

U. S. B. I.

Memorandum Date: June 8, 2010

TO: Board of County Commissioners
DEPARTMENT: County Administration
PRESENTED BY: Christine Moody, Budget/Financial Planning Manager
AGENDA ITEM TITLE: **IN THE MATTER OF MAKING THE FY 2010-2011 (FFY 2010)
ELECTIONS FOR NATIONAL FOREST AND O&C SECURE
RURAL SCHOOLS LAND RELATED SAFETY NET PAYMENTS**

I. MOTION

MOVE APPROVAL OF THE TWO ORDERS MAKING THE FFY 2010 ELECTIONS FOR NATIONAL FOREST AND O&C SECURE RURAL SCHOOLS LAND RELATED SAFETY NET PAYMENTS

II. AGENDA ITEM SUMMARY

This item presents two board orders to make the annual elections required under Public Law (P.L.) 110-343 also known as the Secure Rural Schools (SRS) 2008 renewal act.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

For the last ten years the Board of Commissioners has made its annual elections directing how to allocate federal timber payment dollars between Title I, II and III of the federal act for both the Oregon and California (O&C) railroad lands and the National Forest lands.

B. Policy Issues

Should the county continue to maximize federal timber dollars to the General Fund, the Road Fund, and for Title III programs that directly benefit Lane County citizens?

C. Board Goals

This item supports the Priority Strategic Objective to Allocate Resources Strategically.

D. Financial and/or Resource Considerations

Each year the Board must elect how many dollars to allocate to Title II and Title III projects. When more is allocated to projects it reduces the amount available for either the General Fund or the Road Fund.

Similarly, the Board must elect how many dollars are to be allocated between Title II and Title III projects. In prior years the Board maximized the dollars to the County by increasing the allocation to Title III projects. The new SRS 2008 Act now limits the amount that can be put into Title III.

E. Analysis

Annually, the Board is required to make four different elections SRS 2008 as illustrated in Attachment A. Each election is described below.

The first election was to decide whether or not to opt into the new SRS 2008 Full Payment program or go back to the old 50% share of the current timber harvest. This election was made in 2008 to go with the full payment plan and further obligates the county to remain in this program for the remainder of the Act through FY 2011-2012.

Prior Board action directed that we maximize revenue to the County. For the second election the proposed Board Orders allocate the minimum 15% to Title II and Title III projects in order to maximize the 85% revenue for the County for both the General Fund and the Road Fund/School Fund.

For election number three, the maximum 7% out of the 15% allocated to projects is allocated to Title III projects for the county. The remaining balance, or 8%, is allocated to Title II projects as required by the Act.

The final election is to allocate the Title II dollars across the various local Resource Advisory Committees (RACs). The O&C dollars are allocated 100% to the sole BLM district in Lane County, the Eugene BLM. The National Forest dollars are allocated across three Forest Service RACs as follows:

- o 12.4 percent to the Rogue/Umpqua RAC
- o 17.1 percent to the Siuslaw RAC
- o 70.5 percent to the Hood/Willamette RAC

This allocation has been based upon overall acreage within Lane County and where the most work is available for county work crews. The percentage shown is the same percentage used last year.

F. Alternatives/Options

Option 1: Make the allocations recommended by budget staff to maximize revenue to the County for both the General Fund and Road Fund, as well as Title III funding.

Option 2: Modify the allocations to decrease revenue to the County and increase dollars for Title II projects.

Option 3: Increase the allocation of project dollars to Title II projects and decrease the project dollars for Title III.

IV. RECOMMENDATION

Budget staff recommends Option 1 to maximize revenue to the County.

V. TIMING/IMPLEMENTATION

Copies of the Board Orders are due to the O&C Association by June 18th, 2010.

VI. FOLLOW-UP

Copies of the Board Orders will be sent to the O&C Association which is gathering all county responses for transmittal to the Secretaries of Agriculture and Interior.

VII. ATTACHMENTS

Attachment A: Secure Rural Schools 2008 Estimated Payments

Two Board Orders:

1. IN THE MATTER OF MAKING THE FY 2010-2011 (FFY 2010) ELECTIONS FOR NATIONAL FOREST SECURE RURAL SCHOOLS LAND RELATED SAFETY NET PAYMENTS
2. IN THE MATTER OF MAKING THE FY 2010-2011 (FFY 2010) ELECTIONS FOR O&C SECURE RURAL SCHOOLS LAND RELATED SAFETY NET PAYMENTS

SECURE RURAL SCHOOLS 2008 ESTIMATED PAYMENTS

Year	Fiscal Year	Election #1: Opted into Full County Payment Pgm	Election #2: Allocated 15% of Full County Payment Amount to Projects Under Titles 2 & 3		85% Breakdown						
			15%	85%	O&C Revenue	General Fd	Road Fd	School Fd			
		Lane County Full Payment Estimate									
1	08-09	46,705,669	7,005,850	39,699,819	13,561,419	19,603,800	6,534,600				
2	09-10	42,035,102	6,305,265	35,729,837	12,205,277	17,643,420	5,881,140				
3	10-11	37,883,488	5,682,523	32,200,965	10,999,817	15,900,860	5,300,287				
4	11-12	18,130,002	2,719,500	15,410,501	6,161,463	6,936,779	2,312,260				
4-Yr Estimate		144,754,261	21,713,139	123,041,122	42,927,976	60,084,860	20,028,287				

