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2 Deputy Director Colbert said in 2009 the External Budget Advisory Committee (EBAC)
3 and public supported an across the board fee increase, and as part of that support,
4 ODFW committed to no new fee increase over a six year period. ODFW projects an
5 ending balance for 2013-15 of about \$15 million dollars; about \$2 million above what is
6 needed for operating capital. So, ODFW expects to be able to fulfill the six-year promise.
7 Colbert did note that there could be impacts to Oregon State Police (OSP) Fish and
8 Wildlife Division's funding as ODFW has only budgeted 10% inflation for all programs
9 including OSP. However, OSP inflation costs are expected to be about 18.6% in 2013-
10 15. OSP also lost about \$1 million in Lottery Fund (LF) funds in 2011-13, which has left a
11 gap for purchasing trucks and equipment.
12

13 During the April 2012 kick off meeting, staff asked EBAC if there was interest in pushing
14 the next fee increase from six years to eight years. Staff calculated that an \$18 million
15 gap would occur; Colbert presented a range of expenditure cut scenarios to achieve the
16 \$18 million reduction over the next several biennia.
17

18 **Building the 2013-15 Budget.** Deputy Director Colbert discussed two tracks of the new
19 budget process.
20

21 1. *Technical Budget.* Budget staff is working on developing the 2013-15 technical
22 budget for ODFW. Colbert noted that in 2013-15 funding to OSP would be a revenue
23 transfer instead of a special payment. This will provide administrative savings and
24 efficiencies for both agencies. The \$23.4 million for OSP assumes ODFW is providing a
25 10% increase in 2013-15; it is not sufficient to maintain their current staffing levels. She
26 explained the 2013-15 Expenditures by Category and gave a summary of the overall
27 draft Policy Option Packages (POPs).
28

29 2. *Governor's 10-Year Plan.* The Governor's new budget process focuses
30 investments to specific outcomes in six policy areas. For 2013-15, ODFW programs
31 were mapped to three outcome areas:

- 32 1) *Healthy Environment:* Inland Fisheries; Marine/Columbia River Fisheries; Wildlife
33 Management; Habitat Resources; and Conservation.
- 34 2) *Economy & Jobs:* Hatchery Management and Capital Improvements.
- 35 3) *Good Government:* Administration; Debt Services; and Major Construction &
36 Acquisition.
37

38 For each program mapped, staff is required to submit a Bid Form (see Attachment 3) to
39 the Program Funding Team that summarizes and justifies a program funding request.
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41 **EBAC and Town Hall Meetings.** Deputy Director Colbert said staff met with EBAC on
42 April 14, 2012 (see Attachment 5 – External Budget Advisory Committee Meeting). She
43 talked about input from EBAC members (see EBAC Input), and the range of
44 perspectives on pushing the fee increase out an additional two years:

- 45 • Concerns over last fee increase; hesitation to seek fee increase in 6 years
- 46 • Sticker shock if we wait 8 years
- 47 • Invest ending balance in increasing opportunity

- 1 • Need to diversify funding/support for the agency
- 2 • Seek increase by fee, not across the board
- 3 • Waiting 8 years depends on what programs impacted by reductions

4
 5 Deputy Director Colbert said there were concerns expressed about results of the new
 6 budget process. She discussed the public input received at Town Hall meetings (see
 7 *Public Input* slides). She said written comments would be accepted until May 17, 2012.
 8 The Round 1 bid forms are due June 1. A second EBAC meeting is scheduled July 28.
 9 Staff will present the final budget to the Commission for approval at the August 3, 2012
 10 meeting. She thanked Commissioners Levy and Webber for attending the Town Hall
 11 meetings in their regions.

12
 13 **Public Testimony:**

<p>Jim Myron</p>	<p>Jim Myron represented WaterWatch of Oregon and the Native Fish Society. Both his clients support the Governor's long term budgeting. He thanked the agency for the information that staff has provided during this process; they look forward to that continuing, as the agency goes through the process. Myron said General Fund (GF) dollars should be targeted to programs within the agency that benefit the public at large and the public's interest in the resources. For instance, conservation and wildlife diversity programs that don't have the access to the license revenue other programs do. His clients think it appropriate that programs that directly benefit user groups should be paid for by those user groups and not the public at large. He asked for a discussion at the Commission level of directing all future GF to more broad based programs with the agency.</p>
<p>Al Elkins</p>	<p>Al Elkins, Oregon Hunters Association, referred to EBAC feedback and concerns about changing the Hunters Education program with new on-line hunter registration. He asked for more details.</p> <p>Deputy Director Colbert said that comment came from a hunter instructor at the Town Hall in North Bend. The system is in development and folks were expressing frustration because they should be able to go into their system and pull their class rosters and contact information for their students. Those reports have not been developed by the vendor yet; staff is manually getting that information to them. Commissioner Webber said those comments came from Mr. Fullerton with the Tioga Chapter. He said Elkins could access him directly.</p>

