

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: June 28, 2023 **Approx. Start Time:** 10:00 AM **Approx. Length:** 30 min

Presentation Title: Secure Rural Schools (SRS) Election

Department: Transportation and Development

Presenters: Dan Johnson – Director

Other Invitees: Mike Bezner – Assistant Director, Trent Wilson - PGA

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Selection of funding formulas for distributions of forest grazing fees and timber sales receipts from United States Forest Service and the Bureau of Land Management.

EXECUTIVE SUMMARY:

In 1908 Congress passed a law to transfer a portion of forest grazing fees and timber sales receipts to the states to support public roads and schools. This payment is currently 25% of the average gross receipts over the past 7 years' rolling average. However, due to a reduction of logging on federal lands, these receipts are a fraction of what they had once been. As a result, in 2000 Sen. Ron Wyden led an effort for Congress to pass the Secure Rural Schools and Community Self Determination Act (SRS). This act stabilized funding for rural counties by adding an option to take a different payment based on a new formula. Although funding from this formula has been reduced several times since 2000, it has still consistently resulted in a higher payment than the one based on actual receipts.

SRS distribution is comprised of two funding streams, revenues from United States Forest Service (USFS) lands and revenues from the Bureau of Land Management (BLM) (strictly for counties with Oregon and California Railroad Revested Lands, also known as O&C lands). Clackamas County has both USFS and BLM lands within its borders. The SRS was reauthorized as part of the 2021 federal infrastructure bill. Under the new bill, the SRS payment increases a little. But, the bill also requires the a series of election decisions for both the USFS and O&C allocations:

Election 1 (Completed in September 2022): Distributions percentages by September 30 of 2022. Last September Clackamas County **affirmed** the following SRS distribution:

<u>USFS Lands</u>	<u>%</u>	<u>Percentage Limits</u>
Title 1: Transportation/Schools	85	80-85% range
Title 2: Treasury Distribution	8	8% is minimum (8-13%)
Title 3: Disaster Management/Homeland Security	7	7% is a maximum

<u>O&C Lands</u>	<u>%</u>	<u>Percentage Limits</u>
Title 1: General Fund	85	85% is maximum
Title 2: Treasury Distribution	8	8% is minimum (8-13%)
Title 3: Disaster Management/Homeland Security	7	7% is a maximum

Election 2 (Today's action): Elect whether to take a **payment** based on annual timber receipts or take the SRS payment methodology by **August 1 of 2023**.

For **USFS lands**, over the past 7-year rolling average estimated payment using **actual timber receipts** has been less than \$400,000 per year. Over the same 7-year period **SRS formula payment** amount has been more than double that amount for Clackamas County.

Regarding **BLM/O&C lands**, staff has coordinated with the Executive Director of the Association of O&C Counties (Doug Robertson) and Commissioner Shull has acted as the County's representative in O&C discussions. Early reports of timber receipts are strong and project to be at or above the SRS formula payment, due to salvage logging operations on properties impacted by fire, however that trend is not guaranteed to continue and the election will occur before the final balance is known. Based on the predictability of revenue authorized, by the SRS formula, the O&C Association will be recommending counties select the SRS formula methodology.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO/Unknown

What is the revenue? \$2,213,173 (Combined) What is the funding source? Secure Rural Schools

STRATEGIC PLAN ALIGNMENT:

How does this item align with your Department's Strategic Business Plan goals?

- Maintain the average condition of paved county roads at 70 PCI (Pavement Condition Index) or higher

How does this item align with the County's Performance Clackamas goals?

This aligns with four county goals:

- Build public trust through good government
- Grow a vibrant economy
- Build a strong infrastructure
- Ensure safe, healthy and secure communities

LEGAL/POLICY REQUIREMENTS:

- N/A

PUBLIC/GOVERNMENTAL PARTICIPATION:

- N/A

OPTIONS USFS LANDS:

- 1.) Select the SRS formula methodology for USFS Lands.
- 2.) Select the actual timber receipts methodology for USFS Lands

RECOMMENDATION USFS LANDS: Staff respectfully recommends Option 1: Select the SRS formula methodology for USFS Lands.

OPTIONS BLM/O&C LANDS:

- 1.) Select the SRS formula methodology for BLM/O&C Lands.
- 2.) Select the actual timber receipts methodology for BLM/O&C Lands

RECOMMENDATION O&C LANDS: Staff respectfully recommends Option 1: Select the SRS formula methodology for BLM/O&C Lands.

ATTACHMENTS:

n/a

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval *Dan Johnson*

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Mike Bezner @ 503-742-4651
