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STATE LAND BOARD MEETING  
November 27, 1990  
Hearing Room B  
State Capitol Building  
Salem, Oregon  
10:00 a.m.

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1 CHAIRPERSON BARBARA ROBERTS: Why don't we come  
2 to order, and we're going to begin with the consent agenda  
3 and get that out of the way.

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1 position to that program. In looking at what we could do  
2 to reduce the administrative work load and to improve the  
3 yield on the program, it looks as though we can simplify  
4 the loans in the process and make the interest normal  
5 compounding interest rather than having the Scholarship  
6 Commission pay the interest while a student is in school  
7 and then have the student pick up the interest payments  
8 afterwards.

9 We can also take the loans -- a student gets a  
10 new loan every year because separate interest rates have  
11 been set and we can turn that into a revolving loan, if  
12 you will, and establish the interest rate each year at  
13 the level of earnings anticipated from the Common School  
14 Fund. And I believe with that, I would open it up to  
15 questions.

16 CHAIRPERSON BARBARA ROBERTS: Tony?

17 STATE TREASURER ANTHONY MEEKER: In your research,  
18 Gary, have you talked to the -- some of the people in the  
19 student loan business on a nationwide basis and what their  
20 loans look like?

21 GARY VAN HORN: Not in the last few months.  
22 Sometime back there was some research done and the  
23 information that came back to me from Carl Brenna was that  
24 there were some fairly significant differences between our  
25 program and their program, and I have also -- although you

1 don't have copies of it, the Scholarship Commission did  
2 prepare a comparison between the Guaranteed Student Loan  
3 Program and the Medical/Dental Program. And we would look  
4 at trying to get those ideas in general closer together.

5 STATE TREASURER ANTHONY MEEKER: The reason I  
6 asked the question is because if a -- student loans are  
7 a lot like mortgage loans and if they have a uniformity  
8 that is recognized nationally, then they're a marketable  
9 commodity. So if we are going to make some changes to  
10 it to streamline it and simplify it, it would seem in our  
11 interest to make it what we would call a pabulum loan, you  
12 know, one that just is so common and ordinary that the  
13 trade finds them acceptable.

14 GARY VAN HORN: I think that we would agree with  
15 that.

16 STATE TREASURER ANTHONY MEEKER: Is it going to  
17 require a law change in any regard to make them--

18 GARY VAN HORN: Yes, sir, it will. There may --  
19 we have a legislative concept already in draft form and  
20 that would be used to get the issue before the  
21 legislature, depending on what final decisions we would  
22 make. We may want to adjust the way the interest rates  
23 are established in the law, and there's some other things  
24 that haven't been happening since 1987, for example, there  
25 has been no General Fund appropriated for loans made after

1 July 1, 1987, even though the statute still says that the  
2 Scholarship Commission can do that. So there are some  
3 things that need to come out of the law, and depending  
4 on the policy decisions that you folks make, we would have  
5 to make some changes.

6 DIRECTOR MARTHA PAGEL: If I could add to that.  
7 We submitted a legislative concept early on that was  
8 basically a place holder to see how we wanted to move  
9 forward with the program. Whether we were going to  
10 recommend abolishing it or making administrative changes.  
11 Currently the law gives you the -- the statutes provide  
12 general authority for the Land Board to make loans and  
13 then includes some specific provisions that apply to the  
14 medical/dental and veterinary and nursing programs, and that  
15 allow for the Scholarship Commission or the General Fund  
16 to pay for the deferred interest for example, and provide  
17 special benefits for those categories of students or student  
18 loans.

19 STATE TREASURER ANTHONY MEEKER: As I understand  
20 it, there's one person that you have working on this  
21 program, even if we were to abolish it, would still be  
22 there for the next ten years. Is that about right?

23 GARY VAN HORN: Actually, we have about 20 years  
24 worth of loan servicing liability.

25 CHAIRPERSON BARBARA ROBERTS: Gary, I have some

1 comments I'd like to make, and I'd be interested in the  
2 state treasurer's reaction.

3           One of the things I thought about when I thought  
4 about these four categories -- this is a good program and  
5 I think we can make it even better in terms of the  
6 technical kinds of concerns that Tony has raised with  
7 regards to the financial impacts and so forth. But it  
8 seems to me since we have some pretty broad flexibility  
9 within the range even of those four categories, that we  
10 might want to look at some policy options that are part  
11 of how the Land Board deals with these loans.

12           I don't know whether we have any requirement that  
13 these are Oregon students. I think that might be  
14 something we want to look at. Did they graduate from an  
15 Oregon high school? Are they Oregon residents? I don't  
16 know whether that's a requirement. If we talked about the  
17 extended year-to-year extension of the loans, would we  
18 require any kind of a GPA average in order for that loan  
19 to continue, are we going to require performance in other  
20 words, from the students to continue that? I mean, it  
21 does make sense, I think, and -- that we don't want to  
22 have to go through that loan process; freshman, sophomore,  
23 junior, senior year, but it might make sense to look at  
24 some kind of a criteria that they have to meet, some kind  
25 of a standard they have to meet, to continue that loan on

1 an automatic basis year-to-year.

2 But the other thing I think, the policy thing,  
3 that was more of a concern to me is if we're going to  
4 put money out of state funds into a loan program for  
5 students, it seems that we might want to have some policy  
6 direction on where we want it to be focused. I mean,  
7 medical is pretty broad. That means you could -- you  
8 know, you could be a dermatologist, you could be a lot of  
9 things, and those are all important, but we've got some  
10 medically underserved areas in this state and it would not  
11 be impossible to require that those medical loans were  
12 general practitioner directed, that they were -- that --  
13 for instance, <sup>a</sup> ~~of~~ residency might be required in a medically \*  
14 underserved area during their residency period that we could  
15 look at that kind of thing, and the same with the  
16 veterinary medicine.

17 I mean, that's a broad field, but I don't know  
18 that when -- I don't know enough about veterinary medicine,  
19 but we may have greater needs for instance in rural  
20 agricultural veterinary needs than we do for serving the  
21 role that many veterinarians serve in metropolitan areas.  
22 And so it seems to me we might look at where our -- and  
23 the nursing program is a thing, we have nursing areas in  
24 this state where they are very, very short of RNs. And  
25 it seems to me we might want to look at establishing a

1 criteria, based on Oregon's medical needs and how we match  
2 those medical needs to this loan program, and serve both  
3 the student and the underserved medical areas, both  
4 veterinarian and other kind of medical areas in the state.

5           And I'm particularly concerned about the general  
6 practitioner need, which is getting to be desperate around  
7 certain -- particularly in -- in the whole state, but I  
8 think in particular in areas -- and as I travel the state,  
9 I just find that just becoming a crisis area, almost, in  
10 this state. So I don't know how the state treasurer feels  
11 about that, but I'd certainly like us to have some policy  
12 direction about this money.

13           STATE TREASURER ANTHONY MEEKER: I heard on  
14 the -- or read in the newspaper that the Oregon Health  
15 Science Center just received a significant grant to put  
16 practitioners from their graduate -- or graduates from, I  
17 think, in their last year in rural areas.

