power Administration, National Marine Fisheries Service, U.S. Fish and Wildlife Service, Environmental Protection Agency, and tribal governments.

# Natural Resources

## STATE FORESTRY DEPARTMENT

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$38,865,203	\$36,310,022	\$37,149,257
Lottery Funds	0	0	0
Other Funds	229,447,110	172,168,905	162,635,171
Federal Funds	9,720,030	19,059,519	23,527,700
Other Funds (Nonlimited)	2,645,741	15,000,000	15,000,000
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$280,678,084</b>	<b>\$242,538,446</b>	<b>\$238,312,128</b>
Positions	1,472	1,358	1,395
Full-time Equivalent	932.99	880.42	917.58

### Overview

The Forestry Department includes the Protection from Fire, Administration, State Forest Lands, Forestry Assistance, and Forest Practices programs. It also includes an equipment pool, a nursery, and Capital Improvement funding.

The Administration program leads and supports the other programs. Program staff work on policy, payroll, accounting, budget, safety, and training. They also study forest resources and do strategic planning. They maintain the computer systems, manage and maintain property, and coordinate public affairs and air operations.

The Protection from Fire program covers about 16 million acres of forestland. This program puts out forest fires and tries to prevent them. A split between General Fund and landowner assessments funds this program. The Governor's recommended budget funds the split at 50 percent General Fund and 50 percent landowner assessment.

The Protection from Fire program also includes the Emergency Fire Cost Committee (EFCC). The EFCC oversees the Oregon Forestland Protection Fund and the buying of insurance for the Fund. The Fund helps to make fire-fighting costs equal among the forest protection districts. It also makes money available to districts that spend more than their budgets on large fires. Money for the Fund comes from harvest tax, landowner assessments, surcharges, and interest earnings.

The State Forest Lands program manages state-owned public forests. They include the Tillamook, Clatsop, Santiam, Sun Pass, and Elliott forests. The program manages approximately 790,000 acres of land. The Board of Forestry owns about 656,000 of these acres. The Common School Fund (CSF) owns the remaining 124,000 acres, but the Department manages the CSF land as well. The program also

## Natural Resources

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includes the J.E. Schroeder Seed Orchard. The Orchard helps maintain the genetic quality of state and private forestland, and helps to increase the yield and quality of future forests.

The Private and Community Forests program combines activities of the Forestry Assistance and Forest Practice programs and leverages the expertise and staff from both programs to more effectively accomplish program objectives. Forestry Assistance activities provide help to forest landowners. This help includes information and incentives. The goal is to promote voluntary efforts to improve land and resources beyond regulatory standards. This program has three parts: Service Forestry, Insect and Disease Management, and Urban Forestry. Service Forestry provides advice to individual non-industrial private landowners on how to manage multiple resources and how to comply with forest property taxes. Service Forestry also provides information, including what federal cost-sharing programs exist, and on how to improve forest health. The Insect and Disease unit conducts surveys, and monitors forest pests and tree diseases. The Urban Forestry program provides technical and financial assistance to communities, nonprofit groups, and civic organizations. Forest Practices activities include oversight and enforcement of the Forest Practices Act. The Act encourages economically efficient forest management and the protection of forest resources. It provides guidelines on the management of soil, air, water, fish, and slash burns.

The Capital Improvement program maintains 400 structures. Many of these were built over 40 years ago, and no longer meet building codes. The Department has a long-range plan that sets priorities for projects statewide over the next 10 years.

### Recommended Budget

The recommended budget for the State Forestry Department is \$238.3 million total funds. This is a 1.7 percent decrease from the 2003-05 Legislatively Approved Budget. The decrease is primarily due to the phase-out of one-time Other Funds expenditures related to the 2003 fire season and the elimination of the industrial fire prevention program.

Along with continuing core agency services, the budget supports cooperative fire protection, forest plan implementation, smoke management, and reforestation tax credit activities. It also provides for state participation in national fire plan activities.

