

Natural Resources

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	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$142,650,366	\$166,439,988	\$156,064,403
Lottery Funds	158,524,922	212,756,773	208,174,235
Other Funds	614,955,299	699,073,165	741,299,541
Federal Funds	184,968,036	222,068,508	218,184,607
Other Funds (Nonlimited)	223,271,470	273,122,125	319,924,213
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$1,324,370,093	\$1,573,460,559	\$1,643,646,999
Positions	5,403	5,468	5,435
Full-time Equivalent	4,280.81	4,385.01	4,369.82

Overview

The agencies within the Natural Resources Program Area manage Oregon’s natural resources for present and future generations while supporting a growing and sustainable economy. This program area represents about 2.3 percent of the state’s combined General Fund and Lottery Funds budgets. Natural Resource agencies provide a variety of services, including control of pollution, land use and water use, consumer protection and natural resource product promotion.

While all Natural Resource agencies work to conserve and enhance Oregon’s environment, they have diverse 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 assists forest landowners with forest stewardship, enforces Forest Practices Act

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guidelines, leads the effort to prevent and combat forest fires and works with the timber industry to assure a viable forest products sector as part of Oregon's economy. The Department of Fish and Wildlife regulates the catch of sport and commercial fishers, but also works to assure that 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 watersheds. Plan activities include developing water quality plans, conducting scientific surveys of fish health, assisting landowners and volunteer citizen groups to restore watersheds, enhancing critical habitat for fish and wildlife, and monitoring watershed health and fish population trends. The funding for these efforts comes mainly from General Fund, Lottery Funds, and Federal Funds.

Revenues to support Natural Resources agency work come mainly from fees, contracts, payments for services and grants. Current fees and fee increases are set to support basic services for which fees are charged and are not used to support unrelated programs. Proposals for new or increased fees are developed in consultation with those who pay the fees as well as other interested stakeholders. Agencies also receive federal grants and work on federal contracts.

Revenues supporting Oregon Plan for Salmon and Watersheds work are mainly dedicated Lottery Funds. A constitutional amendment in 1998 dedicated 7.5 percent of net Lottery proceeds to the plan. These revenues are restricted in how they can be spent. No more than 35 percent of these revenues can pay for operations. No less than 65 percent must pay for capital expenditures. The recommended budget includes a lower amount of operating and capital expenditures than in the 2007-09 biennium because of estimated decreases in the supply of Lottery revenue.

The constitutional amendment dedicating Lottery Funds to the Oregon Plan also dedicated 7.5 percent of net Lottery proceeds to the Oregon Parks and Recreation Department for park operations, maintenance, heritage and cultural sites, grants and land acquisitions. This dedication does not carry the same legal restrictions requiring certain percentages be spent on operations and capital work. The amendment to the constitution requires reconsideration of the Lottery Funds dedication to parks and fish and watershed restoration in 2014.

The recommended budget relies on some fund shifts to continue programs but reduce General Fund. These shifts include a change to the forest fire protection assessment, reducing the state share of the forest fire protection fund from 50 percent to 45 percent. Landowners would make up for this change by increasing their share from 50 percent to 55 percent. Also, some funding for the Food Safety Inspection program at the Department of Agriculture is shifted so that more fee revenue is used than in the past. The fee revenue comes from some existing revenue balances that resulted from fees paid by grocery stores for food safety inspections. Some Lottery Funds substitute for General Fund at the Department of Environmental Quality.

Recommended Budget

The Governor's recommended budget for this program area is \$1.6 billion total funds, which is a 4.5 percent increase from the 2007-09 Legislatively Approved Budget and a 6.9 percent increase from the 2009-11 essential budget level. The growth comes mainly from increases in expenditures supported by fishing and hunting fees, business license fees and miscellaneous other revenue. General Fund is

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\$156.0 million, which is a 6.2 percent decrease from the 2007-09 Legislatively Approved Budget and a 7.0 percent decrease from the 2009-11 essential budget level. The General Fund decrease reflects agency program reductions and the use of other revenues to substitute for General Fund. The recommended budget funds the Governor's climate change and energy initiatives and maintains current programs in a time of financial limits, identified as follows.

Climate Change

- Cap and Trade Program. The recommended budget includes resources for the Department of Environmental Quality to begin developing a design for Oregon's participation in a regional cap and trade program. Cap and trade programs establish a maximum allowable level of greenhouse gases (or other pollutants) within a region. Individual parties receive permits allowing them to produce a set amount of emissions. Those entities with low emissions may sell their unused permits to others who exceed their permit level.
- Climate change research. Oregon State University will work with others to build a water research plan and will create a climate change information clearinghouse.
- Global Warming Commission. The recommended budget includes permanent administrative support and funding for Web site development.
- Comprehensive water strategy. Most existing water resources are legally tied to a person, city or business. Climate change is expected to reduce the state's snowpack, which has been a mainstay of Oregon's water supply. Also, as the state's population has grown, demand for water has increased, and will continue to increase in the future. Industries that rely on water, such as agriculture, will need more water to sustain production and grow. The recommended budget includes funding the Water Resources Department for developing and implementing a public process to create a water supply strategy for future water needs. Resources are also added to the Department of Environmental Quality and the Water Resources Department to explore, analyze and possibly pursue water storage through pumping water back into aquifers in Eastern Oregon. These resources continue the effort established with the passage of Senate Bill 1069 (2008). Lottery revenue backed bonds will pay for water storage projects in the Umatilla Basin. Groundwater protection programs and TMDLs are maintained.