18           DIRECTOR MARTHA PAGEL: I wonder if Greg Ball or  
19 Jeff Lee might want to comment on it. Do you have  
20 anything? Why don't you come on up?

21           STATE TREASURER ANTHONY MEEKER: Yes, Jeff, go  
22 ahead.

23           CHAIRPERSON BARBARA ROBERTS: You get to be a  
24 star quick.

25           JEFF LEE: I'm not sure how to address the

1 chair.

2 DIRECTOR MARTHA PAGEL: Go ahead.

3 JEFF LEE: Madam Chair.

4 CHAIRPERSON BARBARA ROBERTS: Very good. That's  
5 close enough. Hey you, will work even.

6 JEFF LEE: I don't have any information on the  
7 question you just asked. I can answer or comment on some  
8 other things that have been said here, but with regard to  
9 a grant -- I'm turning to Greg, and he apparently didn't  
10 have information on it.

11 STATE TREASURER ANTHONY MEEKER: Gee, this is new  
12 stuff.

13 DIRECTOR MARTHA PAGEL: You're really on top of  
14 stuff, Tony.

15 STATE TREASURER ANTHONY MEEKER: I read it in the  
16 paper today.

17 CHAIRPERSON BARBARA ROBERTS: Well, that's the  
18 reason nobody knows about it.

19 JEFF LEE: Did you want comments on any of the--

20 DIRECTOR MARTHA PAGEL: Just generalize. I'd be  
21 interested in your comments.

22 JEFF LEE: One of the questions that was asked  
23 earlier is, could we make these loans more like the  
24 National Student Loan or the -- what's been called the  
25 Guaranteed Student Loan? Yes, we can. I think we want

1 to take a very good look at that before we get into it,  
2 because it costs the federal government about \$3 for every  
3 \$10 made on loans to run that program the way that it's  
4 run in interest subsidies and defaults and so on. The  
5 defaults would naturally be much lower in this program,  
6 have been extremely low in this program as compared to the  
7 Guaranteed Loan Program or now called the Stafford Loan  
8 Program. But before -- in order to make it look like so  
9 that these would be marketable loans, say for secondary  
10 markets, in order to make these loans look like that, it  
11 might be more expensive than we want to get in to.

12 We've been running this program fairly  
13 inexpensively with regard to state appropriation, because  
14 the only money that we've appropriated really has been  
15 appropriated up front for some defaults and we have a very  
16 low default rate. We've had virtually no defaults for  
17 MDs, a few for dentists, more for nurses; however, we  
18 haven't made any loans to nurses under this program for  
19 several years, and the total default rate, I think, got as  
20 high as around four percent and it has decreased to  
21 something under three percent now. And so it's --  
22 defaults really aren't a great problem. However, someone  
23 does have to pay them, and that's state appropriation to  
24 the program. In order to make it look like Stafford Loans  
25 interest-wise, is another -- this is a little more

1 difficult, because Stafford Loans are subsidized so that  
2 they are no interest paid by the federal government during  
3 the in-school period. And the loans are presently eight  
4 percent loans and the federal government pays a -- what  
5 they call a special allowance on all of those loans to  
6 bring the lender earnings up to 3.25 percent above the '91  
7 T-Bill rate. That's the return to the lenders.

8 So that whole process costs quite a bit of money  
9 for the federal government to operate that program. And  
10 as we look into this, I think that we want to bear in  
11 mind that this program has been a relatively inexpensive  
12 program for the state to operate up until now, but if we  
13 make it look too much -- try to make these loans  
14 marketable to secondary markets and make it look too much  
15 like the Stafford Loan Program, it could get expensive.

16 STATE TREASURER ANTHONY MEEKER: Well, I obviously  
17 wasn't thinking about selling a loan the day you got it.  
18 What you would want to ask the GSL people, because I know  
19 that banks sell seasoned loans, you'd want to sell a  
20 seasoned loan, which would take you past all those initial  
21 problems that you've raised. If you've got a loan that's  
22 four years old and it's a marketable commodity, what you  
23 can do is return the money back to the program and loan  
24 it out again. I was not suggesting that we make it look  
25 like the government program so that it costs us more, but

1 simply to see if there was a market for them. And the  
2 Guaranteed Student Loan people will certainly do that.  
3 They've been by to try and sell us some, and made a  
4 pretty good pitch. So I think there's an opportunity.

5 DIRECTOR MARTHA PAGEL: Go ahead.

6 JEFF LEE: If I might go on. There were a  
7 couple of things you mentioned requiring residency  
8 performance on these programs, and I guess I would add one  
9 that you didn't add require need to be reanalyzed every  
10 year if you went with a -- you might say a credit line  
11 up front. And I see no problem with any of those  
12 requirements. One of the problems -- well, there's no  
13 problem in that residency by most of residency requirements  
14 will be achieved by most medical schools -- students within  
15 the first year of attending school here even if they come  
16 from somewhere else. Most of them are coming from within  
17 the state anyway. GPA, they most -- like most programs,  
18 they should require satisfactory progress.

19 CHAIRPERSON BARBARA ROBERTS: Uh-huh.

20 JEFF LEE: And I think that this would not be  
21 anything that would create a problem for the medical  
22 school. Need -- we're already looking at need -- we'd  
23 have a new loan every year, we relook at it each year,  
24 there would be no great difficulty in relooking at the --  
25 at a person on an annual basis with regard to their need.

1 The service components--

2 CHAIRPERSON BARBARA ROBERTS: What about  
3 affirmative action, is that -- is it any part of any of  
4 the criteria we use at all now in terms of minority or  
5 women or--

6 JEFF LEE: It is not. It could be. Any of  
7 these requirements can be put -- and in fact, we went  
8 on -- the -- you made a comment, Madam Chair, about a  
9 service component, for instance. One of the problems we  
10 get into, because we've looked at some of these service  
11 problems, it gets very expensive when you start following  
12 a person for years and years, and so if we look at  
13 service, then once again, the biggest problem, as I  
14 understand it, that -- or at least the reason why some  
15 things were questioned about this program was earnings.  
16 And I presume you're talking about net, and net is a --  
17 you know, the gross less your expenses, and as your staff  
18 just mentioned, the earnings on this program is one and a  
19 half to two percent below the rest of the Common School  
20 Fund earnings which is your fairly limited administrative  
21 costs right now. If you complicate it, then it can cost  
22 more. However, you can go the other way, and if you're  
23 looking at this as an investment, which it almost has to  
24 be looked at as an investment to even use Common School  
25 Funds for--

1           CHAIRPERSON BARBARA ROBERTS:     Right.

2           JEFF LEE:     Then you -- I suggest that maybe you  
3 want to look at the reduction of your administrative costs,  
4 by looking at some other place.     You're looking at some  
5 other place perhaps to get some of the work done.     For  
6 instance, one of your greatest costs is in collections.  
7 Most of the people that borrow from this program have  
8 maxed out on other programs, either the Stafford Loan  
9 Program or institutional programs.     If you have someone  
10 like the medical school who's contacting students every  
11 month, getting loan payments back from them, then it would  
12 seem to me to be a natural to perhaps look at the  
13 possibility of having them do collections work for you as  
14 they do their own collection work, thus reducing your costs  
15 in collecting these loans.