The recommended budget includes nine positions to staff the Tillamook Interpretive Center. The Center is a private/public partnership that will inform and educate visitors about the Tillamook State Forest and its unique history.

### Revenue

General Fund, Other Funds, and Federal Funds support this budget. Other Fund revenues sources include the harvest tax, landowner assessments, and sale of timber on forestlands managed by the Department. The U.S. Forest Service provides some funding for the Forestry Assistance program. Federal Fund revenues increase due to expanded fire programs.

## Natural Resources

### DEPARTMENT OF GEOLOGY AND MINERAL INDUSTRIES

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$2,875,283	\$2,887,346	\$2,948,178
Lottery Funds	0	0	0
Other Funds	2,986,196	2,842,813	3,141,881
Federal Funds	974,236	1,963,208	2,159,064
Other Funds (Nonlimited)	3,000	100,000	100,000
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$6,838,715	\$7,793,367	\$8,349,123
Positions	37	36	37
Full-time Equivalent	34.66	34.33	35.20

#### Overview

The Department of Geology and Mineral Industries (DOGAMI) gathers geologic data and maps the state's geology. The agency also regulates surface mining.

The agency's Geologic Survey unit gathers geologic data and does the mapping. This includes mineral assets and hazards. The agency shares the information with state and local leaders. They use the data for land use decisions, building sitings and code revisions, and emergency planning.

The agency's Mined Land Regulation program regulates surface mining. This includes about 850 aggregate and metal mines. The program balances the economic need for minerals with conserving the resource and the environment.

DOGAMI operates the Nature of the Northwest Information Center on behalf of state natural resource agencies and in cooperation with federal agencies.

#### Recommended Budget

The Governor's Recommended budget is \$8.3 million total funds. This is about a seven percent increase compared to the 2003-05 Legislatively Approved Budget. An increase in Other Fund revenues maintains mined land reclamation program positions. A reduction to the Geologic Survey program helps with statewide budget issues. Otherwise, the budget continues existing services.

# Natural Resources

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## Revenue

The agency is funded by a combination of General Fund, Other Funds, and Federal Funds. Other Fund revenues come from publication sales, contracts, mining fees, and gas and oil fees. The budget depends on a fee increase for rock and industrial mineral extraction. The U.S. Geologic Survey, U.S. Bureau of Land Management, Federal Emergency Management Agency, National Oceanic and Atmospheric Administration, and other federal bureaus provide Federal Funds to the agency.

# Natural Resources

## DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$9,024,454	\$8,693,017	\$10,403,607
Lottery Funds	0	0	0
Other Funds	1,456,897	873,425	905,290
Federal Funds	3,974,216	5,684,425	6,530,552
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$14,455,567</b>	<b>\$15,250,867</b>	<b>\$17,839,449</b>
Positions	64	56	65
Full-time Equivalent	60.81	52.05	61.96

### Overview

The Department of Land Conservation and Development implements Oregon's land use planning goals. Rapid economic and population growth have challenged the goals. By aiding orderly development, the agency supports less transportation congestion and air pollution. It also helps preserve the state's natural resources and quality of life.

### Recommended Budget

The balanced budget for the Department of Land Conservation and Development is \$17.8 million total funds. This is a 17 percent increase from the 2003-05 Legislatively Approved Budget. The General Fund increases by 19.6 percent. This increase is primarily due to investment in a comprehensive review of the state's land use planning laws, goals, rules, and administrative processes. Federal Funds increase by 14.9 percent. These funds mainly support coastal planning work and cannot be used for other kinds of planning.

### Revenue

The agency is funded through a combination of General Fund, Other Funds, and Federal Funds. Other Fund revenues come from charges for services, miscellaneous receipts, and transfers from other state agencies. Federal Funds come from the Federal Emergency Management Agency for flood plain management work. Federal Funds also pay for Coastal Zone Management Act work. Both flood plain and coastal funding are expected to increase.

