

Oregon Parks and Recreation Commission

July 15, 2010

Agenda Item: 6a

Information

Topic: 2009-11 Biennium Budget Update

Presented by: Lisa Van Laanen

Background:

The June 2010 state revenue forecast was released May 25, 2010. It reflected an increase in Lottery Fund revenue for the Department of \$422,381. Since the close of the legislative session, the Lottery Fund revenue forecast has decreased by \$4,481,749. The Department's budget was built based on a Lottery Fund revenue forecast of \$85.3 million and the current forecast is \$80.8 million.

In addition, the Department continues to see lower than budgeted interest income on Lottery Funds this biennium. Interest rates continue to be very low resulting in a further decline in the interest income projected for the 2009-11 biennium. The two tables below show the change in Lottery Fund forecast so far this biennium and the actions taken by the Department to mitigate the lower revenue forecast.

Since the Lottery forecast did not decline further, no additional reductions are being made to agency budgets at the current time. The surplus noted at the bottom of the second chart will be maintained as a buffer against future declines in the Lottery forecast. The Department will continue to monitor this funding source as new forecasts become available from the Department of Administrative Services.

Lottery Forecast History (2009-11 Biennium): OPRD's Share of PNRF		
	2009-11	
Forecast Date	Forecast	Change from Prior Forecast
Close of Session (COS)	\$85,280,132	
September 2009	\$82,106,362	(\$3,173,770)
December 2009	\$81,091,345	(\$1,015,017)
March 2010	\$80,376,002	(\$715,343)
June 2010	\$80,798,383	\$422,381
Total Cumulative Change		(\$4,481,749)

Summary of Lottery Fund changes so far for 2009-11 from LAB:	
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Additional Carryover (over amount planned in Budget)	4,915,557
Change in Lottery Fund forecast	(4,481,751)
Decline in LF interest projection	(658,146)
Reductions already implemented to budgets	836,117
Current surplus LF	611,777

At the Legislative Emergency Board meeting May 25 - 26, 2010, the Emergency Board approved the following requests by the Department:

1. Increased federal limitation for the Heritage program (\$616,769)
2. Increased federal limitation for the NOAA grant for Sodom Dam (\$350,000)
3. Other fund limitation for the Acquisition program for a property grant from ODOT (\$120,000)
4. Request retro active permission to apply for a "Saving America's Treasures" grant for Ft Yamhill.

The chart below shows the 2009-11 Legislatively Approved Budget:

Administration	25,754,637
Heritage	5,783,546
Grants	27,105,058
Acquisitions	6,314,963
Operations/Rec Prog	88,183,947
Facility Investment	27,821,954
OR Expo Center	6,055,162
Debt Service	4,093,009
	201,112,276

As noted above, the state revenue forecast was released May 25, 2010. While Lottery Funds were up, the state General Fund was down considerably. State agencies that receive General Fund were asked to submit 9% budget reductions to the Governor. OPRD was not asked to submit reduction options. At this time, OPRD management service staff will continue to have a pay freeze until the end of the biennium like all management service employees statewide.

Prior Action by Commission: None

Action Requested: None

Prepared by: Tanya Crane

Oregon Parks and Recreation Commission

July 15, 2010

Agenda Item: 6b

Action

Topic: 2011-13 Agency Request Budget

Presented by: Lisa Van Laanen

Background:

The Department has created its 2011-13 Agency Request Budget. This work included projecting revenue sources for the biennium, calculating the current service level budget, determining any needed policy packages, and determining necessary reserves for cash flow and possible employee compensation plan changes.

Revenue Discussion: Below is a chart that shows the Department's projected Beginning Cash Balances and projected Revenues. Lottery Fund revenues are based on the June 2010 statewide revenue forecast of \$87 million. Other Fund revenues total \$110.9 million with Park User Fees providing \$43.7 million before the fee increase that should bring in an additional \$1.2 million. Federal Fund revenues are projected to be \$14.1 million.

Beginning Balances:

Oregon Expo Center	1,752,929
OR Prop Mgmt Account	522,718
ATV Funds	6,285,458
Trust/Sink Funds	8,346,858
Local Govt Grants	3,236,870
Cash Flow	9,000,000
Cottonwood Carryover	500,000
Undedicated	2,959,747
Total	32,604,580

Revenues

Non Business License and Fees	2,300,610
Park User Fees	44,883,743
Charges for Services	10,013,340
Rents and Royalties	2,217,703
Interest Income	1,097,241
Sales Income	2,600,000
Other Revenue	6,792,861
Federal	14,148,078
From DAS	87,009,336
From Econ/Comm Develop	257,000
From Marine Board	708,613
From ODOT	52,283,125
Transfer to Counties	(10,354,452)
Transfer to Forestry	(1,120,732)
Transfer to ODOT	(703,771)
Total	212,132,695

Expenditure Discussion: The Department's base budget is \$210.1 million including increases in Personal Service costs. Allowable inflation rates and State Government Services Charges increases add \$2.5 million to the budget; however, phasing out limitation associated with one time expenditures reduces the budget by \$9.4 million creating a Current Service Level (CSL) budget of \$203.2 million. Policy packages costing \$7.5 million bring the total budget request to \$210.7 million.

