



**PUBLIC LANDS ADVISORY COMMITTEE**  
 Tillamook Conference Room at Dept of Forestry  
 2600 State Street, Salem, OR 97310

**MEETING MINUTES – September 8, 2006 1:32 p.m. –3:15p.m.**

**MEMBERS PRESENT:**

Tom Byler, Chair  
 Nancy Niedernhofer, Parks & Recreation  
 Evelyn Stepp, Realtor, RE/MAX 1<sup>st</sup> Choice  
 Thomas Sjostrom, Bluestone & Hockley

**MEMBERS NOT IN ATTENDANCE:**

George Gilman, State Representative  
 David Knowles, David Evans and Assoc  
 Jackie Winters, Senator

**OTHERS PRESENT:**

Bill Foster, DAS Facilities Division  
 Fred Lord, DAS Facilities Division  
 Elaine Schacher, DAS Facilities Division

Cliff Houck, Oregon Parks and Recreation Dept.  
 Mike Kirby, Oregon Department of Transportation  
 Nancy Lorensen, ODFW

**1. OPENING REMARKS / ADMINISTRATION:**

*Tom Byler*, Chair, called the meeting to order at 1:32 pm and recognized that there was a quorum of 4 members in attendance.

**a) Approval of minutes for July 7, 2006 meeting:**

*Chairman Byler* asked if all members had a chance to review the minutes from the previous meeting and requested comments, edits or corrections. Hearing no comments, Chairman Byler asked for a motion to approve the draft minutes of the previous meeting.

*Tom Sjostrom* made a motion to accept the Minutes of the July 7, 2006 meeting as written. *Nancy Niedernhofer* seconded and the motion was unanimously approved.

*Chairman Byler* commented that he appreciated the time and effort it takes to put the minutes together and asked staff if there were any other administrative matters needing to be addressed at this time. Hearing no comments, Oregon Parks and Recreation Department was called forward to give their presentation.

**2. Agency Real Property Presentations**

**a. Oregon Parks and Recreation Department (OPRD)– Cliff Houck, Property and Natural Resource Manager**

*Cliff Houck* introduced himself and explained that his department takes care of the property part of Oregon Parks including property management as well as management of the acquisition program. There are actually two people in the property section, himself and Mike Zdroy. Both he and Mike have real property backgrounds and legal backgrounds. On the natural resource side, there is a manager who reports to Cliff who manages the Forestry Department of OPRD. This section takes care of not only tree removal for forest health but also danger trees. They sell off a lot of those trees; they remove trees around camp grounds and other public areas when the trees have problems. The Forestry Department also does planning, reforestation and re-vegetation where they have projects in and around the State Parks. They also have a Botanist and a Biologist who report to the Natural Resource Manager. A number of programs are administered in that section, including land rental. Land rental payments go into a trust fund per statute and those moneys are used for reforestation, re-vegetation, and doing a lot of projects in cooperation with ODF and ODFW to create habitat and any other work that is needed. They also have a Salmon Plate program where they receive some funds out of the Salmon Plate. There is also a program under the Natural Resources area where they do projects throughout their parks. They go through a biennium look at different projects that meet the goals of

that Salmon Plate program. They have an Invasive Weed program that they are kicking off, maybe a little late, when you look at invasive weeds in the state of Oregon. This program will address projects to at least control invasive weeds, if not eradicate them. The main piece that Cliff works on is acquisitions. Mike Zdroy does a lot of the property management which includes 13 concessions in the State Parks and they have a lot of property that they lease in terms of uses adjacent to the Parks which are open lands. They have some land-use leases and a lot of employee housing inside parks because park managers are required to live inside the parks. All the land use leases and employee housing comes under Property Management.

Cliff's goals for this presentation are to: 1) answer the Committee's questions and 2) through answering those questions, to cause the committee to become as much a believer in OPRD as he has become in the short time he has been with OPRD (1.5 year).

#### Statistics:

OPRD manages 101,906 acres;

They have a total of 235 parks. 53 of those parks have overnight camping and 28 are year-around.

They have 174 day-use areas with over 6,400 picnic sites and 37 group shelters.

They are proud owners and successful deliverers of the Oregon State Fair and Exposition Center, a 185 acre site with 9 rentable buildings on the state fairgrounds.

They have 478 miles of park trails.

They have 42 parks with docks and boat ramps.

They have 57 parcels along the Willamette Greenway and 12 meeting halls within State Parks.

They have approximately 40 million visitors annually to their day-use sites and 2.4 million campers.

In the 48 states, OPRD is 4<sup>th</sup> in day-use attendance and 7<sup>th</sup> in overnight attendance and 6<sup>th</sup> in camping rentals.