16           The -- I'll stop now.     I've talked more, but  
17 I'll be very happy to lend my time and the time of my  
18 staff to work with your staff to maybe come to some more  
19 definite recommendations here.

20           CHAIRPERSON BARBARA ROBERTS:     But it's your sense  
21 it would be more expensive to handle a loan if part of  
22 the agreement on the loan was that you required the  
23 residency to be in an underserved area, and is that going  
24 to create some kind of tough follow up?     I'm kind of  
25 surprised to hear that.

1           JEFF LEE:     You will have to follow them up,  
2  whereas presently you don't have to follow up where they  
3  are.     You send them a bill and they send you a payment.  
4  The other problem I had when I -- when you were saying  
5  that too, if we're looking at this as an investment, we  
6  want to make as secure of loans as we can here.     And if  
7  we cause people to go into earning situations that may  
8  want -- you know, let's face it, one of the reasons that  
9  we have a very low default rate for MDs in this program  
10 is that they're going out and making lots of bucks.     If  
11 we require them to go in a situation where they don't make  
12 lots of bucks, then we can increase the losses on default  
13 on the other side.

14           CHAIRPERSON BARBARA ROBERTS:     But the truth is,  
15 at least from my understanding, in those medically  
16 underserved areas of the state -- I'm talking about the  
17 fact that they're now willing to supply a house, a car,  
18 bonuses, moving expenses, anything they can, to get a  
19 medical person into those communities, so in some cases  
20 they may be coming out a -- and they'll supply the office  
21 furniture and equipment and anything else they can to get  
22 them in there, particularly in Eastern Oregon.     And so it  
23 may be that they're not financially deprived by having made  
24 that choice.     The difference is, there are other things  
25 they give up that are causing a lot of people to stay in

1 the metropolitan areas. So, you know, I don't know that  
2 we're going to make them at risk of paying their loan by  
3 getting all those bonuses that are being offered in some  
4 of the Eastern Oregon counties.

5 JEFF LEE: Well, and this has been an ongoing  
6 program for the last 20 years, that I know of. We have  
7 actually two programs on -- in my law right now, neither  
8 of which are funded, but we have a rural medical loan  
9 program that came into existence probably 15, 16 years ago.  
10 We have two sessions ago -- or was it last session --  
11 last session. Another program to encourage people to go  
12 into rural underserved practices, and I've served on a  
13 couple of ad hoc committees over the years talking about  
14 this problem, and this whole business of offering them the  
15 world, we've been doing that for a good many years trying  
16 to get doctors out into these underserved areas. And in  
17 talking with the AMA in some of these hearings, it doesn't  
18 sound like we have a good solution for it on the front  
19 end with money encouraging people to do this. I'm not  
20 sure what the solution is. We certainly haven't solved  
21 the problem in 20 years.

22 CHAIRPERSON BARBARA ROBERTS: Well, the OMA and  
23 others indicated to me over the last few months that where  
24 people -- where a person does their residency, they are  
25 more likely to establish. So if you make your

1 requirement, not their long-term service but their  
2 residency, then the chances are they may establish in a  
3 community and stay in. And if that, in fact, is a  
4 factual statistic, then it might be one of the ways we  
5 make sure that state money being used not only gets the  
6 financial return that the state treasurer is going to make  
7 sure it does, but that we also look at other policies we  
8 may be trying to implement. So I just -- you know, I  
9 just think that it's foolish to take state money and not  
10 make a policy choice that serves the state better as long  
11 as we're using state money to get there, I guess was my  
12 concern.

13 STATE TREASURER ANTHONY MEEKER: Well, Governor,  
14 the -- you can change (unintelligible)--

15 CHAIRPERSON BARBARA ROBERTS: Yeah. I'll listen.  
16 It has a nice ring to it, Tony.

17 STATE TREASURER ANTHONY MEEKER: The program that  
18 I read about was exactly what you said that the -- that  
19 when they -- when a medical student is in residency, they  
20 have a tendency to stay where that residency program is.  
21 And, in fact, this program that I heard about from the  
22 Oregon Health Science Center was to place graduates in  
23 residency programs in rural areas. And so the very thing  
24 that you're wanting to achieve may be accomplished already  
25 with this other program. I would certainly want to see

1 the impact of that from this loan program. I'd also like  
2 to find out how many MDs would take out a loan if it  
3 had that kind of string to it, because, you know, my  
4 experience in the past with these kinds of things is that  
5 a doctor knows that they can make lots of money if they  
6 do a good job, so they'll just find another way to pay  
7 for it if they have a string tied to it. That -- is  
8 that what you're finding?

9 JEFF LEE: They don't mind borrowing money.  
10 They're -- you know, they'll find the money in various  
11 places even if it's high interest money, and they have a  
12 good repayment record. So, yeah, what we're finding is  
13 that they're going -- they're borrowing a lot of money to  
14 get through school and they're very low default. They're  
15 finding a way to pay those loans.

16 STATE TREASURER ANTHONY MEEKER: What about the  
17 programs you talked about that had those kind of strings  
18 to it or--

19 JEFF LEE: Well, very candidly, we've never had  
20 funding for either one of the programs that we have like  
21 that that do have the strings, and so we haven't had the  
22 opportunity to test them. However, I just -- the note  
23 that I was trying to read that caught my attention.  
24 Apparently the folks from the medical school do have some  
25 information and some comments that they can make if you

1 like.

2 CHAIRPERSON BARBARA ROBERTS: Okay.

3 JEFF LEE: Unless there's anything else.

4 CHAIRPERSON BARBARA ROBERTS: Yeah, maybe we  
5 could -- maybe we should hear that before we move forward  
6 with our recommendation.

7 LOIS DAVIS: Lois Davis from Oregon Health  
8 Sciences University. I apologize for coming in late. I  
9 hadn't heard the discussion. It took me a while to pick  
10 up on what you were talking about. And it is the area's  
11 health education center's program, I believe, that you're  
12 both referring to, and there -- we did -- we got some  
13 money -- start-up money last session from the state,  
14 \$250,000, and then we did -- we had to apply for the  
15 federal money because it's basically a matching program, and  
16 did receive that award earlier this year. The way the  
17 program's set up is that you have a planning phase, and  
18 the idea is to go into the local areas and work with the  
19 local people. Set up a program that they're invested in  
20 and that they can help support, because you want to have  
21 a program that's ongoing and will have some long life to  
22 it, but it is exactly as Mr. Meeker described it.

23 It is designed to get residents and medical  
24 students on a rotating basis out into rural areas, expose  
25 them to the kind of practice you have in rural areas with

1 the idea that it will encourage them to set up practice  
2 there when they grad -- when they finish their training.  
3 And you are correct that -- the studies show that there  
4 is a strong correlation between where they do their  
5 residency and where they set up practice. Generally, they  
6 set up practice within a hundred miles of where they do  
7 their residency. So that program is designed to begin  
8 doing exactly what I think you're both getting at in  
9 getting people out there and training them.