# Natural Resources

## LAND USE BOARD OF APPEALS

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$1,193,214	\$1,205,116	\$1,290,791
Lottery Funds	0	0	0
Other Funds	44,018	60,507	67,940
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$1,237,232	\$1,265,623	\$1,358,731
Positions	6	6	6
Full-time Equivalent	6.00	6.00	6.00

### Overview

The Land Use Board of Appeals (LUBA) hears appeals of state and local land use decisions. Prior to LUBA, local circuit courts resolved appeals of state and local land use decisions.

LUBA was created to improve the existing system in the following ways:

- Resolve land use disputes quickly. From the time LUBA receives the appeal, it has 77 days to issue its opinion.
- Resolve all of the issues raised on appeal.
- Be accessible to the general public, as well as the attorneys.
- Provide a single body issuing consistent opinions on a statewide basis.
- Make its opinions widely available to the public.

### Recommended Budget

The Governor's balanced budget for LUBA is \$1,358,731 total funds. This is about a seven percent increase over the 2003-05 Legislatively Approved Budget. The balanced budget continues operations, but uses more publications revenue and less General Fund to pay for a paralegal position.

## Natural Resources

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### Revenue

Most of LUBA's revenue is General Fund. The remaining revenue is Other Funds received from filing fees and the sale of LUBA publications. Revenues from the filing fees are transferred to the General Fund. LUBA publications are the published version of LUBA's decisions. Sales proceeds are reinvested in publishing the next volume. Decreased publication costs and expected increases in the number of volumes sold made it possible to use more publication revenue and less General Fund to pay for a Paralegal position.

# Natural Resources

## DEPARTMENT OF STATE LANDS

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$127,690	\$139,311	\$181,099
Lottery Funds	0	0	0
Other Funds	14,885,317	14,471,136	18,001,256
Federal Funds	1,950,719	1,603,420	1,865,892
Other Funds (Nonlimited)	48,929,584	27,600,000	36,902,450
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$65,893,310	\$43,813,867	\$56,950,697
Positions	83	87	94
Full-time Equivalent	80.75	86.09	93.50

### Overview

The Department of State Lands carries out State Land Board policy. The State Land Board consists of the Governor, the Secretary of State, and the State Treasurer. The Board manages the Common School Fund (CSF), valued at about \$829 million in September 2004. The State Treasurer invests CSF money for the Board. The fund includes revenue and investment earnings from land deeded in trust for education when the state was founded, as well as other lands such as submerged and submersible lands. It also includes unclaimed or forfeited property and certain lands set by law. The Department distributes CSF earnings to schools twice a year.

The Department's goals are to produce income for the CSF and to manage and protect the land and water of the state. The Department also administers the state's removal-fill law and wetlands programs. It manages the South Slough National Estuarine Research and Reserve (SSNERR) and supports the Natural Heritage Advisory Council (NHAC). SSNERR was the first national estuarine research reserve named in the nation; it is a natural site to conduct research of local and national importance and for the public to explore and learn about estuaries. The 1997 Legislature made SSNERR an asset of the CSF. NHAC oversees the Natural Heritage Plan and data bank. It registers and dedicates natural heritage conservation lands. It also advises the Board and others of sites for natural heritage conservation lands. In summary, the Department:

- Manages Common School Fund lands and mineral rights.
- Regulates state wetlands and waterways through the removal-fill program.
- Manages unclaimed property, estate administration, and forfeitures.
- Supports the Natural Heritage Advisory Council.

# Natural Resources

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## Recommended Budget

The Governor's recommended budget is \$57 million total funds. This includes \$35.3 million nonlimited distribution to schools, which is a 33 percent increase from the 2003-05 Legislatively Approved Budget.

The recommended budget invests in oversight of waterway leases, manages most of rangeland, improves unclaimed property management, and assists the Department of Transportation with projects. The budget maintains basic support for NHAC, and continues current programs at the SSNERR. It adds positions to increase investment in asset management to boost earnings for the Common School Fund and in fiscal accountability. It also contemplates a reorganization of the Department. One position continues to participate on the economic revitalization team.