14

1 Chair Edge referred to Mr. Myron's point about GF expenditures. He asked how GF is
2 currently allocated. Deputy Director Colbert said in ODFW's current budget GF is about
3 \$7 million; some is in the Conservation and Marine Programs and \$5 million is in the
4 Hatchery Programs (mostly coastal hatcheries). She said Mr. Myron is recommending
5 that that money gets shifted on to license dollars and those GF dollars instead go into
6 our conservation programs.

7
8 Chair Edge asked how has our GF decreased over time; it was cut substantially during
9 this last session. Deputy Director Colbert said GF has steadily declined; many of our GF
10 programs (Fish Screening Program and Western Oregon Stream Restoration Program)
11 were shifted onto one-time Pacific Coast Salmon Recovery (PCSR) funds. In 2013-15
12 those programs are suppose to shift back to GF. She said a \$10-\$11 million bump in
13 PCSR funds is gone next budget cycle; the agency needs GF to backfill those programs.

14
15 Director Elicker talked about a pending Continuing Resolution regarding National
16 Oceanic and Atmospheric Administration's (NOAA) budget and PCSR funds that might
17 be helpful; at one point PCSR funds were slated to drop significantly. If we get a
18 Continuing Resolution they will stay where they were for the last Federal fiscal year (FY).
19 He said ODFW programs shifted off of GF are scheduled to go back on GF because the
20 PCSR fund, over time, will be decreasing. Director Elicker said there are several state
21 agencies on PCSR funds (Department of Agriculture and OWEB); and several agencies
22 (DEQ) have moved off GF to PCSR funds. For 2013-15, ODFW might be okay due to
23 the Continuing Resolution for Federal FY 2014. ODFW staff is working with the
24 Governor's Office and other natural resource (NR) agencies on this issue; we think our
25 programs have high priority to the state; and because the Governor wants to reissue an
26 Executive Order regarding the Oregon Plan that will feature work by ODFW and other
27 NR agencies.

28
29 Chair Edge said there was a question from staff about whether the agency should begin
30 managing cuts rather than taking a very large cut in two biennia out if we do not get
31 additional resources (see slide *Expenditure Cut Scenarios*). Also, whether the
32 Commission had preferences to ease into the cuts now versus doing them in 2015-17.

33
34 Deputy Director Colbert asked the Commission two questions:

- 35 1. Is there interest in pushing the fee increase out two more years?
- 36 2. If there is, how would staff spread that shortfall over the time that we have?

37
38 Commissioner Klarquist argued not to push it out an additional two years. With the cost
39 of everything else going up, it raises everything on the side of the consumer, typically.
40 We've put ourselves in a hole; we need to recognize there is inflation and take that into
41 account. Otherwise we will be cutting services and delivering less. The cupboard's going
42 to be bare before long. Commissioner Finley agreed. He said maybe we don't have to
43 make that decision now to delay it an additional two years; eight years is just too much at
44 this point. Commissioner Levy agreed. Commissioner Webber expressed concerns that
45 if we do go the eight years that the increase will be a real shock. He said a little bit of
46 time is almost better than hitting the public with a huge increase. He didn't think pushing
47 it out to eight would help that situation at all. Commissioner Akenson asked when this

1 decision needs to be made. Director Colbert said the Commission does not need to
2 decide this right now.

3
4 Director Elicker said it was decision that Deputy Directors Curt Melcher and Colbert and
5 he made to get this question on the table for ODFW's constituents. The Commission's
6 feedback gives him a better sense of where we want to go as an agency and as a
7 Commission. He was sensitive to the push back that staff heard on the last fee increase,
8 particularly from the hunting community. Staff will do survey work; the sooner he can get
9 direction from the Commission the easier it is for them to work on a strategy and start
10 talking to legislators about ODFW's financial needs.