In terms of acreage, they are 28<sup>th</sup>. They are 2<sup>nd</sup> in visitors per acre. In other words they have about 438 visitors per acre and the national average is 75. They are 28<sup>th</sup> in park acreage per 100,000 population. This gives some comparison statistically. He doesn't think statistics paint the real picture. He considers OPRD to be number one.

#### Responses to Committee Questions:

OPRD has always been very focused on the property that it purchases and what kinds of property that are purchased. There is a very limited and very few reasons and few properties that actually become surplus. In 2003-2005 they sold \$390,469 worth of land in three transactions. In the 2005-2007 biennium, they sold \$3,531,000 worth of property in two transactions. The two properties sold in the 2005-2007 biennium were explained as follows:

- 1) The Officers Inn at Ft. Stevens State Park. This is one of a row of historic officer's structures, not unlike the Ft. Vancouver Officer's Row. Two of those properties have been acquired and turned over. When they turn them, they add a set of covenants and restrictions to them so that from the State Historic Preservation Office's standpoint, those properties are protected forever. Although this property did not make money when they sold it, even with the covenants and restrictions on it, the purpose was to protect that property.
- 2) The other property is the "U" Avenue Interchange property that is on the Southeast corner of "U" Avenue which is an interchange on the South end of Redmond, Oregon. It crosses Hwy 97. This property was one of 13 parcels that OPRD received from the Bureau of Land Management (BLM) years ago. This is a scenic corridor to break up on the development between Bend and Redmond. That property ended up being annexed into the city of Redmond because a crane dealership yard was built on one side and a soil mixing plant on the other and it was zoned light industrial. So, through the mechanism of planning and changes in zoning, that property stopped meeting the purpose and reason that OPRD owned that property. At that point, they surplused it and sold it. Actually the city of Redmond purchased that property directly from OPRD in a desire to control the development on that parcel. It is also adjacent to the Deschutes County Fairgrounds so there is probably a higher purpose for the land and it helped the city of Redmond.

*Chairman Byler* asked if OPRD had any restrictions on the revenues that were received in either of those transactions or any transaction where OPRD is selling surplus property.

*Cliff Houck* responded: Yes, and quoted Oregon Revised Statute 390.121 in the handout. What that statute does in section (3)c is that it requires that all those funds be deposited in the Parks Donation Trust Fund for park land acquisition and development. They have an Acquisition Fund and a Trust Fund that comes from the sale of properties like this that is used for additional acquisition.

Cliff continued that OPRD does not have anything additional on the radar or anything they are working on in terms of property sales. All their properties go through a classification process so that their Planning Manager addresses each property and puts it into a class ie., State Park, State Hwy Corridor, State Scenic Waterway, State Trail, State Recreational Site, State Natural Site, State Heritage Site or State Greenway. There is an Endowment classification which is properties OPRD would allow to be sold in order to drop proceeds into that Trust Fund for acquisition. There are currently no properties in that Endowment. Where he thinks those properties will come from in the future will be through planning and management changes. The Planning Unit is continually looking at master plans. It is an ongoing process of planning parks and looking at the master plan of each park. They look at those properties to make sure they still meet park purposes, that they still have a use, that they are still meeting those recreation, natural scenic and cultural needs. When one of them gets trapped between a crane yard and a soil mixing plant, Cliff will get another property to surplus. Surplus properties are rare because of where OPRD properties have been purchased and the way they have been purchased.

#### Limitations/Restrictions on Land Sales for State Park Property:

A lot of State Parks have been purchased with Federal appropriated monies (Land and Water Conservation Fund). When they use those monies to purchase a park, a restriction is put on them in terms of use. So, any of those parks purchased (he does not have a number in terms of volume of parks but it is well more than half of everything they have) with those funds has a restriction that if they are transferred out of recreational use, another property must be purchased to replace that recreational use. It is a process that works through National Parks in order to find replacement parks because once in awhile there is an issue where a small parcel is transferred out. If it is, appraisals must be done to federal standards. They go through a review and an explanation of why this occurred and how it happened and there is an application for that process. It is a process to be avoided wherever those parks have been acquired with Land and Water Conservation Fund money.

State Parks received through donation: The restrictions are kept on file and the donated properties are accepted with those restrictions. The property restrictions vary from either the kind of development or the way they can be used or the way they can be transferred. There is a fair amount of property that has been acquired in this fashion. They received a couple donations this year and Cliff is working on a couple more donations. This is an ongoing way that OPRD receives property.