Below are charts that show the Department's policy packages and the Department's expenditure limitation by Summary Cross Reference (SCR). The Legislature will approve the Department's budget at the SCR level.

Policy Packages:

Pkg 070 Cut Park Lottery	(4,837,142)
Pkg 101 Restore Park funds	4,396,712
Pkg 102 Fee Increase	440,430
Pkg 103 Boost IT	348,000
Pkg 104 Natural Heritage	134,000
Pkg 105 New Parks	228,000
Pkg 106 Main Street	107,000
Pkg 107 LWCF Compliance	297,000
Pkg 108 Restore Heceta Head	1,158,000
Pkg 109 ODOT SHPO	181,000
Pkg 110 LWCF, CLG and RTP	3,970,368
Pkg 111 Park Business Accounts	600,000
Pkg 112 OEC Event profits	0
Pkg 113 Financial Restructure	0
Pkg 114 Cottonwood FIP	500,000
Total	7,523,368

Budget By SCR: (incl pkgs)

Director's Office	4,076,954
Central Services	30,573,718
Park Development	31,486,340
Direct Services	93,648,574
Community Support and Grants	34,327,690
Oregon Exposition Center	16,609,190
Total	210,722,466
Property Acquisitions	4,138,190
Facilities Construct/Maintain	19,386,904
Local Government Grants	7,223,359
	30,748,453

Based on projected Beginning Balances, revenues and expenditures, the Department will continue to have an ending cash balance. The chart below shows the projected Ending Balance and the dedicated balances plus reserves.

Ending Balances:

Oregon Expo Center	1,059,383
OR Prop Mgmt Account	574,294
ATV Funds	6,471,188
Trust/Sink Funds	4,484,630
Local Govt Grants	3,207,665
Cash Flow	9,000,000
ATV forecast reserve	1,422,967
Salary/Benefit reserve	5,176,013
Acq Fund Eboard reserve	2,600,000
Undedicated	18,669
Total	34,014,809

Reduction Options:

The Department is required to submit reduction options with its 2011-13 Agency Request Budget request. Each biennium the requirement is 10% of each fund type; however, for 2011-13 biennium General Fund and Lottery agencies are required to submit 25% reduction options for those fund types. The amount of the reduction is based on the agency's Modified Current Service Level Budget expenditure limitation. Below is a chart that shows the Department's required reduction amounts.

	Lottery	Other	Federal	Total
Modified Current Service Level Budget	88,799,126	100,809,889	8,609,710	198,218,725
Required Percentage	25%	10%	10%	
Amount of Reductions to Submit	22,199,782	10,080,989	860,971	33,141,742

The Department used the following principles as guidance in creating reduction options:

- Assume the Department has the flexibility to re-balance between Lottery and non dedicated Other Funds as necessary.
- Protect or enhance user paid revenue associated with programs and services.
- Provide safe, healthy visitor experiences.
- Invest primarily in backlog projects related to health, safety, sanitation and protection of infrastructure from near term (3 to 5 years) failure or excessive damage.
- Plan not to eliminate positions even if lay offs are necessary.
- Continue to invest in Bates, Rogue and Cottonwood Canyon. In all other aspects of the Department’s operations and mission, shift toward thinking in terms of maintenance rather than growth and expansion.
- Continue investment in training and professional development of staff.
- Remove allowable inflation increases returning the expenditure limitation to the 2009-11 biennium levels.
- Restrict hiring of staff to maintain historical averages in vacancy savings.
- Reduce budget for DAS State Government Services Charges by two thirds. Plan to pay this assessment out of the Department’s ending cash balances reserved for cash flow and potential personal services increased cost.
- Remove Lottery Fund support from the operation of the Oregon Exposition Center. This action would assume that Other Fund revenues can be increased to cover cost.

The following chart reflects the reductions to each budget area:

Summary of Reductions:

Director's Office	1,102,804	13,135	0	1,115,939
Central Services	4,625,295	196,322	0	4,821,617
Park Development	8,369,600	3,728,358	714,295	12,812,253
Direct Services	1,981,929	4,317,027	47,382	6,346,338
Community Support/Grants	2,191,598	612,357	99,294	2,903,249
Oregon Expo Center	3,928,556	1,213,790	0	5,142,346
Total Reductions	22,199,782	10,080,989	860,971	33,141,742

Common reductions in all budget areas are elimination of inflation, average vacancy savings and across the board cuts necessary to reach the reduction targets.