Energy

- Marine reserves. A marine reserve is an area within Oregon's territorial sea, which extends about three miles off Oregon's coastline. The area is protected from fishing and other removal activities, except for monitoring conditions. The recommended budget funds marine reserve evaluation work at the Oregon Department of Fish and Wildlife.
- Sea floor mapping and Territorial Sea Plan. The recommended budget funds the planning, public involvement and seafloor mapping necessary to update and amend Oregon's Territorial Sea Plan to address reserves and ocean energy projects.
- Climate change, energy efficiency and conservation, renewable energy. The recommended budget accelerates efforts to promote energy efficiency and conservation, and stimulate renewable energy investment by expanding tax credits for investment in energy efficiency and renewable

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energy, increasing support for the Oregon Energy Planning Council and addressing building code standards and direct assistance to low income homeowners.

The Parks and Recreation Department budget shifts funding between programs to continue core programs in tough financial times. It also includes a fee increase proposal to maintain park operations. The fee increase is intended to be modest, and to remain as affordable as possible to the public. It is the first fee increase proposed since 1996. The budget also includes the Main Street program that preserves historic downtown business districts; this program was formerly part of the Oregon Economic and Community Development Department.

Parks and Natural Resource Fund Lottery Funds are distributed among Natural Resource agencies as the law prescribes, including paying for park maintenance and construction, land acquisition, local grants, and watershed protection and improvement. Because of estimated lottery revenue decreases, expenditures have been reduced for all agencies receiving these funds, except for the Department of Environmental Quality. Federally-established timelines for the completion of Total Maximum Daily Loads (TMDL) prevented Lottery Fund reductions at the Department of Environmental Quality. A TMDL describes the maximum pollutant content that can enter the water body without violating clean water standards. Lottery Funds were increased for TMDL work to replace General Fund, which is in short supply.

Because of financial conditions, agencies will spend less on air quality planning and monitoring, and on Oregon Plan for Salmon and Watershed work. Fish monitoring, research and production will decrease, as will technical assistance and fieldwork. The Pesticide Use Reporting System is suspended. Funding to phase-out field burning is provided.

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DEPARTMENT OF AGRICULTURE

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$14,835,593	\$16,500,480	\$13,967,823
Lottery Funds	10,924,178	10,184,289	9,903,718
Other Funds	40,181,341	47,922,134	51,456,915
Federal Funds	7,357,069	6,508,259	7,101,898
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$73,298,181	\$81,115,162	\$82,430,354
Positions	513	527	504
Full-time Equivalent	364.12	375.05	357.87

Overview

The Oregon Department of Agriculture (ODA) works to ensure food safety, provide consumer protection, protect agricultural natural resources and promote economic development in the agricultural industry. The department's budget includes four policy areas:

- The Administration and Support policy area manages the policy direction of the agency through the Director's Office, provides information and publication services, farm mediation, manages finances, develops and maintains the department's computer system, and manages personnel, purchasing, buildings and automobiles.
- The Food Safety policy area 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 policy area 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 protect water quality to assist in the restoration of salmon/steelhead runs and watersheds.
- The Agricultural Development and Marketing policy area staff work to foster a sustainable Oregon economy in a global marketplace through product and market development of high value and value-added food and agricultural products. Commodity Inspection Division staff provide sampling, inspection, and verification services that promote the economic development of Oregon's agriculture industry and promote the movement of Oregon's agricultural products throughout the world.

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Recommended Budget

The recommended budget of \$82.4 million total funds is about a two percent increase from the 2007-09 Legislatively Approved Budget.

The budget continues all core services. It adds resources to monitor fertilizer products, including product registration, marketplace investigations, sampling and reporting. It includes funding to replace obsolete and old laboratory equipment. This equipment is needed to provide food safety testing in the areas of dairy, food and shellfish and the department enforcement program (pesticides, fertilizer, Confined Animals Feeding Operations) areas, seed testing and import and export work.

The budget reduces the Food Safety Policy Area's General Fund budget from the 2007-09 biennium by almost 37 percent due to General Fund constraints. It funds most of these General Fund reductions with revenues from existing license fees paid by a variety of wholesale and retail businesses. It does not include any increase in these license fees. The budget eliminates funding for the Pesticide Use Reporting System program due to General Fund constraints. It reduces the Livestock Identification Program to levels supported by available fee revenue.

The budget includes \$9.9 million Lottery Funds to support the Oregon Plan, weed control, and soil and water activities.