## Revenue

General Fund supports NHAC and one position for economic revitalization team functions. General Fund is a small fraction of the total agency budget. Most of the funding comes from revenues and earnings generated from land management and unclaimed property. Revenues and earnings derive from the sale of timber, leases and royalties, land sales, permit fees, unclaimed property, donations, and publications. Investment income is generated from interest, dividends and capital gains earnings on the CSF. Federal Funds from the National Oceanic and Atmospheric Administration partially supports the South Slough and the Environmental Protection Agency provides some support for wetland projects.

# Natural Resources

## MARINE BOARD

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	16,348,190	22,017,871	23,631,913
Federal Funds	4,150,008	4,972,307	5,100,277
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$20,498,198	\$26,990,178	\$28,732,190
Positions	39	39	40
Full-time Equivalent	38.00	38.00	39.00

### Overview

The Marine Board promotes the safe and enjoyable use of Oregon's waters. It does this by:

- Titling and registering over 196,000 boats.
- Registering outdoor outfitters and guides.
- Developing waterway management plans.
- Educating boaters on safe boating practices.
- Contracting with 32 county sheriffs and the Oregon State Police for on-water patrols and safety services.
- Awarding facility grants to state and local agencies for boating facility development and maintenance.

### Recommended Budget

The Governor's recommended budget for the Board is \$28.7 million total funds. This is 6.45 percent higher than the 2003-05 Legislatively Approved Budget. Standard inflation and expansion in the facilities grant program are driving the growth.

The recommended budget supports the following new or expanded activities:

- Life jacket safety, environmentally friendly boating education, and boating promotion campaigns.
- Training, supplies, and contract dollars for additional marine law enforcement resources.
- Grants for the construction and repair of boating facilities such as launch ramps and boarding floats.

## Natural Resources

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### Revenue

The Board has three major revenue sources. First, motorboat fuel taxes support 39 percent of the agency's 2005-07 budget. The Department of Transportation (ODOT) collects Oregon fuel taxes. Based on an estimate of fuel taxes paid by boaters, ODOT sends a portion of those taxes to the Marine Board. The estimate is based on a boater survey taken every four years. The budget includes an estimate of \$11 million from this source. The actual transfer will be made on the results of the latest survey, which is currently being completed.

The second revenue source is registration and title fees. These fees account for 42 percent of the budget. Fee revenues plus miscellaneous sales and fine receipts are estimated at \$12.4 million for 2005-07.

Federal Funds make up the Board's third major source of revenue, around 18 percent of the budget. The Clean Vessel Act provides money to develop sewage dump stations for boats. The agency receives Boating Infrastructure Grant funds to pass through to local communities for facility projects. The Coast Guard's Recreational Boating Safety program pays for on-water law enforcement activities. The agency expects to receive approximately \$5.1 million in Federal Funds during 2005-07.

# Natural Resources

## PARKS AND RECREATION DEPARTMENT

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$0	\$0	\$0
Lottery Funds	48,213,949	57,173,958	72,303,818
Other Funds	66,787,576	76,571,333	81,147,043
Federal Funds	4,867,375	8,976,693	8,972,654
Other Funds (Nonlimited)	3,174,407	3,866,065	3,866,065
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$123,043,307</b>	<b>\$146,588,049</b>	<b>\$166,289,580</b>
Positions	766	781	804
Full-time Equivalent	517.13	524.44	539.61

### Overview

The Oregon Parks and Recreation Department provides and protects natural, scenic, cultural, historic, and recreational sites for the enjoyment and education of present and future generations. The system includes 233 parks and over 94,000 acres of land.

Parks also manages recreational and heritage programs, including ocean shores protection, scenic waterways, the Willamette Greenway, recreational trails, and historic preservation. In addition, Parks houses the Oregon Heritage Commission.