In addition, there are specific reductions in budget areas: publications, acquisitions, trails, planning, facilities investment, small grant limitation, interpretive programs, museum and cemetery grants, local government grants, and state government service charges. Finally, there are reductions associated with staff lay offs. A summary for each budget area is depicted in Attachment 1.

Prior Action by Commission: Budget workshop held at January 2010 meeting, Status update provided at March 2010 meeting; Presented preliminary draft for conceptual approval and specific approval of new positions at the May 2010 meeting.

Action Requested: The Department requests approval of the 2011-13 Agency Request Budget for submission to DAS Budget and Management by the July 30, 2010 deadline.

Prepared by: Tanya Crane

Item 6b – Attachment 1
Budget Reductions Detailed Summary

Detailed Breakdown:	Lottery	Other	Federal	Total
Director's Office				
Remove Inflation	40,231	(173)		40,058
Average Vacancy savings	26,584	12,749		39,333
Across Board reductions	82,898	559		83,457
Reduce Public Services publications	772,000			772,000
Layoff staff	181,091			181,091
Total Reductions	1,102,804	13,135	0	1,115,939
Director's Office CSL	3,136,080	940,874		4,076,954
Reduction as a % of CSL	35.17%	1.40%		27.37%
Central Services				
Remove Inflation	(92,811)	(76,704)		(169,515)
Average Vacancy savings	146,538	64,860		211,398
Across Board reductions	853,201	99,022		952,223
Reduce DAS SGSC pymt by 2/3	3,563,758			3,563,758
Layoff staff	154,609	109,144		263,753
Total	4,625,295	196,322	0	4,821,617
Central Services CSL	24,727,644	5,502,205		30,229,849
Reduction as a % of CSL	18.70%	3.57%		15.95%
Park Development				
Remove Inflation	493,603	71,777	40,280	605,660
Average Vacancy savings	42,704	19,728		62,432
Across Board reductions	1,381,293			1,381,293
Reduce Acquisition budget	1,000,000			1,000,000
Reduce Trails budget	362,000			362,000
Reduce Planning activities	90,000	111,194		201,194
Reduce FIP	5,000,000			5,000,000
Eliminate Small grant limitation		3,525,659	674,015	4,199,674
Total	8,369,600	3,728,358	714,295	12,812,253
Park Development CSL	23,715,898	4,482,190	1,630,252	29,828,340
Reduction as a % of CSL	35.29%	83.18%	43.82%	42.95%
Direct Services				
Remove Inflation	512,223	349,723	47,382	909,328
Average Vacancy savings	118,108	746,490		864,598
Across Board reductions	1,079,721	628,070		1,707,791
Reduce Interpretive Program	195,000			195,000
Lay off Staff	76,877	266,438		343,315
Eliminate Small grant limitation		2,326,306		2,326,306
Total	1,981,929	4,317,027	47,382	6,346,338
Direct Services CSL	22,785,544	63,055,830	1,973,696	87,815,070
Reduction as a % of CSL	8.70%	6.85%	2.40%	7.23%

Community Support/Grants				
Remove Inflation	169,341	347,502	99,294	616,137
Average Vacancy savings	50,783	21,310		72,093
Across Board reductions	14,328	243,545		257,873
Reduce Museum/Cemetery Grants	175,000			175,000
Reduce Local Govt Grant Program	1,600,000			1,600,000
Lay off Staff	182,146			182,146
Total	2,191,598	612,357	99,294	2,903,249
Community Support/Grants CSL	10,505,404	14,148,156	5,005,762	29,659,322
Reduction as a % of CSL	20.86%	4.33%	1.98%	9.79%
Oregon Expo Center				
Remove Inflation	44,304	254,752		299,056
Average Vacancy savings		65,418		65,418
Across Board reductions		893,620		893,620
Remove Lottery Funds from OEC	3,884,252			3,884,252
Total	3,928,556	1,213,790	0	5,142,346
Oregon Expo Center CSL	3,928,556	12,680,634		16,609,190
Reduction as a % of CSL	100.00%	9.57%		30.96%

Note: In removing inflation, removed all except increase in Pension Obligation Bonds.

Discussion of the reductions:

Director's Office – The major reduction in this area is to publications. This will limit the Department's ability to create new or redesign brochures and to print new or existing brochures and guides. As a result, more information will be available on the Web and visitors will need to print their own information. In terms of staff lay off, the Department would consider staff associated with internal improvement.

Central Services – The major reduction in this area is to State Government Service Charges. This is an assessment from DAS that all agencies pay. The Department will be expected to pay this charge. It is expected that the Department would choose to use cash ending balances to pay this charge rather than make other reductions. In terms of staff lay offs, the Department would consider staff in IT and RNW. The across the board reduction would limit projects in IT and impact other support provided to sections across the Department.