**IN THE BOARD OF COMMISSIONERS
FOR LANE COUNTY, OREGON**

RESOLUTION AND ORDER NO.) **IN THE MATTER OF MAKING THE FY 2010-
) 2011 (FFY 2010) ELECTIONS FOR
) NATIONAL FOREST SECURE RURAL
) SCHOOLS LAND RELATED SAFETY NET
) PAYMENTS**

WHEREAS, Congress enacted in 1908 and subsequently amended a law that requires that 25 percent of the revenues derived from National Forest lands be paid to states for use by the counties in which the lands are situated for the benefit of public schools and roads; and

WHEREAS, the principal sources of revenues from National Forest lands is from the sale and removal of timber, which has been sharply curtailed with a corresponding decline in revenues shared with counties; and

WHEREAS, the United States Congress recognized a need to stabilize education and road maintenance funding through predictable payments to the affected counties and to achieve that goal enacted in the Secure Rural Schools and Community Self-Determination Act of 2000, which as been amended and reauthorized for FFY 2008-2011 ("SRS2008"); and

WHEREAS, SRS2008 provides for guaranteed minimum payments for the benefit of affected counties, as well as an opportunity to invest a portion of the payments in projects on federal lands or that benefit resources on federal lands, or in county projects or activities; and

WHEREAS, Title I of SRS2008 gives each eligible county the right to elect to receive either its traditional share of revenues from the National Forest lands pursuant to the Act of May 23, 1908 and Section 13 of the Act of March 1, 1911 (the "25-percent payment"), or instead to receive a share of the state payment pursuant to Sections 102(a)(1)(B) and 103 (the "full county payment amount"); and

WHEREAS, an election to receive the full county payment amount is effective for all federal fiscal years through FFY 2011, and an election to receive a 25-percent payment is binding for two years; and

WHEREAS, any county electing to receive the full county payment amount must further elect to expend not less than 15 percent nor more than 20 percent of its full county payment amount as project funds; and

WHEREAS, Title I, Section 102(d) of SRS2008 requires that counties electing to receive the full county payment amount must allocate their project funds for expenditure

between projects in accordance with Title II and Title III, and return the balance of project funds unspent under Title II and Title III to the Treasury of the United States, and communicated such allocation to the Secretary of the United States Department Agriculture; and

WHEREAS, Title II provides for special projects on federal lands or that benefit resources on federal lands, which projects are recommended by local resource advisory committees ("RACs"); and

WHEREAS, RACs recommend projects for consideration by the Secretary of Agriculture, with project funding supplied in whole or in part out of monies allocated for Title II purposes by participating counties; and

WHEREAS, counties that allocate funding to projects under Title II, and are participants in more than one RAC, may further direct that their Title II project funds be divided between different RACs according to an allocation decided by each participating county, with such funds held in the Treasury of the United States under the name of the county with a designation of the amount allocated to each RAC; and

WHEREAS, Title III provides for county projects, some of which are associated with federal lands, with Title III authorizing expenditures for search, rescue and emergency services, fire prevention and planning under the Firewise Communities program, and development of community wildfire protection plans; and

WHEREAS, a county with a full county payment amount of \$350,000 or more may not allocate more than 7 percent of its full county payment amount for Title III projects;

NOW THEREFORE, IT IS HEREBY RESOLVED AND ORDERED as follows:

1. Lane County has previously elected to receive the guaranteed minimum full county payment amount pursuant to SRS2008 Sections 102(a)(1)(B) and 103.
2. Lane County hereby allocates 15 percent of its full county payment amount for expenditures on projects under Title II and Title III. Lane County will return none (zero percent) of its full county payment amount to the Treasury of the United States.
3. Of the percent allocated to Title II and Title III projects above in paragraph 2, Lane County further allocates between such Titles for FFY 2010 (for expenditure after FFY 2010) on the following basis: 8 percent of the full county payment amount for expenditure on Title II projects and 7 percent of the full county payment amount for expenditure on Title III projects.
4. Of the amount of project funds allocated to Title II projects above in paragraph 3, Lane County further allocates between RACs as follows:

12.4 percent to the Rogue/Umpqua RAC

17.1 percent to the Siuslaw RAC

70.5 percent to the Hood/Willamette RAC

5. The original or a certified copy of this Resolution shall be transmitted to Kevin Q. Davis, Attorney, sent to the following address: One SW Columbia Street, Suite 1600, Portland, OR 97258; and

IT IS FURTHER ORDERED, that the County Administrator is delegated authority to sign all applications, task orders, contract documents and materials needed to apply for, implement and complete FFY 2010 projects and elections in conformance herewith.