10 It also has another nice side effect, and that  
11 is it provides existing practitioners with some much needed  
12 relief. Although that's not the central purpose of it, it  
13 does help prevent burnout with practitioners that are  
14 already in the community that may be practicing on their  
15 own and may have long periods of time without any time  
16 off, vacation or whatever. So that's where it is, and it  
17 will -- we have now selected the site for the first one.  
18 The idea is to have several -- it's kind of a hub and  
19 spokes concept. That you'll have a center in several  
20 areas around the state. The first center has been  
21 designated. That will be the La Grande/Pendleton area,  
22 which will be the main training site, and then it will go  
23 out in a spoke's kind of way to the surrounding rural  
24 communities.

25 CHAIRPERSON BARBARA ROBERTS: Would it be fair to

1 say that the program you're describing and it's current  
2 funding is going to begin to aid a very difficult  
3 situation, but there are not going to be the funds there  
4 to solve the problem, and it's just a beginning of  
5 something we need to do? I assume we don't have the  
6 funds to really make long-term differences with this grant  
7 and the state money combined.

8 LOIS DAVIS: No. Ultimately -- I mean it  
9 depends on what the federal government does, ultimately, and  
10 what the state government does. It is -- these programs  
11 have been done around the nation for, I believe, about the  
12 last 15 or 20 years. Oregon is a little behind in  
13 getting into the process of doing it. If the federal  
14 government continues to fund it, and if the state continues  
15 to fund their matching portion, it could continue, you  
16 know, "indefinitely," but obviously both of those are  
17 question marks. And I think we'll have to see how  
18 successful the program is, how good a job it does of  
19 moving physician manpower -- in fact, nurse practitioners  
20 as well are part of the program -- in terms of providing  
21 manpower into those areas and then it'll be a decision by  
22 the state legislature, as well as the federal government  
23 as to whether they want to continue. But, yes, it is a  
24 much bigger problem. That's only one part of what we need  
25 to do to improve access to health care in rural areas.

1 CHAIRPERSON BARBARA ROBERTS: Thank you. Anything  
2 else, Tony?

3 STATE TREASURER ANTHONY MEEKER: No.

4 CHAIRPERSON BARBARA ROBERTS: Well, Martha, I  
5 think we need to figure out how we deal with your  
6 recommendations and move forward. Tony, do you have  
7 suggestions? I would like to see us, under that number  
8 one, under the recommendations, look at enhancing  
9 collectability as one of the pieces of that modification  
10 of programs, so we might deal with some traded  
11 collectability options that were mentioned and other ways  
12 that we might do that. Do you want to look at the  
13 recommendations, Tony, and see if--

14 STATE TREASURER ANTHONY MEEKER: Well, as I  
15 understand it, the recommendation is to -- as opposed to  
16 abolishing the program, is to keep it, to streamline the  
17 financial end of it with the proposed legislation that the  
18 staff is developing, so that our interest earnings are more  
19 like the earnings in the Common School Fund generally, and  
20 I certainly endorse that. I think the reason we looked  
21 at it is because we were 150 points below the balance of  
22 the fund and we couldn't continue that. So I would  
23 certainly support the staff recommendation, and in fact  
24 would move that we adopt the staff recommendation.

25 CHAIRPERSON BARBARA ROBERTS: Okay. Does that

1 include the \$600,000 a year limit that was their--

2 STATE TREASURER ANTHONY MEEKER: Uh-huh.

3 CHAIRPERSON BARBARA ROBERTS: Second recommendation?

4 DIRECTOR MARTHA PAGEL: Members of the Board, with  
5 that direction, then I might suggest that we come back to  
6 you with more specific follow-up on the questions that were  
7 raised today and how we would implement it. With that  
8 much you can kind of -- if you will authorize us to  
9 proceed with the legislative concept which is very general  
10 and to develop the rules and procedures that would get us  
11 along these lines and we can come back to you with a more  
12 detailed follow-up report and more direction.

13 CHAIRPERSON BARBARA ROBERTS: Is that your motion?

14 STATE TREASURER ANTHONY MEEKER: Yes, it is.

15 CHAIRPERSON BARBARA ROBERTS: I second the  
16 Treasurer's very cleverly put together motion. Between  
17 Martha, you, and I we now have a motion on the table.

18 STATE TREASURER ANTHONY MEEKER: Yes.

19 CHAIRPERSON BARBARA ROBERTS: Any further  
20 discussion?

21 (no audible response)

22 If not, those in favor will signify by saying aye.

23 STATE TREASURER ANTHONY MEEKER: Aye.

24 CHAIRPERSON BARBARA ROBERTS: Aye. Those opposed  
25 nay. Obviously, the motion has passed.

1 DIRECTOR MARTHA PAGEL: Thank you.

2 CHAIRPERSON BARBARA ROBERTS: We'll move on to  
3 Item 2 on the Oregon Ocean Resources Management Plan.

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1 I'll turn this over to Jeff to describe a little more  
2 detail and then open it up for questions, but what you'll  
3 see is that the -- because of the recommendations that the  
4 state of Oregon proceed very slowly and cautiously with oil  
5 and gas or hard minerals development in the near shore, we  
6 haven't moved forward with that program that was originally  
7 authorized under Senate Bill 606 in 1987.

8 STATE TREASURER ANTHONY MEEKER: Yes, right.

9 JEFF KROFT: Basically, just to give you a little  
10 bit of background to how this report got on your desk  
11 right now. As Martha eluded to, Senate Bill 606 was  
12 passed by the 1987 legislature, and basically that some of  
13 the tenants of that bill were that they established the  
14 Oregon Ocean Resources Management Task Force, which was  
15 totally dedicated to basically doing an inventory of state  
16 and federal laws which are included in that document, an  
17 inventory of existing and potential uses, and specific  
18 recommendations to improve state agency programs. [Senate  
19 Bill] 630 also stipulated the Division of State Lands  
20 develop the management plan, which Martha just discussed,  
21 and that plan had to be consistent with the recommendations  
22 of the report which is before you. The management plan  
23 also that we were to develop by July 1, '91, was also to  
24 serve as a basis for administrative rules that we would  
25 use to manage the various activities in the territorial

1 sea.

2           What the plan says, just in summary, is basically  
3 they took a stewardship approach. They looked 200 miles  
4 out, not just the three territorial miles, but 200 miles,  
5 which takes you essentially to the United States exclusive  
6 economic zone. This was done for a variety of reasons  
7 ranging from geography to similar marine environments that  
8 overspan the entire area and so forth. What does this  
9 report say basically of significance to the Division? It  
10 says, first of all, that all exploration and development  
11 for oil and gas should be prohibited. And it further  
12 recommends that the legislature come up, probably with a  
13 permanent moratorium. At present, they have a temporary  
14 moratorium good for five years. So the affect on us, of  
15 course, as proprietors of the territorial sea is that we  
16 probably -- if that legislation is passed on a permanent  
17 basis -- will not see any revenues coming to us from oil  
18 and gas exploration or development.

