

DIVISION OF
STATE LANDS

The Oregon State Land Board met in regular session on February 25, 1991, at 10:00 a.m. in the Land Board Room of the State Lands Building, 775 Summer Street NE, Salem, Oregon, 97310.

Present were:

STATE LAND BOARD
BARBARA ROBERTS
Governor
PHIL KEISLING
Secretary of State
ANTHONY MEEKER
State Treasurer

Barbara Roberts	Governor
Phil Keisling	Secretary of State
Tony Meeker	State Treasurer

<u>Assistants</u>	<u>Dept. of Justice</u>	<u>Staff</u>
Martha Pagel	Bill Cook	Janet Neuman
Michael Greenfield		Pam Wiley
Michael Ryan		Earle Johnson
		Gary Van Horn
		Agency staff

The meeting was called to order by Governor Barbara Roberts. 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, Oregon 97310.

Director Discussion and possible action to fill the position of Director, Division of State Lands.

Governor Roberts explained that rather than looking outside the Division to fill the position of Director, the Board wanted to fill the position from talent within the agency. State Treasurer Meeker moved the Board approve the appointment of Janet Neuman as Director of the Division of State Lands (the position also including Deputy Land Commissioner). Secretary of State Keisling seconded the motion and the decision was unanimous.



Governor Roberts congratulated Director Janet Neuman on the appointment and commented that her credentials were outstanding. The oath of office was administered by Secretary of State Keisling.

Rulemaking

Request to adopt administrative rule amendments relating to the removal-fill permit program.

Director Neuman introduced this request for final adoption of amendments to administrative rules in the removal/fill permit program. She stated these rules were initially adopted in 1986. Since that time, a number of new laws have been enacted and agency policies have changed. The rules need to be amended to reflect these changes. The complete amendments to these rules are being divided into three groups. Group I, being handled at this time, would make the following changes to current rules:

- delete a requirement that the Director of the Division provide state permit application notice to certain federal agencies for projects where no federal public notice has been issued by the Corps of Engineers;
- change the wording of rules relating to emergency permits to emergency "letters of authorization" to reflect statutory wording changes;
- clarify that failure to comply with the terms of an enforcement order, and violation of any condition of a wetland conservation plan, are violations of the Removal-Fill Law; and
- revise procedures for obtaining an "after-the-fact" permit for projects that have been started without a required permit but not yet completed.

Assistant Director Earle Johnson explained that suggestions received during the comment period were accommodated to the greatest extent possible in the rule amendments.

State Treasurer Meeker moved the request be approved. Secretary of State Keisling seconded the motion, and the decision was unanimous.

Rulemaking

Request to initiate rulemaking to amend administrative rules for leasing of state-owned submerged and submersible lands.

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Director Neuman introduced this item requesting authorization to initiate rulemaking to amend administrative rules for leasing state-owned submerged and submersible lands for non-extractive uses such as log storage, piers, marinas, and commercial or industrial facilities. The rules were last amended in 1984. She explained that the agency will consult extensively with our lessees, local government, and interest groups in formulating proposed rule amendments. The Board will be consulted regarding any policy issues requiring resolution before a proposed set of rules is brought before the Board for adoption. The expected timeframe will be 4-6 months.

Examples of areas requiring clarification include application and auction procedures, how lease fees will be calculated, treatment of public, non-profit facilities, coordination with local government land use planning programs, and appeal procedures.

Secretary of State Keisling moved the request be approved. State Treasurer Meeker seconded the motion, and the decision was unanimous.

Rulemaking

Request to initiate rulemaking and develop interagency agreements needed to transfer administration of the Oregon Rural Rehabilitation (ORR) Fund to the Oregon Housing Agency.

Director Neuman introduced this item explaining that current ORR funds total approximately \$682,000. The program was first transferred to the State Land Board in 1953 with assets of around \$100,000. It is a totally separate and distinct fund, with no relation to the Common School Fund. Currently, by Land Board policy decision, the Fund is used to make loans for farm labor housing.

Director Neuman explained that transfer of the operating authority of the fund to the Oregon Housing Agency would allow them to take a more active role than the Division in getting funds to the communities because of Housing's other related responsibilities, and by combining these funds with other funding programs administered by the Housing Agency. Approval for an interagency agreement and administrative rules to effect the transfer are needed.

State Treasurer Meeker moved the item be approved. Secretary of State Keisling seconded the motion, and the decision was unanimous.

Mineral Exchange

Request by the Board of Forestry for authorization to exchange 86 acres of Board of Forestry mineral rights in Clatsop County for 115.84 acres of mineral rights owned by M. Nygaard Logging Company in Clatsop County.

Director Neuman introduced this request by the Board of Forestry to include the exchange of mineral rights with an exchange of surface ownership. The Board of Forestry is exchanging 86 acres of state-owned land for 115.84 acres of private land. The parcels are not far apart and have the same geologic environment and mineral potential. The Land Board must approve exchanges or sales of any state-owned mineral rights.