Revenue

The agency is funded by a combination of General Fund, Lottery Funds, Other Funds and Federal Funds. The recommended budget reduces the General Fund by over 15 percent from the 2007-09 biennium. Lottery Funds, which come from the Measure 66 operations portion of the Parks and Natural Resources Fund, are reduced by about three percent due to revenue constraints. Other Funds is the largest revenue component, supplying over 62 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 in the Livestock Identification Program, Nursery Program and the Christmas Tree program. About nine percent of the agency's budget is funded with federal dollars received from the U.S. Department of Agriculture and other federal agencies

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COLUMBIA RIVER GORGE COMMISSION

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$852,939	\$1,077,770	\$1,179,356
Lottery Funds	0	0	0
Other Funds	0	0	73,030
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$852,939	\$1,077,770	\$1,252,386
Positions	0	0	0
Full-time Equivalent	0.00	0.00	0.00

Overview

The Columbia River Gorge Commission is charged with protecting scenic, cultural, recreational and natural resources while encouraging compatible growth and economic development within the Scenic Area. 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 \$1.2 million General Fund and \$73,030 Other Funds (\$1.3 million total funds) is 4.4 percent higher than the 2007-09 Legislatively Approved Budget. The budget maintains current levels of services and restores one position eliminated several biennia ago. This position will be responsible for increased public outreach, Web site management and coordination with government entities.

The commission's staff members are administered by the Washington personnel system. 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 states. The Governor's recommended budget includes only Oregon's half of the commission's operating expenses and expenses relating to Oregon's commission members.

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Revenue

The commission's budget officially resides in the state of Washington. The Oregon budget reflects payments to Washington state from the General Fund. The recommended budget includes an increase of \$73,030 Other Funds, which is expected to be generated through grants.

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DEPARTMENT OF ENERGY

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$0	\$3,100,000	\$0
Lottery Funds	0	0	0
Other Funds	16,989,048	20,367,679	30,352,738
Federal Funds	3,781,133	5,529,281	6,053,604
Other Funds (Nonlimited)	82,101,876	158,006,507	178,966,815
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$102,872,057	\$187,003,467	\$215,373,157
Positions	89	89	119
Full-time Equivalent	86.73	88.50	117.00

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 accomplishes this mission by:

- Encouraging individuals and businesses to invest in energy conservation.
- Promoting the development of new, environmentally friendly energy resources and technologies that are cleaner than conventional resources and that have the potential to provide economic development opportunities.
- Protecting Oregonians from nuclear wastes.
- Ensuring that new energy facilities are in safe and environmentally sound locations.

The energy conservation and renewable energy programs provide information to consumers, demonstrate new energy-saving technologies and offer a variety of programs encouraging Oregonians to conserve energy. These programs include tax credits to businesses for investing in energy conservation, recycling, renewable energy resources and less-polluting transportation fuels, and to residents for making residences more energy efficient. The energy loan program promotes energy conservation and the development of renewable energy resources by offering low-interest energy project loans.

The energy facility siting program works with the Energy Facility Siting Council to site energy facilities in a manner to ensure that Oregonians have an adequate supply of energy while protecting Oregon's environment and public safety. The nuclear safety program is responsible for technical review of the Hanford cleanup, assessing the potential impacts on Oregon and the Columbia River and informing the

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public about Hanford, the safe transport of radioactive material through Oregon, and emergency preparedness for a nuclear accident.

Recommended Budget

The Governor's recommended budget for the Department of Energy is \$215.4 million total funds. This is a 15.2 percent increase from the 2007-09 Legislatively Approved Budget. Over half of the growth is associated with an expected increase in loans from the State Energy Loan Program as a result of changes being proposed in legislation. The remaining increase is mostly associated with staff growth and the increase in rent costs associated with an expansion of the Energy Department building to accommodate staff.

Thirty total positions are added in the recommended budget to address the growth to the agency's workload related to the Business Energy Tax Credit program, increased interest in renewable energy projects, increased utility siting activities and to implement provisions of the Climate Change Initiative. Eighteen of the positions are added to help the department meet the increasing workloads associated with current programs and to add stability to the department's workforce. Twelve of the positions are added to address workload associated with the Climate Change Initiative, three of which relate to the development of emission performance standards and cap and trade provisions of the Climate Change Initiative.

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, tax credit application fees and contracts primarily for emergency response planning, energy conservation achievement, energy education programs and hazardous waste cleanup. The largest source of Other Funds (Nonlimited) 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.

In the 2007-09 biennium, the agency received \$3.1 million General Fund to assist the Oregon Museum of Science and Industry (OMSI) in payment of a loan. This was one-time, and does not continue in the 2009-11 biennium.