19           From a hard mineral standpoint, the plan  
20 recommends that there be a moratorium on development for  
21 five years and -- as well as mineral exploration, and that  
22 if there is any commercial mineral exploration, that it be  
23 prohibited in what are called important fishery areas, which  
24 are yet to be designated but certainly include the Heseda  
25 (phonetic) Stonewall Banks area and within three miles of

1 all near shore rocks and islands. There were two minority  
2 positions: one, which was go full speed ahead and mine  
3 and develop as much as you can; and another one which  
4 said, absolutely no exploration, academic research, or any  
5 kind of research efforts. Those were very much minority  
6 positions of the task force.

7 Other aspects of the sea plan that affect the  
8 Division and the Land Board are basically that the Division  
9 of State Lands should make whatever legal arrangements are  
10 required to help establish what are called innertidal marine  
11 gardens. We are also directed to protect archeological  
12 sites and shipwrecks and to prohibit private exploitation  
13 and exploration for these. And further, that we prohibit  
14 all sensitive -- or all activities, be they anything from  
15 sea urchin taking, although the authority in that area is  
16 very limited, within one-fourth mile 33 sensitive areas  
17 which have been designated up and down the coast, ranging  
18 from rocks to just habitat sites.

19 Now, what happens next on this whole process is  
20 the task force recommended that we delay this territorial  
21 sea plan which we were mandated to conduct. The reason  
22 they recommended this delay was basically three-fold. First  
23 of all, they found that the study to date, the task force  
24 plan you have before you, indicated in the knowledge level  
25 of what ocean resources consist of, how the ocean functions

1 and the dynamics of habitat is so limited, we really don't  
2 have a very good information base to proceed.

3           Secondly, they found that even if the information  
4 did exist, the July '94 deadline was probably -- or July  
5 '91 in this case -- was probably unrealistic and proposed  
6 a July '94 deadline.

7           Thirdly, they found that most agencies in state  
8 government have some interest in the territorial sea one  
9 way or the other, and to just to have our agency be  
10 responsible for developing a plan, was probably not the  
11 most efficient way to incorporate all the interests of the  
12 other agencies involved.

13           And lastly, they saw that the new territorial sea  
14 plan, as they would be done by what's called the Ocean  
15 Policy Advisory Council, a new entity which follow-up on  
16 the task force if the legislature so approves, would get  
17 much more detailed in study than we would ever do and look  
18 at special habitat areas in depth and try to develop  
19 management plans specific for those areas.

20           I might close by saying, what is the significance  
21 of the territorial sea management plan regardless of whether  
22 it will be done by us or, as recommended by the task  
23 force, by the Ocean Policy Council in association with us?  
24 The primary importance is if it is adopt -- submitted to  
25 NOAH for adoption and acceptance, it becomes official

1 policies of the state of Oregon in terms of our  
2 administrative activities.

3           Therefore, the federal government, under the  
4 Coastal Zone Reauthorization Act of 1990 basically has to  
5 follow in the spirit and hopefully within the letter of  
6 the law of what we see with activities within our three  
7 mile limit. They have to be consistent with what we try  
8 to administer and manage in our three mile limit, the  
9 policies and philosophies, and they have to extend that  
10 beyond. So that is why that will be an extremely  
11 important document when it is completed, because it will  
12 ensure hopefully that the federal government will be  
13 consistent with the philosophies the state has adopted in  
14 that document. I will now take any questions.

15           CHAIRPERSON BARBARA ROBERTS: Jeff, I'm having a  
16 little difficulty understanding. If we don't put in place  
17 something in '91 and we wait until '94 to complete it and  
18 put it in place, does that mean we don't have a management  
19 plan for the state in place and that we have lost our  
20 opportunity to, in a sense, protect ourself or clarify to  
21 the federal government our standard offshore?

22           JEFF KROFT: It's been -- you want to handle  
23 that?

24           DIRECTOR MARTHA PAGEL: It's my understanding that  
25 this plan that's just been completed serves as sort of an

1 interim--

2 STATE TREASURER ANTHONY MEEKER: Uh-huh.

3 DIRECTOR MARTHA PAGEL: Plan until '94 when the  
4 more detailed document is available, so our plan and --  
5 and this would be carried out by Department of Land  
6 Conservation and Development as the agency responsible --  
7 as Oregon's coastal zone agency, they would submit this as  
8 Oregon's plan and then at some point, substitute it with  
9 a more--

10 STATE TREASURER ANTHONY MEEKER: Uh-huh.

11 DIRECTOR MARTHA PAGEL: Detailed plan.

12 JEFF KROFT: And there is some question -- your  
13 point is well taken -- whether they will submit this,  
14 because it is so generic -- generalized in terms of  
15 specific -- what do you want to call it -- enforceable  
16 actions that have to be taken. You will see, as you look  
17 through the document, that it's a barely generalized, very  
18 good summary of where we stand today. In terms of  
19 directing agencies to do specific things, it is purely  
20 advisory at this point.

21 CHAIRPERSON BARBARA ROBERTS: But issues like the  
22 moratorium, the mining moratorium, the oil and gas  
23 moratorium, there is not an adoption by that '91 date,  
24 does that mean that they would not be affective while we  
25 awaited whatever federal action might usurp that authority

1 without some approval?

2 JEFF KROFT: I believe you're correct.

3 DIRECTOR MARTHA PAGEL: The piece I'd add though  
4 is that the oil and gas moratorium is Oregon law enacted  
5 in statute by the--

6 CHAIRPERSON BARBARA ROBERTS: Right.

7 DIRECTOR MARTHA PAGEL: '89 session, and as to  
8 hard minerals, the argument that we'd use with the federal  
9 government during the interim period would be that the task  
10 force recommendation in this document is that there be a  
11 moratorium, and further, Oregon's Goal 19 require -- puts  
12 a priority on renewable or nonrenewable resources. The  
13 Division of State Lands, as an agency of government in  
14 Oregon, is required to comply with this plan and with Goal  
15 19. So our response back to the federal government would  
16 be that it is enforceable, that Oregon cannot proceed with  
17 hard minerals development in the interim because the task  
18 force recommendation requires the moratorium, and we need  
19 to act consistently with that.

20 JEFF KROFT: I further understand that legislation  
21 will be submitted -- or I should say, a proposal will be  
22 submitted before the legislature to formalize the  
23 recommendation on hard minerals to try to make that a  
24 permanent ban.

25 CHAIRPERSON BARBARA ROBERTS: Mr. Treasurer?

1 STATE TREASURER ANTHONY MEEKER: Yeah. I've got  
2 some questions. I'm a little confused by the -- and maybe  
3 it's just me, so you'll need to help me out -- Summary  
4 of Agency Recommendations and Oregon Ocean Resources  
5 Management Plan, and then if you go to oil and gas  
6 development. Maybe I'm missing a page or two or  
7 something, because all I see listed here is the minority  
8 proposal.

9 DIRECTOR MARTHA PAGEL: Pardon me?

10 STATE TREASURER ANTHONY MEEKER: All I see listed  
11 is a minority proposal.

12 CHAIRPERSON BARBARA ROBERTS: I noticed that when  
13 I read it last night too. There is no majority proposal  
14 on oil and gas.

