



Oregon

Theodore R. Kulongoski, Governor

Department of State Lands

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The State Land Board met in regular session on June 8, 2010, in the Land Board Room of the State Lands Building, 775 Summer Street NE, Salem, Oregon 97301-1279.

State Land Board

Present were:

Theodore Kulongoski	Governor
Kate Brown	Secretary of State
Ted Wheeler	State Treasurer

Theodore R. Kulongoski
Governor

Kate Brown
Secretary of State

Ted Wheeler
State Treasurer

Land Board Assistants

Michael Carrier	Governor's Office
Aimee Wilson	Secretary of State's Office
Michael Selvaggio	State Treasurer's Office

Staff

Louise Solliday	Julie Curtis	Lorna Stafford
Jim Paul	Cyndi Wickham	Bill Ryan
Nancy Pustis	John Russell	Lanny Quackenbush

DOJ

Mark Schumock

Governor Kulongoski called the meeting to order at 10:07 a.m. The topics discussed and the results of those discussions are listed below. Further details of the discussions may be obtained in the transcript of the meeting available at the Department of State Lands, 775 Summer Street NE, Suite 100, Salem, Oregon 97301-1279 or by calling 503-986-5224.

Director Solliday introduced Jim Paul and Bill Ryan, both new assistant directors at the Department. Jim is the assistant director for the Land Management Division, replacing Steve Purchase, who retired; and Bill, assistant director for the Wetlands and Waterways Conservation Division, replaced Kevin Moynahan, who is now at the US Army Corps of Engineers in charge of their regulatory branch in Portland.

Consent Agenda

1. a. Request for approval of the minutes of the April 13, 2010 State Land Board meeting.

b. Request for authorization to initiate rulemaking to amend the administrative rules governing the leasing of geothermal resources.

Director Solliday reviewed the consent agenda. Related to item 1b, she said that the rules governing the leasing of geothermal resources have not been updated since they were adopted in 1974. Interested parties have contacted the Department about the possibility of leasing state land for geothermal resources and the rules need to be clarified and updated because they are confusing in their current form.



Secretary Brown moved to approve the consent agenda. Treasurer Wheeler seconded the motion. The consent agenda was approved.

Action Agenda

2. Request for concurrence with the Board of Forestry's adoption of the Northwest and Southwest Forest Plans for Common School Fund Forestlands.

Director Solliday introduced the item and informed the Board that there was one person in audience who had signed up to testify. She also advised the Board that an amended staff recommendation was at each member's table for their consideration.

Secretary Brown asked if other stakeholders such as the timber industry or county governments had been invited to testify. Director Solliday answered that they were invited, but declined.

Nancy Hirsch, Chief of the Department of Forestry's State Forest Division provided the board with an overview of the revisions to the forest plans that were recently adopted by the Board of Forestry.

Secretary Brown asked whether or not there were strategic differences between management of threatened species on the Elliott State Forest and the NW and SW forests. Ms. Hirsch explained that there were differences one being the difference in habitat and another is the number of known marbled murrelets and spotted owls.

Secretary Brown asked why the Board of Forestry did not wait until the science review was completed before adopting the new plans. Ms. Hirsch explained that there are mechanisms within the plans that allow for adjustments to be made when new information demonstrates the need.

Secretary Brown asked what the actual harvest level was on the NW Forest compared to the projected level under the 2001 plan of 289 million board feet per year. Ms. Hirsch responded that the actual harvest was approximately 185 million board feet and that under the new plan the anticipated harvest level is 195 million board feet per year.

Treasurer Wheeler asked for an explanation of the difference between a habitat conservation plan and a species of concern strategy. He also asked whether the species of concern strategy is more advantageous since it does not involve the federal government agencies. Ms. Hirsch explained that a habitat conservation plan is more rigid while a species of concern strategy allows for more flexibility. She agreed that using the species of concern strategy would be more beneficial in the case of the north coast since there is a better understanding of where species and habitat are located there. She indicated that an HCP requires federal approval while the species of concern strategy does not.

Treasurer Wheeler asked for confirmation that all of the conservation elements – riparian, aquatic and forest health – that were included in the 2001 plans are still contained in these revised plans. Ms. Hirsch confirmed that they were.

Secretary Brown asked if there were any measurements showing the success between a habitat conservation plan and a species of concern strategy. Ms. Hirsch replied that since there currently is no habitat conservation plan in place, there is nothing to compare at this point. However, she did say that there has been success using ongoing surveys to provide protection for these species and their habitat.

Bob Van Dyk representing the Wild Salmon Center provided testimony in opposition of the plans. He listed three reasons for opposing the plans: lack of collaboration; need for a stronger scientific basis for decision-making; and compliance with the law. He urged the Board to not concur with the Board of Forestry's adoption of the plans.

Director Solliday stated that the staff recommendation before the Board was that of staff from both the Department of State Lands and the Department of Forestry. Staff recommended that the Land Board concur with the management direction described in the Northwest and Southwest Forest Management Plans adopted by the Board of Forestry on April 22, 2010, as consistent with the purpose of the Common School Fund Forestlands. And, thereby direct that the Oregon Department of Forestry manage the Common School Fund Forestlands within these two planning areas in the same manner contingent upon two actions: first, that the Department of Forestry provide results of the science review to the Board of Forestry and to the State Land Board prior to changes being implemented; and second, that the Board of Forestry make or direct any necessary changes based on that science review.

Treasurer Wheeler moved to approve the amended staff recommendation. Secretary Brown seconded the motion. The clerk called the roll. The recommendation was adopted unanimously.

3. Request for approval to submit the Department of Forestry's proposed 2011-13 Common School Fund budget request to the Department of Administrative Services.