### Recommended Budget

The Governor's recommended budget for the Parks and Recreation Department is \$166.3 million total funds. This is a 13 percent increase over the 2003–05 Legislatively Approved Budget. The budget continues using Lottery revenues to support operations, land acquisitions and local parks grants in roughly the same proportions as during the 2003-05 biennium. The Governor's recommended budget continues those increases. The budget also invests in facility improvements in an effort to further reduce the backlog of maintenance and repair, provide funding for development and improvements to new and existing park properties, and provide flexibility in managing projects.

The budget invests in heritage preservation, including increased grants for museums, funding for surveys of state-owned historic properties, and planning for the Oregon state sesquicentennial commemoration in 2009. The new Hares Canyon state park in Washington County will begin operations and continue development from this budget proposal. The new Fort Yamhill State Heritage Site and Thompson's Mill State Heritage Site will also begin operations. The budget also invests in the department's responsibilities for natural resource stewardship.

# Natural Resources

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## Revenue

The budget is funded with Lottery revenues from the constitutionally dedicated Parks and Natural Resources Fund. The major sources of Other Fund revenues are park user fees, all-terrain vehicle permits and unrefunded fuel tax, and recreational vehicle fees. The Department of Transportation also sends funds to the Department to operate and maintain wayside rest areas. Other sources of funds include land sales proceeds, rents, royalties, and gifts. Federal Fund revenues support the Historic Preservation Act and various grants. These federal revenues are expected to remain fairly constant.

# Natural Resources

## WATER RESOURCES DEPARTMENT

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$22,083,182	\$19,086,885	\$19,502,806
Lottery Funds	0	0	0
Other Funds	4,002,424	7,271,122	8,243,164
Federal Funds	825,914	1,264,700	1,137,968
Other Funds (Nonlimited)	1,120,686	614,103	614,103
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$28,032,206</b>	<b>\$28,236,810</b>	<b>\$29,498,041</b>
Positions	154	141	138
Full-time Equivalent	152.15	140.21	136.00

### Overview

The Water Resources Department administers laws governing surface and groundwater resources. The goal is to balance use of the state's water among current and future generations of Oregonians. Among its responsibilities, the Department:

- Processes transfers of water rights, permits, certificates, and water rights applications.
- Administers hydroelectric relicensing.
- Inspects construction and maintenance of wells and dams.
- Provides technical information and analysis on surface water and ground water availability.
- Adjudicates pre-1909 and federal reserved water rights.
- Negotiates Native American reserved water rights.
- Provides loans for various water development projects.
- The adjudication section rules on disputed water rights. The Klamath Basin adjudication is currently underway.

The Department also operates the Water Development Loan Program (WDLP). Established in 1977 to finance irrigation and drainage projects, the WDLP has provided loans for 181 projects. In addition to irrigation and drainage projects, the portfolio includes five loans for development of community water supply systems.

# Natural Resources

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## Recommended Budget

The Governor's recommended budget is \$29.5 million total funds. This is a 4.5 percent increase from the 2003-05 Legislatively Approved Budget. The budget continues positions that work on adjudications of water rights in the Klamath Basin, as well as positions that collect stream flow data, process water rights transfers and requests for in-stream leases, and review water management plans. The budget also includes resources to address workload from modifications to ground water use in water use registration process. Reductions include funding for a final proof survey position; water rights applicants will need to engage a private surveyor for this work. Other reductions could affect how quickly water rights applicants receive final certificates and the public receives answers to questions. Funding for instream water rights, technical assistance, and Oregon plan data is shifted to Pacific Coastal Salmon Restoration Funds from the Oregon Watershed Enhancement Board.

## Revenue

General Fund supports 66 percent of the total budget. Other Funds from fees associated with water rights and start cards and fees received from service and interagency agreements provide most of the remaining funding. Chapter 745, Oregon Laws 2003 allows the department to contract work when an applicant is willing to pay more to receive expedited service, and more revenue is expected from this source. This option was intended to streamline some of the regulatory process, and is now established. The Water Development Loan Program includes Other Funds generated by general obligation bond proceeds, interest income, and loan repayments. These funds are spent as Nonlimited Other Funds. The agency also receives federal grants for specific projects and for federally directed projects. A legislative concept would allow the Water Resources Commission to set fees; additional revenue from this concept is included in the budget and funds ground water registration efforts.