15 DIRECTOR MARTHA PAGEL: You missed pages?

16 JEFF KROFT: No. This document, I hate to pass  
17 the buck, but this was given to us by LCDC. There is,  
18 however, a marine minerals section (unintelligible) does  
19 summarize -- I believe it's three pages -- four pages from  
20 the back that does promote the--

21 DIRECTOR MARTHA PAGEL: You know, my suspicion is  
22 that we have picked up a double-sided document and  
23 reproduced only half of the document because--

24 CHAIRPERSON BARBARA ROBERTS: I found that, when  
25 I was reading last night, there was a little inconsistency.

1           DIRECTOR MARTHA PAGEL:     Sorry about that.     We  
2 can -- we'll provide the complete document.     There is a  
3 majority position and a minority report on--

4           STATE TREASURER ANTHONY MEEKER:     Well, you see--

5           DIRECTOR MARTHA PAGEL:     Oil and gas.

6           STATE TREASURER ANTHONY MEEKER:     The way this is  
7 presented, if this is in fact the way it's presented, it  
8 leaves the impression that we -- necessary implementation  
9 action is to amend the current statute to allow for gas  
10 and oil development.

11          JEFF KROFT:     Yes, and that is -- that is not  
12 the--

13          STATE TREASURER ANTHONY MEEKER:     In fact, the way  
14 it--

15          JEFF KROFT:     Certainly the majority--

16          STATE TREASURER ANTHONY MEEKER:     Ought to be  
17 presented is the majority opinion be listed in great big  
18 black print all the way through and then an addendum--

19          JEFF KROFT:     Uh-huh.

20          STATE TREASURER ANTHONY MEEKER:     That has the  
21 minority stuff, if at all--

22          JEFF KROFT:     Uh-huh.

23          STATE TREASURER ANTHONY MEEKER:     Because I think  
24 that the governor has hit on something, we need to be  
25 aggressive with the way we present our policy.     And quite

1 frankly, this is not the least bit aggressive. It leaves  
2 a whole bunch of questions in my mind.

3 DIRECTOR MARTHA PAGEL: Mr. Treasurer, if I could  
4 refer you to the larger document from which this summary  
5 was compiled and page 146 on recommended policies for oil  
6 and gas does state the majority opinion, and the majority  
7 in state waters is to prohibit oil and gas exploration and  
8 development and then the minority. But I think your  
9 point's well taken that the presentation layout could be  
10 improved to help us out here.

11 STATE TREASURER ANTHONY MEEKER: Yeah, because  
12 most people go to the executive summary--

13 DIRECTOR MARTHA PAGEL: Right.

14 STATE TREASURER ANTHONY MEEKER: You know. And  
15 they look at this one and say, "Well, I'm not going to  
16 read that." I did. I went to the executive summary.

17 CHAIRPERSON BARBARA ROBERTS: That's the reason we  
18 both discovered the problem.

19 STATE TREASURER ANTHONY MEEKER: Yeah, that's  
20 right.

21 CHAIRPERSON BARBARA ROBERTS: Right? We have no  
22 action we need to take on this today?

23 DIRECTOR MARTHA PAGEL: No.

24 JEFF KROFT: No. It's purely informational.

25 CHAIRPERSON BARBARA ROBERTS: Thank you.

1           JEFF KROFT:    Thank you.

2           CHAIRPERSON BARBARA ROBERTS:    Okay.    Item 3 on  
3 the Lower Willamette River Plan -- Management Plan.

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AGENDA ITEM #3

DIRECTOR MARTHA PAGEL: Let me bring up Deputy Director Pam Wiley and John Lilly, who's very new to the Division of State Lands, who is the coordinator for our Lower Willamette Plan. I'll let Pam introduce the item and further introduce John.

DEPUTY DIRECTOR PAM WILEY: Madam Chair, Mr. Treasurer, over the past several years you've been asked to deal with a number of issues involving development on the Willamette River as it runs through the city of Portland. Two that come to mind immediately were the extension of the Water Lane, Houseboat Moorage Lease and the--

CHAIRPERSON BARBARA ROBERTS: Oh no. Tony and I have to leave now.

DEPUTY DIRECTOR PAM WILEY: We won't be bringing that up today. And the recent discussion of the greenway improvements related to the waterway avenue on-ramp construction in Portland. In reviewing those issues, we've always relied heavily on policy and standards and criteria set forth in the Lower Willamette River Management Plan, a policy document that the Land Board adopted in 1974 and has serviced pretty well in the last 15 years but is badly in need of updating. Recognizing that we asked your permission last year to go to the Emergency Board and seek

1 a position and funding to hire someone to help us update  
2 the plan, we were very fortunate in luring John Lilly away  
3 from the state Parks Department where he has worked for a  
4 number of years on river planning issues.

5 I'll turn it over to John to tell you about the  
6 process we are using and the things that we've done so  
7 far. This is also an informational item. We don't need  
8 any action, although we'll be returning to you over the  
9 next several months with some key policy issues that we'll  
10 need direction on as we proceed.

11 DIRECTOR MARTHA PAGEL: Thanks, Pam.

12 CHAIRPERSON BARBARA ROBERTS: Welcome aboard, John.

13 JOHN LILLY: Thank you. It's a pleasure to be  
14 here. I'm going to move to the map right away. Just a  
15 reminder that this was what the original Lower Willamette  
16 River Management Plan looked like, it's an endangered  
17 species I think. There aren't very many of these in  
18 existence any more. We're going to update this, and  
19 that's the whole subject that we're dealing with today.  
20 We'll have several plan status reports to you over the  
21 next months as we -- this next year as we put this plan  
22 together.

23 This map basically outlines the study area that  
24 we're looking at from Kelley Point here where the  
25 Willamette--

1 CHAIRPERSON BARBARA ROBERTS: Move closer--  
2 JOHN LILLY: Comes into the Willamette. And  
3 apparently this is a park run by the city of Portland.  
4 We're going upstream--  
5 CHAIRPERSON BARBARA ROBERTS: John, why don't--  
6 JOHN LILLY: About 18 miles.  
7 CHAIRPERSON BARBARA ROBERTS: Since no one in the  
8 audience can see it any way, why don't you move it a  
9 little closer so that -- as Tony and I mature, it helps  
10 us if you move the map closer. I don't know if will  
11 help that much, but. Where'd this guy come from? Yeah,  
12 that helps.  
13 STATE TREASURER ANTHONY MEEKER: Yeah, that's  
14 within range of my bifocals.  
15 JOHN LILLY: Kelley Point, where the Willamette  
16 runs into the Columbia, and we're going all the way  
17 upstream to just past the Sellwood Bridge, which is just  
18 off of our map, includes all the area within the city of  
19 Portland, a little bit of Multnomah county on this side of  
20 Sauvie Island.  
21 We've been -- since starting -- I'll leave this  
22 here for a moment. I'm going to bring another one up  
23 here. Since starting on the project in August, we've been  
24 doing a number of things. First, we got together with  
25 about 23 people and did some interviews, trying to get an