Secretary of State Keisling moved the item be approved. State Treasurer Meeker seconded the motion, and the decision was unanimous.

Natural Heritage Resources

Request by the Natural Heritage Advisory Council for registration of additional sites on the Oregon Register of Natural Heritage Resources.

Director Neuman introduced this request by the Natural Heritage Advisory Council for addition of seven sites to the Oregon Register of Natural Heritage Resources. The seven sites include: Cape Blanco (Parks), Indian Sands (Parks), Nehalem Bay Salt Marsh and Dunes (Parks), South Slough National Estuarine Research Reserve (State Land Board), Nestucca Bay (The Nature Conservancy), Jackson-Frazier Wetlands (Benton County), and Bald Hill (City of Corvallis, Parks Department).

State Treasurer Meeker moved the request be approved. Secretary of State Keisling seconded the motion, and the decision was unanimous.

Timber Contract

Request for approval of two amendments to the 1982 timber management contract between the State Land Board and the Oregon Department of Forestry.

Director Neuman explained the first of these two changes would amend Section 5, Paragraph E, of the current timber management contract to delete the "recovery basis" of

timber sale (an individual log accountability scaling method) as the preferred sales method, to allow the Board of Forestry to go to a lump-sum cash-sale method. The second amendment is a related change in Section 6 on appraisal methods, deleting the preferred method of appraisal which is in the contract now, and allowing the State Forester discretion and flexibility in conducting appraisals to support the lump-sum sales method.

Director Neuman introduced Jim Brown from the Department of Forestry. Jim introduced Ray Craig, who recently replaced Mike Beyerle as Assistant State Forester, since Mike Beyerle is now the Deputy State Forester.

Jim Brown explained that the Forestry Department is recommending a phased-in shift from recovery sales to predominantly cash sales on Common School forest land, starting in July 1991. With cash sales, payment would be based on a lump sum bid amount without any requirement for scaling or other complicated log accountability systems. This shift would be accompanied by improvements in timber cruising and appraisal methods to provide sufficient information about timber volume and value to the state and bidders prior to the sale.

State Treasurer Meeker moved the item be approved. Secretary of State Keisling seconded the motion, and the decision was unanimous.

Minutes Request for approval of January 8, 1991, Land Board meeting minutes.

Secretary of State Keisling moved the minutes be approved. State Treasurer Meeker seconded the motion, and the decision was unanimous.

Budget Review of Department of Forestry's 1991-93 agency budget request for management of the Common School forest lands.

State Forester Jim Brown presented information to the Board regarding the base budget and decision packages for management of the Common School forest lands. He informed the Board the 1991-93 Governor's recommended budget is about \$11.5 million dollars, with an increase of \$1.1 million. Part of the increase, he said, is due to inflation, some due to intensive management practices, and some due to capital improvement costs for the facilities at the Coos Bay District and other district headquarters.

The possibility of a revision of the budget, should the revenue loss due to the spotted owl situation be greater than anticipated, was discussed.

No action was required on this item.

Forester's Report Report of State Forester to the State Land Board regarding Common School timber management for the period of July 1, 1990, to December 31, 1990.

State Forester Jim Brown introduced this item. There were no questions or comments. No action was required.

Legislation Update on Medical-Dental Student Loan Program legislation.

Director Neuman introduced this item to the Board by saying that in November 1990 the Board decided to retain the program under the Division of State Lands since it was determined to be a financially profitable program and not a drain on the Common School Fund. Several discrepancies in the loan program were identified and administrative costs were found to be higher than desired. The Board had authorized the Division to go ahead with legislation to attempt to clear up the discrepancies and also to explore with the State Scholarship Commission, The Department of Higher Education, and others how we could tie the program to Common School Fund levels of performance, so that it would never be a drain on the Common School Fund. Senate Bill 239 was initiated to streamline the program's administrative costs. The percentage rate for the loans and the payback conditions would be specified by administrative rulemaking, rather than set at several different levels in the statute. Director Neuman said staff would return with proposed rules after the legislative session. No action was required on this item.

Award Presentation of Special Achievement Award.

Director Neuman shared with the Board information about the Division's Employee Incentive Program which awards staff who put forth special effort or extra achievement or who develop ideas that improve the way we do business. Steve Moser from the enforcement program of the Environmental Planning and Permits Section was awarded for

his help in hiring an injured truck driver that had been retrained in clerical and computer skills. Because of previous employment, Steve knew about special vocational rehabilitation programs available. This employee is being made available to the Division at no charge for one year. With the tremendous backlog of enforcement permit violations and the need to keep track of these on computer, this assistance is proving to be a great help to the agency, and Steve was nominated for a Special Achievement Award by his co-workers. Governor Roberts presented the plaque to Steve and thanked him for his initiative.

It was noted that this meeting would be the last one Deputy Director Pam Wiley would be attending before going on maternity leave and leaving the employment of the agency. Governor Roberts commended her on the contributions she has made over the years and said she will be missed.

The meeting was adjourned.

Janet C. Neuman
Director

Barbara Roberts
Governor

slbmin:45