# Natural Resources

## OREGON WATERSHED ENHANCEMENT BOARD

	2001-03 Actuals	2003-05 Legislatively Approved	2005-07 Governor's Recommended
General Fund	\$1,036,753	\$0	\$0
Lottery Funds	30,734,280	30,408,498	43,403,113
Other Funds	1,536,855	2,377,089	2,283,412
Federal Funds	18,398,527	46,978,858	27,271,273
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
<b>Total Funds</b>	<b>\$51,706,415</b>	<b>\$79,764,445</b>	<b>\$72,957,798</b>
Positions	28	23	26
Full-time Equivalent	25.96	22.50	26.00

### Overview

The Oregon Watershed Enhancement Board (OWEB) promotes and implements programs that restore, maintain, and enhance Oregon watersheds to protect the economic and social well being of the state and its citizens. The agency mainly provides grants for volunteer efforts to improve fish habitat. In 1998, voters approved Ballot Measure 66, which dedicated 15 percent of net Lottery proceeds to natural resource efforts. The funds are split evenly between state parks and watershed restoration. The 1999 Legislature established OWEB to administer the salmon and watershed portion of the dedicated Lottery revenues.

### Recommended Budget

The Governor's recommended budget is \$73 million total funds. This is a nine percent decrease from the 2003-05 Legislatively Approved Budget. The decrease results from the use of federal Pacific Coastal Salmon Restoration Funds (PCSRF), which were more abundant in the 2003-05 biennium because unused balances from earlier biennia were used in the 2003-05 Legislatively Approved Budget. Lottery Funds expenditures increase since more revenue is available than in the 2003-05 Legislatively Approved Budget.

Of the Ballot Measure 66 Lottery Funds, 35 percent are dedicated to agency operations and 65 percent support capital expenditures. The budget uses operations Lottery Funds to continue core agency functions, and also maintains a grants manager to oversee non-capital grants and a database position to track grants over the years. The non-capital grants have been made to other entities since 1999. Capital project expenditures are increased and a position is added to review the effectiveness of capital projects. Both the capital projects and new position are funded with capital Lottery Funds. The budget includes allocations of both kinds of Lottery Funds to other agencies from OWEB; these include allocations for core functions made historically and allocations to maintain services that would otherwise be reduced because of limited General Fund resources.

## Natural Resources

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The budget includes \$27 million of PCSRF from the National Marine Fisheries Service. About \$10 million of this amount are commitments made in the 2003-05 biennium, but these will not be fulfilled until the 2005-07 biennium. The remaining \$17 million is allocated between OWEB and other natural resource agencies; this is somewhat similar to the 2001-03 and 2003-05 biennia budgets. In those two biennia PCSRF was used to sustain programs that had been supported with General Fund. Because of limited General Fund resources, the programs would have been reduced. So the budget shifted funding from General Fund to PCSRF. The Governor's recommended budget uses less PCSRF for shifts than the 2003-05 Legislatively Approved Budget did. OWEB would retain the use of more of the available PCSRF funds for watershed improvement grants than in the 2003-05 biennium. The recommended budget also includes non-permanent accounting, support, and public information positions for the PCSRF program.

The recommended budget also includes an increase in funding for the Independent Multidisciplinary Science Team and the Lower Columbia River Estuary Program.

### Revenue

The 2005-07 budget is supported by Lottery Funds, Other Funds, and Federal Funds. Lottery Funds come from the constitutional dedication in the Parks and Natural Resources Fund for fish and watershed restoration. Other Fund revenues come from a surcharge on salmon license plates, interest, and other charges for services. Federal Fund revenues are from the National Marine Fisheries Service, U.S. Department of Commerce. Oregon has received between \$10 to \$17 million a year from this source, and \$14 million may become available for Federal Fiscal Year 2005, depending on congressional action.