1 idea of really what kind of issues were we dealing with  
2 and what should be doing with this planning process. It's  
3 interesting to note we immediately found out that -- and  
4 it's no surprise to anyone that this river segment, 18  
5 miles of river, is probably the most heavily used  
6 recreational boating stream in the state. We found that  
7 there was almost ten percent of the total recreational  
8 boating use occurs right here. (unintelligible) venture to  
9 say that most of that occurs right in this lower section  
10 from the downtown Portland River place area of the--

11 STATE TREASURER ANTHONY MEEKER: Did I--

12 JOHN LILLY: (unintelligible)--

13 STATE TREASURER ANTHONY MEEKER: Did I hear you  
14 say that ten percent?

15 JOHN LILLY: Almost ten percent.

16 STATE TREASURER ANTHONY MEEKER: Good Lord!

17 CHAIRPERSON BARBARA ROBERTS: Isn't that amazing?

18 STATE TREASURER ANTHONY MEEKER: Except when Buoy  
19 Ten's open.

20 JOHN LILLY: We add onto that, of course, the  
21 commercial tug, barge, and ship traffic that comes into the  
22 river and you find that we've got a real active river  
23 route. One where we're faced with a lot of issues and  
24 that often bring us right down to how much water do we  
25 really need to have to accommodate those recreation uses,

1 the commercial navigation, plus accommodate the kinds of  
2 things that we all enjoy along the Willamette riverfront  
3 in Portland.

4           So as we met with these folks, it became quite  
5 apparent that really what we needed to do was include a  
6 lot of people in the process. So very early on, we  
7 settled on a scheme of using two different public type  
8 committees. One a technical team, very open to the  
9 public, a process that allows us to use technicians for  
10 other state agencies as well as interested citizens. We're  
11 proceeding with meetings of that group right now. In  
12 fact, we have a meeting tonight to begin talking with them  
13 about the priority of issues and how we should be  
14 addressing some of the data that we need to collect.

15           We're following that group up with a group we're  
16 calling the Policy Review Committee. That's 11 people  
17 representing the various interests, basically regulators and  
18 the city of Portland. So we've got the Corps of  
19 Engineers, the Department of Environmental Quality, the  
20 Port, the Marine Board, several members of the city staff;  
21 and those folks are going to sit as a review team watching  
22 over our shoulders, so to speak, as we work through this  
23 process, and we'll be bringing ideas and policy issues to  
24 them to get some feedback on prior to bringing the whole  
25 package to you folks as we move through the process.

1           Now, we did hold a public -- we held two public  
2 meetings last month. One up in the St. Johns area, up  
3 here, and another down at Oaks Park. We sent out 700  
4 invitations and got about 45 people to attend. We felt  
5 we had a pretty good turn out. And it took us a while  
6 to kind of work through a lot of the misconceptions about  
7 what we're trying to do in this project, but from that  
8 group of folks we--

9           CHAIRPERSON BARBARA ROBERTS: John, what kind of  
10 misconceptions, just as a--

11          JOHN LILLY: Well, is this the Greenway Plan?

12          CHAIRPERSON BARBARA ROBERTS: Okay.

13          JOHN LILLY: Another Greenway Plan--

14          CHAIRPERSON BARBARA ROBERTS: Okay.

15          JOHN LILLY: You know, why is State Lands  
16 involved in this?

17          CHAIRPERSON BARBARA ROBERTS: Okay.

18          JOHN LILLY: There's a lot of unknowns about the  
19 agency and its involvement around here.

20          CHAIRPERSON BARBARA ROBERTS: Okay.

21          JOHN LILLY: So we were able to dispell  
22 (phonetic) those -- put some facts out right away to help  
23 get people oriented. So from there on, we've selected  
24 about 73 ideas of issues or comments that have come  
25 through now. We're packaging those up and that's what

1 we're doing with the technical team now is going through  
2 those to decide what the top priorities issues are for us  
3 to deal with.

4 We have a policy review committee scheduled for  
5 the 12th of December and that will again be in Portland.  
6 And so we're -- at this point, we're kind of into the  
7 hardcore planning effort; collecting the data, displaying  
8 it on maps, dealing through all the issues, trying to  
9 understand what it is people want, where the pitch points  
10 are. And as we proceed with that, we'll be bringing those  
11 things to you as we move through the process.

12 CHAIRPERSON BARBARA ROBERTS: Questions, Tony?

13 STATE TREASURER ANTHONY MEEKER: It--

14 JOHN LILLY: Let me move this back from you.

15 STATE TREASURER ANTHONY MEEKER: I see it. The  
16 first group is listed in Appendix A. Is that correct?

17 JOHN LILLY: Yes.

18 CHAIRPERSON BARBARA ROBERTS: (unintelligible)

19 JOHN LILLY: Yeah. The Appendix A is the folks  
20 that we've conducted interviews with--

21 STATE TREASURER ANTHONY MEEKER: And the--

22 JOHN LILLY: Early on.

23 STATE TREASURER ANTHONY MEEKER: Second group is  
24 the policy review committee--

25 JOHN LILLY: That's Appendix C.

1 CHAIRPERSON BARBARA ROBERTS: Yeah.

2 JOHN LILLY: Oops, I'm sorry. The policy  
3 review--

4 STATE TREASURER ANTHONY MEEKER: This one's on  
5 page 2 or 4, right?

6 CHAIRPERSON BARBARA ROBERTS: Yes.

7 JOHN LILLY: Yes.

8 DIRECTOR MARTHA PAGEL: Yes.

9 STATE TREASURER ANTHONY MEEKER: One of the--

10 CHAIRPERSON BARBARA ROBERTS: Here it is.

11 STATE TREASURER ANTHONY MEEKER: One of the things  
12 that I'm curious about is I see on these two lists, and  
13 correct me if I'm wrong, one representative of the  
14 marina -- and unless some of these people are boat  
15 owners -- I'm just wondering what kind of access you're  
16 getting both from policy point of view and from a review  
17 point of view, the users of the river, i.e., the boaters,  
18 because if ten percent of the recreational use is in that  
19 area, there's a lot of boaters out there, marina operators,  
20 and then the other element is the houseboats. What is  
21 your plan there?

22 JOHN LILLY: Well, good points. Paul Donheffner  
23 from the Marine Board, of course, is the agency in charge  
24 of regulating boating activities on the river and --  
25 recreational boating that is -- and is closely in touch

1 with that community. In addition, we've had members of  
2 that community, the Columbia River Yacht Club and others,  
3 attend the public workshops and so they're on our mailing  
4 list and they're involved in the process at that point.

5 The technical team's work is open. Anyone can  
6 attend and be involved in those processes and we encourage  
7 those groups in particular to be involved. The Port has  
8 some interest, of course, in both commercial traffic and  
9 what goes on between recreational and--

10 STATE TREASURER ANTHONY MEEKER: And those guys  
11 will be well represented.

12 JOHN LILLY: Yeah.

13 CHAIRPERSON BARBARA ROBERTS: And we weren't  
14 concerned about them being represented.

15 STATE TREASURER ANTHONY MEEKER: No.  
16 (unintelligible)--

17 CHAIRPERSON BARBARA ROBERTS: I think they'll be  
18 there.

19 JOHN LILLY: We think we're reasonably well  
20 covered with an open process, so folks who want to get  
21 involved who feel a concern can do so. The homeowners  
22 association -- or the floating homeowners are pretty well  
23 organized at the Oregon Yacht Club and they, just this  
24 week, have given me a letter indicating a representative  
25 that they will have dealing with the technical team issues

1 and dealing with us on a -- every meeting--

2 STATE TREASURER ANTHONY MEEKER: I guess my  
3 concern, Governor, is I don't want to wake up four days  
4 after you're through and be charged with, "Well, you didn't  
5 give us a voice."