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DEPARTMENT OF ENVIRONMENTAL QUALITY

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$23,091,569	\$37,856,722	\$38,511,854
Lottery Funds	3,799,400	5,019,593	6,056,344
Other Funds	108,485,888	125,953,847	145,639,805
Federal Funds	35,360,617	30,656,615	31,199,678
Other Funds (Nonlimited)	132,621,178	98,513,167	124,354,948
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$303,358,652	\$297,999,944	\$345,762,629
Positions	804	826	838
Full-time Equivalent	773.89	797.31	807.28

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 \$345.8 million total funds. This is a 16.0 percent increase from the 2007-09 Legislatively Approved Budget. The recommended budget includes funding for analysis of aquifer recharge projects in the Umatilla basin; this investment complements the funding provided to the Water Resources Department.

The recommended budget funds the start of a cap and trade program for greenhouse gas emissions; the goal is to reduce emissions. It also adds resources to begin phasing out field burning in the Willamette Valley. The budget maintains the vehicle inspection program through a fee increase. New air toxic standards are funded. The Department of Transportation provides funding for assistance in planning roads to reduce greenhouse gases and pollution.

The water quality program will continue to implement the persistent pollutants (toxic substances) program. Water quality certification under federal section 401 continues and is enhanced to increase coordination among intergovernmental programs and make the program more efficient. Coastal beach monitoring work and drinking water protection are continued in partnership with the Department of Human Services. The recommended budget maintains the onsite septic system program.

The electronics recycling program will continue, and a similar effort to decrease solid waste is funded through the product stewardship for waste products program. Both programs seek to involve manufacturers in the disposal of their goods.

Information technology efforts for administering the department continue. The Clean Water State Revolving Fund continues, along with the payment of debt service for the bonds that fund this program.

Because of revenue constraints, the grants to reduce diesel emissions are reduced. Local government assistance to monitor fine grade air particulates, technical assistance to small businesses, air quality planning, ozone monitoring, and air toxics monitoring will be more limited. Funding to the Lane Regional Air Pollution Authority is reduced. Biomonitoring that supports the Oregon Plan for Salmon and Watersheds is decreased.

Revenue

Over 40 different fees support the department's activities, along with General Fund, Lottery Funds and Federal Funds. Fees are charged for the three major programs: Air, Water and Land Quality. It also depends on legislative bills that would increase fees for dredge/fill activities that fall under section 401 of the federal Clean Water Act, for the cap and trade greenhouse gas emission program, and Air Contaminant Discharge Permits paid by industrial emitters. Federal Funds are expected to remain flat. Lottery Funds increase because of a fund shift for some Total Maximum Daily Load work; this shift saves General Fund.

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DEPARTMENT OF FISH AND WILDLIFE

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$10,993,233	\$15,499,228	\$15,434,670
Lottery Funds	5,719,505	11,761,024	10,494,749
Other Funds	116,757,237	127,722,216	144,262,732
Federal Funds	79,664,474	99,408,294	93,386,557
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$213,134,449	\$254,390,762	\$263,578,708
Positions	1,401	1,354	1,350
Full-time Equivalent	1,160.74	1,147.90	1,152.52

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 three major programs:

- **Fish Division:** This division manages and enhances fish habitat, production and use. The program is divided among 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 conduct hunter surveys. 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 \$263.6 million total funds. This is a 3.6 percent increase from the 2007-09 Legislatively Approved Budget.

The budget for fish programs funds a variety of efforts, including evaluating proposed marine reserve sites. The department's ability to review the impact of wave energy generation on fish and the marine environment will increase. Implementation of the Oregon Conservation Strategy will begin. Fish screening, conservation, and recovery projects will continue around the state, including projects in the John Day and North Umpqua watersheds. The department will lead implementation of the Klamath Basin restoration agreement. Recreational and commercial fishing management will receive a boost with the addition of positions and funding.

The budget for wildlife programs includes funding for improving game habitat and recreational hunting enhancements. The Oregon Department of Transportation permitting work continues, as does habitat mitigation funding from the Bonneville Power Administration. Other habitat projects include the upper Columbia River basin through Pacific Gas Transmission mitigation funds. Access and habitat funding continues.

Oregon State Police enforcement will receive more fee funding from the department to support additional Fish and Wildlife Officer positions and enhancements to help State Police in its efforts to preserve fish and wildlife. The recommended budget continues work on a 25-year fishing improvement plan.

The recommended budget continues to fund the Western Oregon Stream Restoration Project and the Coastal Monitoring program with Lottery Funds, although at a reduced level because of revenue shortfalls. It also continues funding for a study of hatchery and wild fish impacts, and work in the lower Columbia River estuary.

Reductions resulting from revenue shortfalls include curtailing Oregon Plan for Salmon and Watershed activities, less North Coast Watershed Council and Endangered Species Act coordination, lower levels of salmon and steelhead monitoring, fewer fish screens, less groundfish stock work, less hatchery-raised fish marking, limited maintenance of hatchery buildings and infrastructure and less land improvement work to promote landowners allowing hunters on private land. Butte Creek hatchery will remain closed throughout the biennium; this hatchery is currently closed because of disease issues. The department's contract with Oregon State University for groundfish work is also reduced.

