

The Oregon State Land Board met in regular session on June 19, 1990, at 10:00 a.m. in the State Land Board Room of the State Lands Building, Salem, Oregon.

Present were:

Neil Goldschmidt	Governor
Barbara Roberts	Secretary of State
Anthony Meeker	State Treasurer

<u>Assistants</u>	<u>Dept. of Justice</u>	<u>Staff</u>
Gail Achterman	Melinda Bruce	Martha O. Pagel
Marilynne Keyser		Pam Wiley
Steve Smith		Janet Neuman
		Earle Johnson
		Gary Van Horn
		Burt Lewis
		Carol Dutton
		Jeff Kroft
		Diane Reynolds
		Ken Franklin
		Marcella Easley
		Gail Lowry

The meeting was called to order by Governor Goldschmidt. The topics discussed and the results of those discussions are listed as follows. Further details of those discussions may be obtained in the transcript of the meeting available at the Division of State Lands, 775 Summer Street NE, Salem, OR 97310.

Exchange

Request for approval of the exchange of Common School Fund rangeland in Harney and Malheur Counties for private rangeland owned by Norman Ranches, Inc. in Harney and Malheur Counties.

Governor Goldschmidt asked if anyone present wanted to be heard regarding this matter. No comments were made.

Secretary Roberts moved the item be approved. Treasurer Meeker seconded the motion and the approval was unanimous.

Budget

Request for approval of proposed 1991-93 agency budget for a) the Division of State Lands, b) Oregon Wetlands Revolving Fund, c) South Slough National Estuarine Research Reserve and d) Natural Heritage Advisory Council.

Director Pagel introduced this item saying that she was pleased that for the first time the agency's budget is tied to the vision and goals statement developed by our staff, with the policy direction received from the Board.

General Agency Budget

Director Pagel reminded the Board that the 1989-91 agency budget was focused on internal development, or "infrastructure," in order to prepare the agency to move forward with an aggressive program for the next biennium.

Major themes for the 1991-93 biennium will be to focus on improved resource protection (especially in the wetland program) and identify current land holdings, so they can be managed more effectively and aggressively. A continued emphasis will also be placed on improving customer service, which is being greatly enhanced through the computerization of programs. This will improve the agency's ability to work with the public and allow better coordination with other agencies and local governments. A continued focus is also being placed on administrative support to provide training, equipment, and facilities for staff to be able to move forward in the delivery of services.

Director Pagel identified the following policy issues presented by the budget: 1) Whether the Board supports, in general, the goals and visions outlined, as well as the decision packages in the budget; and 2) whether, and to what extent, DSL should move forward with a request for some General Fund support for the Removal-Fill program, especially the wetlands component.

Governor Goldschmidt explained that he preferred not to vote on the budget packages at this time since they will come before him at a later date for a decision. He commented on the need for determining what productivity

increases the agency has experienced in relation to the increased use of computers. In response, Noam Stampfer, former Assistant Director for Finance, pointed out that productivity gains reflected in the budget are the lack of requests for new positions in the accounting and trust sections, which are very information sensitive areas. The Governor also stressed the need to show that the increased use of computers will generate increased revenues.

Secretary Roberts recommended the agency go through an analysis process to determine computer productivity and need. She suggested the information gained from this analysis be presented to the Board before the agency's budget reaches the Ways and Means Committee.

Treasurer Meeker asked if the agency expects legislation proposing to increase fees on Removal-Fill permits and gravel royalties to support the requested budget increases. Director Pagel responded that last session gave DSL good increases in Removal-Fill permit fees, but that it left the program still only being funded at approximately 20%. She said that royalties can be increased by Land Board action and that discussions have begun with sand and gravel lessees regarding this. Other lease rate increases and the need for a more aggressive leasing program are being considered in an effort to bring in more revenue to the Common School Fund.

Director Pagel said the cost of the regulatory program is continually escalating and continues to be paid for by the Common School Fund. To offset these costs, the division proposes that the General Fund take over the wetlands portion of the Removal-Fill program. Director Pagel explained this component of the Removal-Fill program could be funded separately because it does not relate to state-owned waterways and involves more interaction with other agencies, as well as with local and federal governments.

Director Pagel continued to explain that four new positions were being requested in the Removal-Fill package to be paid from Common School Fund moneys.

Treasurer Meeker asked what percentage of increase in royalties would be necessary to cover these increased budget needs.

Director Pagel explained that current royalty and lease fees are not high in comparison with other state's programs and that these programs are being evaluated.