6 JOHN LILLY: Yeah.

7 STATE TREASURER ANTHONY MEEKER: I.e, the large  
8 group of users, the boaters, and you may want to even  
9 consider putting a couple of folks on there that are  
10 actually representative of that group. It's just a  
11 thought.

12 CHAIRPERSON BARBARA ROBERTS: Well, I think that's  
13 a good idea. I mean, clearly the Oregon Yacht Club, I  
14 think, is the biggest houseboat moorage on that stretch of  
15 the river, practically the only real remaining large one  
16 that I can think of at least, and need -- they're active,  
17 we know that community is being represented, but, you know,  
18 if you think of the thousands of boaters who use that  
19 stretch of the river, it might be nice if they knew  
20 some -- a couple of people who were really boaters, really  
21 used the river, were there who don't live at Oregon Yacht  
22 Club, by the way, because they all boat too. So I've got  
23 those guys down, but I think that really is a good idea.  
24 Good idea.

25 What kinds of concerns have you heard expressed

1 in the hearings at this point? Or what kind of issues  
2 have been raised as you've begun to do the public  
3 outreach?

4 JOHN LILLY: Yeah. Well, there's concern. As  
5 we've talked to folks, they want to know what's going to  
6 happen with log rafts; would we be able to continue to  
7 have log rafts on the river or are they going out.  
8 Floating homes; are the existing floating homes going to  
9 be, you know, allowed in this updated plan or can we look  
10 at new opportunities for floating home moorages. There's  
11 concern about the narrowness of the river in several spots  
12 along the river, and how many -- how much more  
13 encroachment we can allow into the river area itself and  
14 still allow for commercial navigation, for the recreational  
15 activity, and allow the Rose Festival fleet to turn around.

16 The -- everybody I talked to that spends time on  
17 the river is saying that the river place development, the  
18 water front park development, have become real magnets of  
19 activity, not only for people who want to get from upland  
20 down to the river to experience that kind of an  
21 environment, but also folks who will come by their boat  
22 and sit in the -- on their boats on the water and listen  
23 to the symphony and watch the fireworks and that sort of  
24 thing. So you've got this issue of what we might call  
25 nonwater dependent recreation use, so the folks who want

1 to walk down to the river bank and get their toes in the  
2 water--

3 It may take some work with our plan policies,  
4 because currently that kind of development would not be  
5 considered water dependent, and our current plan is heavily  
6 oriented towards maintaining the surface of the water for  
7 water dependent uses only.

8 CHAIRPERSON BARBARA ROBERTS: John, can you tell  
9 me again the process of the early involvement in listening  
10 whether OMSI has been involved because of the issue that  
11 came before the Land Board on their wanting to extend that  
12 into the river to make a jogging path? Have they been  
13 involved in this process at all yet?

14 STATE TREASURER ANTHONY MEEKER: Narrow the  
15 river--

16 CHAIRPERSON BARBARA ROBERTS: Yeah, narrow the  
17 river to have a jogging path?

18 JOHN LILLY: They have not come forward at this  
19 point. They're on our mailing list and we've been mailing  
20 information to them. They are a group who I have on my  
21 list to get in touch with to find out what their plans  
22 are.

23 CHAIRPERSON BARBARA ROBERTS: Because I would not  
24 like us to get this done and then have them come back  
25 with that proposal that we've already had some heat on

1 from how the Land Board reacted to it and find they hadn't  
2 even participated in this process. So I think we have  
3 some obligation to outreach to them, and I think they have  
4 some obligation to outreach to us to make sure we don't  
5 end up on the other end of the process without their  
6 input.

7 DEPUTY DIRECTOR PAM WILEY: Three other parties  
8 that are heavily involved in that particular issue are the  
9 city, PDC and ODOT; and all three of those agencies are  
10 represented on our technical team and we're working closely  
11 with them. On that issue particularly, OMSI needs to be--

12 CHAIRPERSON BARBARA ROBERTS: Yeah, I think--

13 DEPUTY DIRECTOR PAM WILEY: Involved as well.

14 CHAIRPERSON BARBARA ROBERTS: OMSI and some folks  
15 from their board, or their director or whatever, need to  
16 be involved because clearly that's a -- not only a very  
17 big deal, the new facility and the planning they have for  
18 it, but also there's obviously some very prominent citizens  
19 involved in that and we don't want to be fighting them on  
20 the other end of the process because they didn't  
21 participate on this end.

22 STATE TREASURER ANTHONY MEEKER: Didn't we hear  
23 that OMSI wanted to build a marina out there?

24 CHAIRPERSON BARBARA ROBERTS: Yes. Yeah.

25 STATE TREASURER ANTHONY MEEKER: That's an

1 example.

2 CHAIRPERSON BARBARA ROBERTS: And I think people  
3 who are doing that kind of long-range planning on the  
4 river and have that kind of dreams, need to be sure their  
5 dreams fit with this reality. I would hope that we push  
6 them to be involved in the process a little.

7 JOHN LILLY: We'll do so.

8 DEPUTY DIRECTOR PAM WILEY: One of the most  
9 difficult issues and an issue that's been raised repeatedly  
10 in the public meetings that we've had so far is this whole  
11 question of capacity and how much is there now and how  
12 much more the river can absorb. I mean, certainly, at  
13 certain times of years, it's -- there's not much going on,  
14 but at other times, it's really crowded. And then that  
15 brings up the whole question about more marinas and  
16 increased access, and it's going to be a tough issue.

17 CHAIRPERSON BARBARA ROBERTS: Anything else, Tony?

18 STATE TREASURER ANTHONY MEEKER: No.

19 CHAIRPERSON BARBARA ROBERTS: Thank you very much,  
20 John. I appreciate it and we're glad to have you aboard.

21 STATE TREASURER ANTHONY MEEKER: (unintelligible)  
22 project.

23 CHAIRPERSON BARBARA ROBERTS: It is. Glad to see  
24 it updated. It'll be nice to have a cover that's not  
25 brown and old next time. I'm real tired of the brown

1 covers.

2 JOHN LILLY: We'll do a blue one next time.

3 CHAIRPERSON BARBARA ROBERTS: Yeah. Good.

4 Anything else?

5 DIRECTOR MARTHA PAGEL: No.

6 CHAIRPERSON BARBARA ROBERTS: Anything else from  
7 you, Tony?

8 STATE TREASURER ANTHONY MEEKER: (no audible  
9 response)

10 CHAIRPERSON BARBARA ROBERTS: If not, we're  
11 adjourned. Thank you very much.

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CERTIFICATE

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