Revenue

The 2009-11 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: hunting and fish licenses and tags, overhead

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charges on federal contract work and miscellaneous sources such as agreements with non-federal agencies, fines, and forfeitures from game law violations, and donations. The recommended budget includes more revenue from fees, based on a proposal to increase fees. The fee increase proposal will allow for program enhancements hunters and fishers have requested, and will provide the basis for operating the department's core programs after 2011. Funding for marine reserves evaluation comes from a combination of donations and balances remaining from the New Carissa shipwreck lawsuit settlement. Wave energy review work will be partly funded by the New Carissa remaining balance as well. Removal of the New Carissa carcass from the beach near Coos Bay costed less than the legal settlement provided, leaving about \$2.8 million at the Department of State Lands to fund marine-related packages in this agency, State Lands, and the Department of Land Conservation and Development.

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.

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STATE FORESTRY DEPARTMENT

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$52,819,882	\$40,058,848	\$37,337,506
Lottery Funds	0	0	0
Other Funds	192,407,822	190,304,955	200,388,082
Federal Funds	15,163,791	26,483,943	30,986,689
Other Funds (Nonlimited)	6,254,514	15,000,000	15,000,000
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$266,646,009	\$271,847,746	\$283,712,277
Positions	1,292	1,311	1,247
Full-time Equivalent	909.15	920.96	873.23

Overview

The State Forestry Department works to protect, manage and promote stewardship of Oregon's forests to enhance environmental, economic and community sustainability. The agency provides forest fire protection services; provides forest management and conservation technical assistance to landowners and communities; develops plans for habitat conservation, forest health, and timber production on state forestland; provides high quality seedlings for reforestation; and works with partners on practical solutions to issues like salmon habitat restoration and encroaching urbanization of wild land areas.

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 45 percent General Fund and 55 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 equalize fire-fighting costs 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 780,000 acres of land. The Board of Forestry owns about 660,000 of these acres. The Common School Fund (CSF) owns

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the remaining 120,000 acres, but the department manages the CSF land as well. The program also 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 Urban Forestry program helps cities reap the economic, ecological, and social benefits of tree planting and management. The 1993 Oregon Legislature passed a bill directing the department to assist cities to manage the trees within their urban growth boundaries.

The Private 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. The program administers the Oregon Forest Practices Act, provides technical and financial assistance to forest landowners, provides insect and disease surveys and technical assistance statewide, and conducts effectiveness and compliance monitoring. The Forest Practices Act authorizes the Board of Forestry to develop comprehensive administrative rules that encourage economically efficient forest practices on privately owned land, while encouraging resource protection.

The Facilities Maintenance and Development program maintains the 390 structures owned by the department throughout the state. 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 is \$283.7 million total funds. This is a four percent increase from the 2007-09 Legislatively Approved Budget. The budget continues all existing agency programs.

In the Protection from Fire program, the budget maintains funding at current operating levels for fire protection activities on public and private lands. Due to General Fund constraints, the budget shifts about \$3 million of General Fund costs to be paid with increased landowner assessments and funds from the State Forestry Development Account. The budget adds four positions for various monitoring functions.

In the State Forest Lands program, the budget funds a portion of the Common School Fund's share of the agency administration costs with funds from the State Forestry Development Account. The budget adds six positions to implement new forest management plans at the Elliott, Clatsop and Tillamook State Forests.

The Private Forests program General Fund budget is reduced 32 percent compared to the 2007-09 biennium. The reduction will require significant restructuring of the program. The budget allows the agency to spend federal dollars it receives for elimination of the Sudden Oak Death disease.

Revenue

General Fund, Other Funds and Federal Funds support this budget. Other Fund revenue sources include the harvest tax, landowner assessments and sale of timber on forestlands managed by the department. The agency receives Federal Funds for a variety of fire program activities, and for rule effectiveness monitoring projects, forest insect and disease activities and for landowner assistance in the Private Forests and Urban Forests programs.

Natural Resources

The budget changes the split between General Fund and landowner assessments for basic fire protection from the current split of 50 percent General Fund and 50 percent landowner assessments to 45 percent General Fund and 55 percent landowner assessment. The budget also replaces some General Fund costs in the Fire Protection program with State Forestry Development Account dollars (revenues from timber sales in state forestlands).

Natural Resources

DEPARTMENT OF GEOLOGY AND MINERAL INDUSTRIES

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$3,515,026	\$3,324,704	\$3,477,178
Lottery Funds	0	1,500,000	0
Other Funds	3,328,411	4,904,378	7,460,944
Federal Funds	1,377,697	1,915,348	2,045,936
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$8,221,134	\$11,644,430	\$12,984,058
Positions	43	38	39
Full-time Equivalent	39.71	36.20	36.37

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 and energy assets and geological hazards. The agency shares the information with state and local leaders. It uses the data for land use decisions, building sitings and code revisions, emergency planning and emergency response.

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 \$13.0 million total funds. This is about a 12 percent increase compared with the 2007-09 Legislatively Approved Budget. The recommended budget continues existing programs, including Light Detection and Ranging (LIDAR) data collection. It also adds resources for workload resulting from increased interest in geothermal energy. The recommended budget adjusts expenditures so DOGAMI can contract for business services expertise without increasing the total budget. The contract is intended to help DOGAMI after the loss of long-term business staff.