Effective date: ____ day of June, 2010.

Bill Fleenor, Chair
Lane County Board of Commissioners

APPROVED AS TO FORM

Date 5-19-10 lane county


OFFICE OF LEGAL COUNSEL

**IN THE BOARD OF COMMISSIONERS
FOR LANE COUNTY, OREGON**

RESOLUTION AND ORDER NO.) **IN THE MATTER OF MAKING THE FY**
) **2010-2011 (FFY 2010) ELECTIONS FOR**
) **O&C SECURE RURAL SCHOOLS LAND**
) **RELATED SAFETY NET PAYMENTS**

WHEREAS, Congress enacted in 1937 and subsequently amended a law that requires 75 percent of the revenues derived from revested Oregon and California Railroad grant lands (“O&C Lands”) be paid to counties in which the lands are situated, of which 50 percent has been available for use as general county funds; and

WHEREAS, the principal sources of revenues from O&C Lands is from the sale and removal of timber, which has been sharply curtailed with a corresponding decline in revenues shared with counties; and

WHEREAS, the United States Congress recognized a need to stabilize communities through predictable payments to the affected counties and to achieve that goal enacted in the Secure Rural Schools and Community Self-Determination Act of 2000, which has been amended and reauthorized for FFY 2008-2011 (“SRS2008”); and

WHEREAS, SRS2008 provides for guaranteed minimum payments for the benefit of affected counties, as well as an opportunity to invest a portion of the guaranteed minimum payments in projects or activities on federal lands, or in county projects or activities; and

WHEREAS, Title I of SRS2008 gives each eligible county the right to elect to receive either its traditional share of revenues from the O&C Lands (“50-percent payment”), or instead to receive the guaranteed minimum amount pursuant to Sections 102(a)(2)(B) and 103 (“full county payment amount”); and

WHEREAS, an election to receive a 50-percent payment is binding for two years, and an election to receive the guaranteed minimum full county payment amount is binding through FFY 2011; and

WHEREAS, any county electing to receive the full county payment amount must further elect to expend not less than 15 percent nor more than 20 percent of its full county payment amount as project funds; and

WHEREAS, Title I, Section 102(d) requires that counties electing to receive the full county payment amount must allocate its project funds for expenditure between projects under Title II and Title III, and return the balance of project funds unspent under Title II and Title III to the Treasury of the United States, and communicated such allocation to the Secretary of the United States Department of the Interior; and

WHEREAS, Title II provides for special projects on federal lands or that benefit resources on federal lands, which projects are nominated by local resource advisory committees ("RACs"); and

WHEREAS, RACs recommend projects for consideration by the Secretary of the Interior, with project funding supplied in whole or in part out of monies allocated for Title II purposes by participating counties; and

WHEREAS, counties that allocate funding to projects under Title II, and are participants in more than one RAC, may further direct that their Title II project funds be divided between different RACs according to an allocation decided by each participating county, with such funds held in the Treasury of the United States under the name of the county with the amount allocated to each RAC; and

WHEREAS, Title III provides for county projects or services, some of which are associated with federal lands, with Title III authorizing expenditures for search, rescue and emergency services, fire prevention and planning under the Firewise Communities program, and development of community wildfire protection plans; and

WHEREAS, a county may allocate no more than 7 percent of its full county payment amount for Title III projects;

NOW THEREFORE, IT IS HEREBY RESOLVED AND ORDERED as follows:

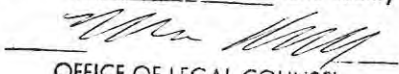
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2. Lane County hereby allocates 15 percent of its full county payment amount for expenditures on projects under Title II and Title III. Lane County will return none (zero percent) of its full county payment amount to the Treasury of the United States.
3. Of the percent allocated to Title II and Title III projects above in paragraph 2, Lane County further allocates between such Titles for FFY 2010 (for expenditure after FFY 2010) on the following basis: 8 percent of the full county payment amount for expenditure on Title II projects and 7 percent of the full county payment amount for expenditure on Title III projects.
4. Of the amount of the full county payment amount allocated to Title II projects above in paragraph 3, Lane County further allocates between RACs as follows:
 - 0 percent to the Salem District RAC
 - 100 percent to the Eugene District RAC
 - 0 percent to the Roseburg District RAC
5. The original or a certified copy of this Resolution shall be transmitted to Kevin Q. Davis, Attorney, sent to the following address: One SW Columbia Street, Suite 1600, Portland, OR

97258; and

IT IS FURTHER ORDERED, that the County Administrator is delegated authority to sign all applications, task orders, contract documents and materials needed to apply for, implement and complete FFY 2010 projects and elections in conformance herewith.

Effective date: _____ **day of June, 2010.**

Bill Fleenor, Chair
Lane County Board of Commissioners

APPROVED AS TO FORM
Date 5-19-10 lane county

OFFICE OF LEGAL COUNSEL