Both sand and gravel rates and waterway leasing rates will probably increase. Treasurer Meeker said he supports the wetlands program being sent to the Legislature to request General Fund support. He stated that users of the waterway should pay the waterway leasing and royalty programs.

Secretary Roberts expressed her concern that the state continues to have statutory programs that fit well into the division, that are General Fund programs because of their intent, but that become a drain on the Common School Fund.

Treasurer Meeker reminded the Board of certain legislative raids on trust funds that had been required to be paid back.

Secretary Roberts said if the state generally required programs to pay their own way, there would be broad implications. The fees in the Removal-Fill program would be extremely high. She felt a general policy stating these programs should completely pay their own way would be very controversial.

Director Pagel responded that the agency continues to use revenues from the leasing and royalty programs to offset the costs of the regulatory program. Under previous legal advice from the Attorney General, the agency may lawfully expend monies for regulatory responsibilities, so long as the agency's revenues from statutory assets of the Common School Fund exceed expenditures. She noted, however, that as regulatory program costs continue to rise, the agency may need to review that system.

Commenting on the wetlands program proposal to allocate \$75,000 for local grants, Governor Goldschmidt stated his general opposition and suggested that natural resource agencies work with his assistant, Gail Achterman, to develop an alternate approach. He suggested the technical assistance program might be able to be funded from the lottery, or that small communities could look to Economic Development Department's Oregon Community Development Block Grant Program for assistance.

Regarding a proposed decision package for conducting a hazardous waste inventory, Treasurer Meeker stated he believed such evaluations should be handled by another agency. Governor Goldschmidt noted this item was included by request of a legislative interim committee. Treasurer Meeker commented this again was legislative use of the Common School Funds.

Secretary Roberts made a motion that the division's budget be approved, eliminating the General Fund request for \$75,000 in grants and adding that the provision of a \$275,000 computer package and the hazardous waste evaluation proposal both come back to the Board for a decision prior to the time the budget goes to the Ways and Means Committee. A note was added as well that notation should be made that an Other Funds increase in waterways should be related to royalty and waterway leasing fee increases. Treasurer Meeker seconded the motion and the decision was unanimous (the Governor abstaining from the vote).

Oregon Wetlands Revolving Fund

This is a request for one dollar of Other Funds and a Federal Fund expenditure limitation so there will be limitation in existence for Emergency Board adjustment if expenditures are required during the biennium.

Secretary Roberts moved approval. Treasurer Meeker seconded and the decision was unanimous.

South Slough National Estuarine Research Reserve Program

Deputy Director Pam Wiley presented this budget proposal to the Board. She explained the request is basically for \$200,000 in General Fund enhancements, with the largest portion to fund an estuarine research scientist position that would be switched from its existing federal funding source to General Funds. It was noted that this position was approved early in the 1980's as a federally funded position, that the funding went away and has only become available in the last few years again. It was explained that it has been difficult for the South Slough's research program to get underway with federal funding being uncertain. A half-time position was also requested for coordination of South Slough's volunteer services. Secretary Roberts suggested that South Slough eliminate the request for General Fund support of the estuarine research scientist and include it by the time the budget reaches Ways and Means only if it's determined federal funding will not be available.

Governor Goldschmidt remarked that this request probably would not pass Ways and Means and therefore felt the Board should not approve it. Treasurer Meeker made a motion to eliminate all of the program improvements with the exception of the operations, maintenance, property appraisal and the public service representative portions.

Secretary Roberts seconded the motion and the decision was unanimous.

Natural Heritage Advisory Council

Assistant Director Janet Neuman spoke regarding the Council's budget. She stated their request, originally submitted as a concept to establish a data base service center, was discussed at length by the natural resource agency heads at a recent retreat. They determined there is a need to further analyze where the service center should be housed and how it should operate.

Secretary Roberts said she was supportive of the program, but felt the zoologist and other staff person would not make it through the legislative process.

Assistant Director Janet Neuman shared with the Board that the Council felt their request was pared down and that it would save money by avoiding the need for other agencies to submit budget requests for the same type of data base.

Treasurer Meeker stated he was not willing to support a \$199,000 addition to a \$79,000 budget out of General Funds and felt that the Legislature would never agree to it.

The Board suggested the Council's budget be revised and brought back for consideration for the July 18, 1990, meeting.

The meeting was adjourned for the new State Lands Building dedication ceremony.

Martha O. Pagel, Director

Neil Goldschmidt, Governor