Nancy Hirsch provided a general overview of the Department of Forestry's proposed budget for the 2011-13 biennium. She told the Board that the Department of Forestry is not an early submittal agency, like DSL is and therefore, Forestry's numbers are not exact at this point in the process.

Governor Kulongoski stated that even if the budget is approved for submission, there might be changes needed after the next revenue forecast and recommendations he receives from his reset cabinet.

Secretary Brown asked if the recommendations from the Secretary of State's 2008 audit had been fully implemented. Ms. Hirsch replied that they had and added that both agencies' auditors were working collaboratively to confirm they were in compliance with those recommendations.

Treasurer Wheeler moved to approve submission of the Department of Forestry's 2011-13 proposed budget to the Department of Administrative Services. Secretary Brown seconded the motion. The item was approved.

4. Request for approval to submit the Department of State Lands' proposed 2011-13 agency budget request and proposed changes to the agency's key performance measures to the Department of Administrative Services.

Director Solliday outlined the key components of the Department's proposed budget request. Four policy option packages are being proposed: 1) continuation of federal funds limitation for a grant-funded position; 2) addition of two seasonal positions at the South Slough National Estuarine Research Reserve and a DAS-approved reclassification of a management position at the Reserve; 3) funding for the agency's involvement in the Portland Harbor Superfund Site clean-up; and 4) reduction of funding associated with a legislative concept that would transfer the Natural Heritage Program to the Oregon Parks and Recreation Department.

In addition to these proposals, the Department is requesting changes to its key performance measures. Changes include removing elements related to the price of timber, which the Department has no control over, and changing the measurement of meeting statutory deadlines to an average of time taken for processing removal-fill applications and wetland delineations.

Secretary Brown moved to approve submission of the Department's 2011-13 proposed budget and changes to its key performance measures to the Department of Administrative Services. Treasurer Wheeler seconded the motion. The item was approved.

5. Request for approval to purchase the Eugene Motor Pool in Lane County.

Director Solliday informed the Board that the Department was successful in bidding on the purchase of the Eugene Motor Pool from the Department of Administrative Services. The bid was conditional upon approval from the Land Board. The site is approximately 1.63 acres and is currently under lease to the owner of the Fifth Street Market. She added that the purchase would include the mineral rights.

Governor Kulongoski asked if the agency was planning to turn around and sell the property. Director Solliday said that the Department could either hold onto the property until real estate values go up and then sell it, or enter into a partnership with a private developer to develop the property for commercial and/or residential purposes, as is the plan for the Stevens Road and South Redmond tracts in Central Oregon.

Treasurer Wheeler asked whether the bid process was a written process or an open public bidding process. Director Solliday responded that it was a closed (written) bid process and that no other bids were submitted.

Treasurer Wheeler asked how state agencies determine the minimum bid price when selling property. Director Solliday said that each agency has its own process for disposing property and, that in most cases the price has to be somewhere close to the appraised price.

Treasurer Wheeler also asked if there were any environmental concerns with the property. Director Solliday told the Board that since the property was used as a motor pool, there had been contaminants on the property, but they have since been cleaned up. The Department of Environmental Quality issued a letter stating that the site was clean, but added a restriction that residential units could not be built on the ground floor of any structures placed at the site.

Secretary Brown moved for approval for the Director to sign a bargain and sale agreement for the purchase of the Eugene Motor Pool, including the mineral rights, from the Department of Administrative Services. Treasurer Wheeler seconded the motion. The item was approved.

Informational Agenda

6. Annual report on the Unclaimed Property Program.

Director Solliday reported on the activities of the Unclaimed Property Program for the past year. She said that both in terms of reporting and paid claims the trend is moving upward. Claim inquiries have increased dramatically over the past year, which has increased the time it takes for staff to process them. Increased publicity and outreach, and the economic downturn are the main reasons for this increase. Currently, there is \$350 million in the deposit/liability portion of the Common School Fund available to be claimed.

Treasurer Wheeler commented on finders' fees and asked if there is a way of getting the word out to people so they are aware that they do not have to pay someone to get their money back. He said that his office has received several complaints from people who find out after the fact that they did not need to pay this fee. Director Solliday said that the agency tries to make people aware of this and will send out press releases periodically to help raise awareness.

Governor Kulongoski asked if there was information about the program on the Department's Web site. Director Solliday said that there is a link on the Department's home page that takes them directly to the database where they can search for their name. Governor Kulongoski said that he would like to have the link on his Web site,

as well. Director Solliday agreed it would be good to provide a link on all three Board members' Web sites.

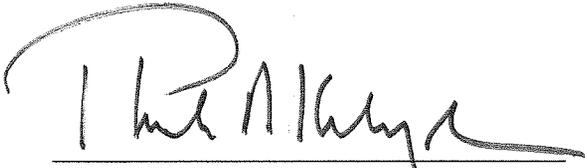
7. Report on the results of the Department's 2010 customer service survey.

Director Solliday presented the results of the Department's recent customer service survey. 3800 surveys were sent out with a 38 percent rate of return. She said that although the target of 93 percent of receiving a rating of "excellent" or "good" has not been realized, the trend over the past several years is going up. Director Solliday said that she has made customer service a priority since she became the director and training has been provided to staff to improve and reinforce customer service skills.

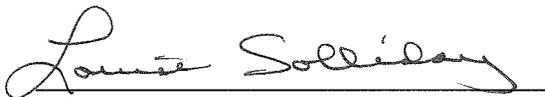
8. Other.

Steve Purchase, former assistant director of the Land Management Division, was recognized for his twenty-two years of service to the Department and the State of Oregon.

The meeting was adjourned at 11:17 a.m.



Theodore R. Kulongoski, Governor



Louise Solliday, Director