

DIVISION OF
STATE LANDS

STATE LAND BOARD

BARBARA ROBERTS
Governor

PHIL KEISLING
Secretary of State

ANTHONY MEEKER
State Treasurer

The Oregon State Land Board met in regular session on July 9, 1991, at 10:00 a.m. in the Land Board Room of the State Lands Building, 775 Summer Street N.E., Salem, Oregon, 97310.

Present were:

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
Nina Johnson		Gary Gustafson
Michael Ryan		Gary Van Horn
		Agency staff

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

Governor Roberts changed the order of the meeting agenda to deal with the consent agenda first, except for consideration of Item 3C regarding authority to amend the Division of State Lands' rules pertaining to the State Agency Coordination Plan and Wetland Conservation Plans, which she said would be handled separately, at the end of the agenda.



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Consent Agenda

- Easement** Request by the Oregon Department of Transportation, Highway Division, for a perpetual easement across the North Fork of the Nehalem River to allow replacement of an existing bridge.
- Forest Lands** Request by the Department of Forestry for approval of land use classification changes on Common School forest land managed by the Department of Forestry.
- Minutes** Request for approval of June 11, 1991, State Land Board minutes.

Governor Roberts asked for a vote on the consent agenda, excluding consideration of Item 3C. The approval was unanimous.

- ORR Fund** Request for approval of (1) a temporary administrative rule authorizing interagency agreements and loans to state agencies as part of the Oregon Rural Rehabilitation (ORR) Fund; (2) an interagency agreement with the Oregon Housing Agency; and (3) a loan from the Fund to the Housing Agency.

Director Neuman introduced this item, explaining that initial plans were to transfer administration of the entire ORR program to the Housing Agency for their use in funding loans for farm worker housing. The current requests were proposed as ways to simplify the process allowing the Housing Division to use ORR funds during the 1991 season, but ensuring that the Land Board would retain the decision-making ability for the program in the future.

Present ORR Fund value is in excess of \$700,000. After outstanding loans, current available funds are over \$600,000. The Board established a minimum cash balance of \$200,000 to be maintained in the Fund as a matter of operating policy, so a loan of \$400,000 could be made to the Housing Agency, while keeping that required balance.

Because of the pressing need for farm worker housing and the desire to use the funds this season, a temporary rule is requested which would go into effect immediately. Permanent rulemaking will follow.

Director Neuman noted that the loan terms outlined in the proposed interagency agreement have been changed from those terms set by the Board five years ago. Previous terms have been: a maximum of \$50,000 per loan, an eight-year repayment schedule, and a 1 1/2 percent interest rate (to cover administrative costs only). The newly proposed terms are as follows: a maximum of \$100,000 per loan, a ten-year repayment schedule, a one-percent interest fee to nonprofit entities and a three-percent interest rate to profit-making entities.

Director Neuman introduced Rey Ramsey, Director of the Housing Agency, who responded to a concern of State Treasurer Meeker by stating that Housing would like to limit the risk to the ORR Fund by requiring that the ORR Fund moneys equal no more than 35 percent of the total cost for any single loan project.

State Treasurer Meeker moved the item be approved with the addition that ORR Fund monies equal no more than 35 percent of the total cost for any one project. Secretary of State Keisling seconded the motion and the decision was unanimous.

Director Rey Ramsey thanked the Board and stated the agency would make wise use of the funds.

LWRMP

Request for Lower Willamette River Management Plan authorization for two projects (H.C. Mortgage Company and Port of Cascade Locks) in Transition Zone 16.
Note: Authorization for a third project (Phoenix Mutual Life Insurance Company) was removed from the agenda just prior to the meeting.

Director Neuman introduced this request for authorization for two existing uses within Transition Zone 16. She explained that authorization was received in 1980 for a transient dock located at the McCormick Pier Apartments on the Willamette River in downtown Portland. The H.C. Mortgage Company has since converted the dock to a private marina for the use of the residents at the apartments. Since use has changed, new LWRMP authorization is needed. All permits have been received and a lease from the Division of State Lands was granted.

The Port of Cascade Locks is mooring their tour boat, the Columbia Gorge Sternwheeler, at this same location. A separate LWRMP authorization is also required for this use. Approvals from local governments have been received and there have been no negative comments.