11
12 Deputy Director Colbert said staff is taking a hard look operationally within. She said we
13 will continue to look for ways to save money.

14
15 Chair Edge said we have some sleuthing to do regarding stakeholder perception. He
16 said the EBAC and Town Hall meetings would suggest that folks, to some extent, are on
17 board with a fee increase after six years. He said pushing it out to eight years is a risky
18 proposition. This is the most affordable entertainment that anyone can get; he compared
19 it to the cost of a two-hour movie. Chair Edge said unless we hear a big push back from
20 our clientele with staff's additional information gathering, it sounds like most people think
21 it would be prudent to move forward in six years; he would line folks up for that.

22
23 Chair Edge referred to OSP's increasing costs. He said the projections provided by
24 Deputy Director Colbert are a fairly standard 10% increase; we know that OSP's real
25 costs will be above that. Director Elicker said right. The inflation increase that Captain
26 Samuels needs (no loss of troopers for 2013-15) is about an 18+ percent inflation factor.

27
28 Captain Jeff Samuels, OSP Fish and Wildlife Division, discussed three budget shortfalls
29 that will impact the level that he will be able to staff the Division:

- 30 1. House Bill 2501 (2009) provided the union with a bargaining chip for increased
31 pay. Typically, OSP has been compared to other state police agencies in other
32 states. OSP troopers have the potential to be compared to five cities in Oregon. If
33 that goes through, budget staff anticipates \$1.1 million in additional cost.
- 34 2. OSP lost \$1 million in Lottery Fund (LF) for capital purchases, such as trucks and
35 boats, which troopers need to do the work.
- 36 3. Cost of inflation.

37
38 Chair Edge said in all the years he's watched this budget process that enforcement
39 continues to be a concern for our clientele and stakeholders.

40
41 Commissioner Webber agreed. At the North Bend meeting there were concerns about
42 keeping enforcement at least at the level it currently is. He said hunters and fishermen
43 across the board are going to be supportive of OSP; it's just how do we fund it?
44 Deputy Director Colbert said staff is working with Captain Samuels. She said in recent
45 budget cycles when OSP lost GF, ODFW was able to backfill that GF onto License
46 dollars. With this anticipated shortfall, staff is working with Captain Samuels and looking
47 at options to see if we can get GF back into OSP to reverse that trend.

1
2 Chair Edge asked would that be a proposal that would go forward in the budgeting
3 process. Captain Samuels said OSP would have a POP that outlines the number of
4 troopers needed on the GF plus the \$1 million loss for trucks and boats; OSP anticipates
5 a \$2.5 million GF ask. He said with the Governor's 10-year budget process, the whole
6 Division is within the Healthy Environment working group. The Program Funding Team
7 will be looking at that along with the other NR agencies. So, there won't be a lot of extra
8 dollars available in GF to go to NR agencies and his division.

9
10 Commissioner Webber said having been to the meeting in North Bend that Director
11 Elicker, Deputy Director Colbert and staff did a superb job of lining this out and getting
12 feedback from the public.

13
14 Commissioner Levy asked Deputy Director Colbert to send the Commission her
15 PowerPoint slides. She said it would have been great to have those beforehand so the
16 Commission could ask additional and more relevant questions.

17
18 Chair Edge said from a standpoint of running a meeting from GoToMeeting this meeting
19 has worked pretty well. He said for future GoToMeetings send those slides out in
20 advance to the Commission.

21
22 Chair Edge asked Director Elicker if he had what he needed from the Commission.
23 Director Elicker said yes, the Commission provided the guidance he needed on this
24 issue and this far out. Staff will continue to collect additional information on this issue;
25 and also reach out to those folks that buy licenses and tags that are not in the organized
26 sporting communities and groups through a survey or other method. He said with the
27 last fee increase, the Department added more cost to the adult hunters and fishermen
28 and in return created the Juvenile Sports Pac; the strategy reduced the cost for young
29 kids and their families to go hunting and fishing. Staff has ideas already and has looked
30 at what other states have done; for instance, five-year license packages (Florida).

31
32 Chair Edge said he looks forward to seeing how the Round 1 proposals come out. He
33 was interested in seeing the templates that staff puts together; and looks forward to the
34 feedback from the second EBAC meeting.

35
36 **ADJOURN**

37 Chair Edge adjourned the public meeting at 10:50 a.m.