Natural Resources

The main focus of the recommended budget is continuing the LIDAR data collection started in the 2007-09 biennium. LIDAR is a technique that uses light (laser) pulses emitted from aircraft; the pulses bounce back and are recorded by equipment aboard the aircraft. When used with Geographic Positioning System information, LIDAR can produce maps far more accurate than historically available. The U.S. Geological Survey no longer supports the older digital mapping techniques, so obtaining current maps for public safety and economic development purposes requires using this newer mapping technique. With LIDAR, it is possible to use software and technical expertise for different views of territory, including the ability to strip vegetation, buildings and roads to reveal the terrain beneath.

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 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. Funding for the LIDAR initiative comes from anticipated agreements with state, county and municipal governments. The recommended budget includes a fee increase for geothermal activities. DOGAMI received Lottery Funds for LIDAR data collection previously, but these funds are too limited to be used again.

Natural Resources

DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$13,786,288	\$20,794,123	\$19,735,869
Lottery Funds	0	0	0
Other Funds	759,582	798,687	1,146,814
Federal Funds	5,370,272	6,363,069	6,808,291
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$19,916,142	\$27,955,879	\$27,690,974
Positions	78	97	90
Full-time Equivalent	69.63	85.54	79.68

Overview

The Department of Land Conservation and Development (DLCD) works to guide land use policy to:

- Foster livable, sustainable development in urban and rural communities.
- Protect farm and forest lands and other natural resources.
- Conserve coastal and ocean resources.
- Improve the well-being and prosperity of citizens, businesses and communities throughout Oregon including safeguarding people and property from natural hazards.

The department's mission is to support all of its partners in creating and implementing comprehensive plans that reflect and balance the statewide planning goals, the vision of citizens, and the interests of local, state, federal and tribal governments.

Recommended Budget

The recommended budget for the DLCD is \$27.7 million total funds. This is about a one percent decrease from the 2007-09 Legislatively Approved Budget.

The General Fund decreases by five percent. The decrease is mainly due to lower legal costs for handling Measure 49 claims. Also, the Measure 49 claim budget was reduced because of General Fund constraints. Funding for the Oregon Task Force on Land Use Planning (commonly referred to as the Big Look Task Force), is phased-out of the budget because the Task Force's work will be completed within the current biennium.

Natural Resources

Other Funds increase by nearly 44 percent. The increase is because the budget provides the agency with funds from the New Carissa case settlement to fulfill the Governor's executive order to prepare a state ocean wave energy plan.

Federal Funds increase by about seven percent. These funds mainly support coastal planning work and cannot be used for other kinds of planning. The recommended budget allows the agency to receive and expend federal Flood Hazard Map Modernization funds to carry out the Flood Hazard Map Modernization Initiative. The agency, in its capacity as Oregon's floodplain management agency, and the Federal Emergency Management Agency (FEMA), currently work in partnership to provide flood-hazard information to local governments to support land use and development decisions.

The budget eliminates 10 positions related to Measure 49 claims work and the Oregon Task Force on Land Use Planning. It continues two positions to carry out the Flood Hazard Map Modernization Initiative. It adds one position to work on the preparation of the state ocean wave energy plan

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. The budget provides funds from the New Carissa case settlement for preparation of the state ocean wave energy plan. Federal Funds come from FEMA 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

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$1,315,100	\$1,403,105	\$1,599,580
Lottery Funds	0	0	0
Other Funds	62,644	75,066	81,546
Federal Funds	0	0	0
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$1,377,744	\$1,478,171	\$1,681,126
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 recommended budget for LUBA is \$1.7 million total funds. This is about a 13.7 percent increase over the 2007-09 Legislatively Approved Budget. The recommended budget maintains the board's current level of operations.

Natural Resources

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.

Natural Resources

DEPARTMENT OF STATE LANDS

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$186,656	\$221,481	\$244,741
Lottery Funds	0	0	0
Other Funds	16,567,751	39,780,805	26,106,953
Federal Funds	2,227,353	4,789,715	3,620,990
Other Funds (Nonlimited)	772,445	1,602,450	1,602,450
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$19,754,205	\$46,394,451	\$31,575,134
Positions	104	111	119
Full-time Equivalent	96.11	108.75	114.46

Overview

The Department of State Lands (DSL) 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 \$770 million at one point in October 2008. 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 dedicated 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 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

Recommended Budget

The Governor's recommended budget is \$31.6 million total funds. The budget also includes a \$39.0 million revenue transfer to the Department of Education for distribution to schools, which is nearly a 64 percent decrease from the 2007-09 Legislatively Approved Budget. Market volatility in late 2008 reduced the fund value. The same market conditions make it difficult to predict how well the Common School Fund might perform during the 2007-09 biennium. Economic conditions and market uncertainty resulted in a lower distribution to schools in the 2009-11 biennium.