Secretary of State Phil Keisling asked what the proceeds are from the lease of the private dock. Director Neuman responded that the current rent is approximately \$400 per year. A discussion ensued about the need for revising the rates for the leasing of submerged and submersible lands. Director Neuman stated that authority has been received from the Board to initiate rulemaking and the Division is in the process of amending the waterway leasing rules. She said that getting market rate rent for these leases is a difficult process and is a long-term goal. The Board voiced their concerns over low leasehold rents and conversely high profits for the lessee in certain subleasing situations, and encouraged the Division to pursue this issue.

Secretary of State Keisling moved that the item be approved with the removal of the Phoenix Life Insurance Company request. State Treasurer Meeker seconded the motion and the decision was unanimous.

**Administrative
Rules**

Request for authority to begin rulemaking to amend the Division of State Lands' administrative rules pertaining to the State Agency Coordination Plan and Wetland Conservation Plan.

Director Neuman introduced this item that was initiated in response to petitions received from the City of Portland and the Columbia Corridor Association requesting rulemaking to clarify the procedure for adoption of a wetland conservation plan. Director Neuman explained that there had been a misunderstanding with some individuals concerning the purpose of the item on the agenda. Copies of letters of opposition received just prior to the meeting were placed before the Board members as well as a memo by Director Neuman clarifying the situation.

Columbia South Shore in the City of Portland has submitted a wetland conservation plan to the Division for review. Director Neuman explained that this is the first wetland conservation plan that we have received. Final action has not yet been taken on the plan. After the City's plan was submitted to us, (Natural Resource Management Plan) it was appealed to the Land Use Board of Appeals (LUBA). Because the Land Board meeting occurred shortly after the LUBA appeal, some people assumed the agency was trying to affect the outcome of the LUBA decision.

In response to one of the letters received, State Treasurer Meeker asked Assistant Attorney General Bill Cook if the action being requested of the Board today would in any way approve the pending plan or affect a court decision currently pending on this issue. Bill Cook responded that the Board's approval would not have any effect on the agency's approval of the plan or the pending court decision.

A number of individuals concerned about the intentions of the agency were present for comment. Richard Forester said he was gratified that the issue has been clarified. He feels that an amendment to the rules is necessary for clarity. Katherine Imperati encouraged the rulemaking also. Liz Frenkel from the Oregon Chapter of Sierra Club spoke for herself and Doug DuPriest, from the Oregon Environmental Council. She said they both were involved with Senate Bill 3 and wanted to be sure that the process and integrity of that intent was maintained. She asked to be informed of the rulemaking process as it occurs. Bernard Galitzki, a landowner and representative of the Columbia Corridor Association, explained that he owns land in the South Shore area and conveyed frustration with the delays he has experienced in the process. He asked that the Division attempt to facilitate as short a time frame as possible in the approval of the plans. Lyn Mattei, law student at Lewis and Clark, asked the Board to restate that today's intent was not to initiate a temporary rule. The Board confirmed that was not their intent.

The Board unanimously approved the request for initiating of rulemaking.

Ken Bierly, the Division of State Lands' wetlands manager, said that one of the issues before the agency is to develop a preferred sequencing of local government adoption and state approval that would combine the reviews at LUBA, to hopefully shorten the approval process.

South Tongue Point

David Blum, South Tongue Point project coordinator, provided a status report of the current projects at the site. He also briefed the Board on a housing market study done to determine the projected housing market in the Astoria-Seaside area in anticipation of accommodating the needs of military personnel necessary for the Navy's use of the facility for homeporting two non-nuclear vessels.

Director Neuman informed the Board that engineering designs are currently in the process, and that in November 1991 information will be presented regarding the costs of doing basic development of the site and that some investment decisions will need to be made at that time.

Spotted Owl Update

Director Neuman introduced Logan Jones, forest management coordinator for the Department of Forestry. Mr. Jones updated the Board on the surveying efforts this year for spotted owl on common school forestry lands and the process the Department of Forestry is using to resolve owl issues.

Deputy Director

Director Neuman introduced the new deputy director for the Division, Gary Gustafson (Gus), previously from the Division of Land and Water Management in the State of Alaska, Department of Natural Resources.

The meeting was adjourned.