Park Development – This area takes major reductions. Acquisitions are reduced by \$1M which would postpone the Stout and Sulak acquisitions. FIP is reduced by \$5M which will impact the number of backlog, deferred maintenance, enhancement and efficiency projects that can be completed. The trails program is reduced by one half impacting the amount of new trail work that can be completed (trails being a high demand activity). The Planning budget is reduced slowing down master planning activities and may result in staff layoffs. In addition, Other Fund small grant limitation has been eliminated and Federal Fund small grant limitation is reduced. This will result in the Department not having limitation to spend funds received from

various outside sources to assist with projects. The across the board cuts will further reduce funds available for acquisitions, projects and planning.

Direct Services – The major reduction in this area is the elimination of Other Fund small grant limitation. This will result in the Department not having limitation to spend funds received from various outside sources to assist with projects in the parks. In addition, the Interpretation budget is reduced by one half resulting in less assistance to field staff with programming in the parks. Across the board cuts will impact funds available to individual parks for operations and maintenance possibly impacting the visitor experience. With the reductions to acquisitions and new park development, staff lay offs may occur in relation to property and natural resources management.

Community Support and Grants – The major reduction in this area is to Local Government Grants. This will impact funds given out to local communities to support local parks across the state. Museum and Cemetery grants will also be reduced putting less funds out into local communities. The Heritage Program Directorate will also consider laying off a staff position. Across the board cuts will impact Heritage and ATV programs.

Oregon Exposition Center – The major adjustment in this program area is to eliminate Lottery Fund support for the operations of the Exposition Center. While this is a significant reduction, it is planned that the limitation can be replaced with Other Funds because of increased revenues earned by the Exposition Center through implementation of its business plan. The across the board cuts would reduce Other Funds available for the operation of the Exposition Center impacting its ability to continue the revenue necessary to support the operation.

Oregon Parks and Recreation Commission

July 15, 2010

Agenda Item: 6c

Information/Possible Action

Topic: Legislative Concepts

Presented by: Kyleen Stone

Background: Legislative Counsel is actively drafting proposed statutory language in response to the Legislative Concepts we submitted in April, 2010. We submitted two concepts as placeholders and are required to commit one way or the other on these placeholder concepts by July 14 (just prior to this commission meeting date.) We are moving forward with one placeholder and handling another through a different method.

Oregon Historical Society:

After consultation with the Governor's Office, we are moving forward with a final request for Legislative Counsel to draft a bill that will designate the Oregon Historical Society facilities as a state heritage site. This will continue to leave options open as the Governor's Office and others seek potential long-term solutions to the operation of the Oregon Historical Society. A copy of that concept is attached for your information.

ATV Classifications and Safety:

After conversations with legislative staff and the ATV Advisory Committee, we have decided to withdraw our request for an OPRD pre-session filing related to ATV classifications and safety. There is continued need to talk with stakeholders before we reach consensus on the best course of action, especially in relation to establishing vehicle classifications. Since 2007's Senate Bill 583 required us to report to the House Transportation Committee by December 2010, and after consultation with staff and the chair of that committee, our plan now is to report to the committee and seek committee sponsorship of a bill. This will allow more time for our stakeholders to come to consensus, time for the House Transportation Committee to weigh in with any concerns or issues, and assure that the bill has a greater likelihood of success when it ultimately reaches the legislature in 2011. Also, the committee staff person has agreed to deal with our ATV Housekeeping legislative concept at the same time, so that we ensure consistency between all of the final actions.

Status of Other Concepts:

When bills are returned to us from Legislative Counsel, we have one opportunity to make needed adjustments to the language, within 14 days. As of the writing of this Agenda Brief, two concepts have been completed by Legislative Counsel. Both are attached for your information.

Main Street Program (LC485): Staff have worked with Legislative Counsel to craft the attached language for the bill. This is a more streamlined approach than our concept proposed and allows more flexibility for the department to administer the program. It is likely that this concept will be sponsored directly by a legislator.

Use Fee Adjustment Authority (LC481): This is a fairly simple adjustment in the statute. Legislative Counsel also added an emergency clause so the bill would go into effect July 1, 2011.

Prior Action by Commission: November 2009 introduced potential concepts; March 2010 commission approved concepts to forward for drafting; May 2010 updated commission on submittal of concepts to DAS and the Governor for their approval.

Action Requested: Staff request commission approval to convert the placeholder to a Legislative Concept that will establish the Oregon Historical Society facilities as a heritage site and approval to defer submittal of any concepts related to ATV classifications and safety to the House Transportation Committee.

Prepared by: Kyleen Stone