The recommended budget continues investing in oversight of waterway leases, management of rangeland and meeting demand for increasing wetlands. The budget maintains basic support for NHAC, and continues current programs at South Slough. It adds positions to increase asset management, boosting earnings for the Common School Fund. South Slough receives more ranger aides to meet seasonal demand from visitors. One position continues to participate on the economic revitalization team.

The recommended budget also includes funding to begin mapping of the sea floor along Oregon's coastline. The territorial sea floor has attracted attention for possible new uses, such as natural gas pipelines, wave energy generators, as well as protecting and enhancing fisheries.

Revenue

General Fund supports NHAC and a 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 support the South Slough and the Environmental Protection Agency provides some support for wetland projects.

The recommended budget uses the balance remaining on a court settlement resulting from the New Carissa shipwreck. The ship's carcass has been removed from the beach near Coos Bay at a cost less than the amount set aside for the removal project. The remaining balance will pay for the territorial sea mapping project at DSL, marine reserve site evaluation and wave energy work at the Oregon Department of Fish and Wildlife, and preparation of an ocean wave energy plan at the Department of Land Conservation and Development.

Natural Resources

MARINE BOARD

	2005-07 Actuals	2007-09 Legislatively Approved	2009-11 Governor's Recommended
General Fund	\$0	\$0	\$0
Lottery Funds	0	0	0
Other Funds	22,453,222	25,236,866	25,949,147
Federal Funds	4,880,114	8,583,133	6,940,466
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$27,333,336	\$33,819,999	\$32,889,613
Positions	40	40	40
Full-time Equivalent	39.00	39.00	39.00

Overview

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

- Titling and registering over 184,000 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 \$32.9 million total funds. This is a 2.8 percent decrease from the 2007-09 Legislatively Approved Budget. The decrease results from phasing-out one-time federal project funding.

The recommended budget maintains services, including boating safety education, technical advice and information to reduce environmental impacts of marina operations and boating, and public recognition of marinas that comply with state and federal requirements voluntarily. It also continues payments to counties for law enforcement work. The budget provides resources for statewide facility improvements, including ramps, docks, restrooms, parking and other related facilities.

Natural Resources

Revenue

The board has three major revenue sources. First, motorboat fuel taxes provide 34 percent of the agency's 2009-11 biennium budget revenues. 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 \$11.0 million from this source. The actual transfer will be made on the results of the latest survey, which was completed in 2006.

The second revenue source is registration and title fees. These fees account for 37 percent of revenues. Fee revenues plus miscellaneous sales and fine receipts are estimated at \$12.6 million for 2009-11.

Federal Funds make up the board's third major source of revenue, around 26 percent of 2009-11 biennium budget revenues. The Clean Vessel Act provides money to develop sewage dump stations for boats. The Coast Guard's Recreational Boating Safety program pays for on-water law enforcement activities. The agency expects to have \$6.9 million in Federal Funds during the 2009-11 biennium.

Natural Resources

PARKS AND RECREATION DEPARTMENT

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$0	\$0	\$0
Lottery Funds	87,520,218	99,626,808	101,321,409
Other Funds	92,163,590	106,890,569	96,079,341
Federal Funds	7,363,360	8,706,180	8,636,678
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$187,047,168	\$215,223,557	\$206,037,428
Positions	866	888	891
Full-time Equivalent	571.22	602.20	608.49

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 235 parks or recreational properties and over 99,400 acres of land.

The department also manages recreational and heritage programs, including All-terrain vehicle grants, ocean shores protection, scenic waterways, the Willamette Greenway, recreational trails and historic preservation. In addition, Parks houses the Oregon Heritage Commission.

During the 2005-07 biennium, the department started operating the annual State Fair, managing the State Fairgrounds and directing exposition center activities. In the 2007-09 biennium, it began managing the Oregon State Capitol Mall Park in front of the State Capitol building in Salem.

Recommended Budget

The Governor's recommended budget for the Parks and Recreation Department is \$206.0 million total funds. This is a 4.3 percent decrease from the 2007-09 Legislatively Approved Budget. Over the years, the department's costs have increased while its longstanding funding source, park user fees, has remained flat. Costs have increased as the department has opened new parks and taken on new responsibilities, like the State Fair and the Capitol Mall Park in Salem. Inflation and labor cost increases have also increased the expenditures. Lottery Funds have helped, but recent budgets have focused those funds on land acquisition and grants.

To cover basic park operations costs, the recommended budget shifts Lottery Funds from acquisitions, grants and maintenance to basic parks department functions. It also proposes a park user fee increase. These proposals allow the department to maintain park operations to meet public demand. Although the

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land acquisition and grant programs are reduced, they will have more funding than during the first half of this decade.

Other than maintaining core operations, the Governor's recommended budget continues work on the Ocean Shore Management Plan, the Habitat Conservation Plan for Western Snowy Plover, the Rocky Shores Plan and the Ocean Policy Advisory Council. It provides additional grant funding for All-terrain vehicle safety education and outreach.

The Governor's budget also includes funding for the Main Street Program, which is an initiative to preserve historical downtown business districts. The Main Street Program was part of the Oregon Economic and Community Development Department. That department is being reorganized, so the Main Street Program is shifted to the Parks and Recreation Department. The State Fair is funded at the current level of service.

Revenue

The budget is funded with Lottery revenues from the constitutionally dedicated Parks and Natural Resources Fund. For the first time, Lottery revenue forecasts predict a decrease in resources. This change has reduced the department's ability to absorb new programs and rising costs without increasing park user fees, which are its major source of Other Fund revenues. The fee increase is intended to be modest, and to remain as affordable as possible to the public.

Additional sources of Other Fund revenues are All-terrain vehicle permits and un-refunded 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. The State Fair generates operating revenues from the annual fair and exposition event activities. Federal Fund revenues support the Historic Preservation Act and various grants. These federal revenues have declined and are not expected to increase during the 2009-11 biennium.

Natural Resources

WATER RESOURCES DEPARTMENT

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$21,254,080	\$26,603,527	\$24,575,826
Lottery Funds	0	0	324,354
Other Funds	4,045,553	7,021,101	10,164,776
Federal Funds	551,585	1,176,003	1,197,639
Other Funds (Nonlimited)	1,521,457	1	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$27,372,675	\$34,800,632	\$36,262,595
Positions	140	151	158
Full-time Equivalent	138.13	147.60	143.92

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.
- Adjudicates 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.

Recommended Budget

The Governor's recommended budget is \$36.3 million total funds. This is a 4.2 percent increase from the 2007-09 Legislatively Approved Budget. The budget invests in developing a statewide comprehensive water strategy, which includes creating a public process for identifying future water needs. It continues local community water conservation and supply planning. Also, water supply efforts in the Umatilla basin will continue, using the proceeds of Lottery revenue bonds to fund projects in the area.

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The recommended budget also includes continuation of water master services in Eastern Oregon, paid for by Deschutes, Jefferson, Crook and Klamath Counties. Water level gauging in the Malheur, Burnt, Powder, Wallowa and Lostine River basins continues. An additional position will help process water right transfer applications through the department's reimbursement authority program, which allows applicants to pay for expedited service. Efforts to improve groundwater registration processing will continue. The Klamath Basin water rights adjudications process will also continue.

Reductions resulting from revenue constraints will limit Oregon Plan for Salmon and Watersheds work, shift technical field work from the Northwest region to other departmental regions, and will slow municipal and irrigation water management assistance. Legal assistance from the Department of Justice will be modestly reduced.

Revenue

General Fund supports 67.8 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. The agency also receives federal grants for specific projects and for federally directed projects.

The recommended budget also includes two types of Lottery Funds. First, the Umatilla water supply projects will require the sale of bonds, and non-dedicated Lottery Funds will cover the debt service for those bonds. Second, dedicated Lottery Funds from the Parks and Natural Resources Fund (Measure 66) will pay for real-time water measurement devices. The Parks and Natural Resources Fund dollars will come from the portion of the fund dedicated to capital expenditures, and will be transferred from the Oregon Watershed Enhancement Board.

Natural Resources

OREGON WATERSHED ENHANCEMENT BOARD

	2005-07 Actuals	2007-09 Leg Approved Budget	2009-11 Governor's Recommended
General Fund	\$0	\$0	\$0
Lottery Funds	50,561,621	84,665,059	80,073,661
Other Funds	753,210	2,094,862	2,136,718
Federal Funds	21,870,571	21,948,668	20,206,181
Other Funds (Nonlimited)	0	0	0
Federal Funds (Nonlimited)	0	0	0
Total Funds	\$73,185,402	\$108,708,589	\$102,416,560
Positions	27	30	34
Full-time Equivalent	26.38	30.00	34.00

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 dedicated Lottery revenues.

Recommended Budget

The Governor's recommended budget is \$102.4 million total funds. This is a 5.8 percent decrease from the 2007-09 Legislatively Approved Budget. The decrease results from projected decreases in Lottery Funds and Federal Funds.

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, including grant oversight, tracking and payments, data management, communications coordination, and federal performance review which is required by the federal government. Watershed Council Support is maintained at the current level of service, as is support for Soil and Water Conservation Districts. Non-capital grants are funded with a combination of Lottery Funds and Federal Funds.

The budget provides for a few enhancements, including positions to support the agency's partnership grant program. This program reserves a portion of capital grant funds for large or regional projects and a new Oregon Plan communications coordinator to increase public awareness of the plan.

Natural Resources

Capital grant funding reflects lower capital Lottery Fund revenue projections and the use of beginning balances and interest earnings.

Revenue

The 2009-11 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 (PCSRF) revenues are from the National Marine Fisheries Service, U.S. Department of Commerce. The budget assumes \$15.0 million of new PCSRF dollars will become available in the 2009-11 biennium. The budget uses some of the PCSRF for non-capital grant expenditures.