#### Issues and Agency Recommendations:

Record Systems – OPRD is in a project to establish electronic records of not only its real property but its facility development, its infrastructure, and electronic financial system for the entire Department. OPRD has had the initial meeting with Fred Lord to make sure the initial information that OPRD develops electronically can work with and access the DAS system electronically so that systems are not duplicated and so the data files will transfer back and forth. Cliff thinks it is critical to move forward with a records system; in fact the time has probably passed to move forward with it. They have deed files, acquisition files and agreement files that pertain to each transaction so they have a number of file cabinets full of paper. While it is accessible, it is time consuming to access. He thinks continued work and direct work with DAS down that path over the recordkeeping system is progress forward.

#### Issues that could be addressed or improved:

Cliff stated that from his background at ODOT as well as OPRD, there are many small transactions. He deals with ODOT six times a year when they need a sliver of Park property. All of those, by rule are appraised. He thinks anything in terms of small transactions that could reduce the requirements for appraisals or requirements in terms of paperwork to make those small sales less costly would be a step forward. The one he had before the OPRD Commission in the last meeting was an easement for a drainage pipe with a value of \$1,300. He knows that ODOT appraised that property before they made that offer. Anything to reduce the costs of small transactions would be a benefit to every agency. Certainly the Federal regulations in terms of federal acquisition have moved to a reduced appraisal method for properties valued up to \$10,000, and then they give another exemption up to \$25,000 in terms of acquisition. Even by federal rule, over the last ten years, there has been some reduction of those requirements.

#### Transfers between public agencies

When public agencies transfer property, anywhere the requirements and justification could be reduced would benefit all agencies. It is simplistic to think that it is all public property and that different agencies don't have different budgets but

where that could be done more cost effectively, reduce the paperwork and reduce the requirements when it stays in public ownership would benefit us all.

Acquisition Program:

An overview of the OPRD Acquisition Program was presented to give the committee insight as to why OPRD has no surplus property.

*Chairman Byler* asked for clarification as to what extent parcels around State Parks are leased and for what use and to what extent are they holding those lands. He has a good idea of the variety of uses but he wants to understand fully.

*Cliff Houck* responded that some of them are associated with greenway properties which are lands in the flood plain. A lot of them, along the Willamette River are flood plain properties where there is some rehabilitation going on along the river bank. A lot of that is being done in cooperation with folks who are farming those properties or somehow working the land. A number of those properties are being addressed with embankments or different types of abutments in attempts to control the river in order to reduce the damage to other properties down stream. An example would be where there is a neighboring use or a use that can be put into a cooperative effort to try and re-vegetate those properties. A lot of those are property agreements. Anyplace, in terms of open space that there is an opportunity for a combined use, so the public has access and can get to the river. In a flood plain area there are a lot of sloughs and ponds and those kinds of things where those ownerships and that use can co-mingle. OPRD tends to work with people that are neighbors in the area to combine those uses.

What's happening at Oregon State Parks and Recreation Department and where they are going:

The Governor has an initiative calling for "one new park per year". In 2004 they added Stub Stewart Park. In 2005 it was Sunset Beach State Recreation Area. This is the site of the recent opening of the Fort-to-Sea Trail which runs from National Parks out onto the beach where Lewis and Clark traveled. That trail and Sunset Beach was the 2005 park. In 2006, the opening will happen this weekend for Ft Yamhill which is a partnership with Grand Ronde Tribe for a park at Grand Ronde. In 2005 OPRD purchased a property southeast of Corvallis called the Thompson's Mills Property. It will open in 2007. It is a large wood structure put together with pegs that actually ran on a waterwheel to create feed grains and flour back in the late 1800's. It is a very historic site; the site of a Boston Mill Town. There are a group of folks really supporting that park development. In 2008, Crissey Field will open. This is the gateway from California into Oregon on the coastline in the southwest corner of Oregon.

A significant effort was put into their investment strategy. What their investment strategy did was look at all of their master plans and their planning effort as well as the needs of OPRD so it addressed where they had capacity issues and where they had needs in terms of natural, scenic, cultural and historic properties. Certainly one of the areas where Oregon is at capacity, and it is certainly not news to anyone, is on the Oregon coast.

Cougar Valley is 8 miles up the Nehalem River, 8 miles off the coast, has a large frontage on the Nehalem River as well as Cook Creek and Lost Creek. Both are salmon streams and it looks to be another full service camp development on the Nehalem River. They have one other property that is near Wolf Creek. OPRD purchased the town of Golden which is a small acquisition. It is a historic town with the old structures of a mining town all remain there, including the church, the store and one of the oldest houses left in the Willamette Valley. It is really a tie in to Wolf Creek and a visit to the historic Wolf Creek Inn as well.

Cliff handed out a brochure titled "Target 2014" which explains OPRD's direction in terms of acquisitions. The 2014 plan was layed out by the OPRD commission, a seven member board that directs Parks and Recreation business. They give OPRD direction in terms of where they go. The 2014 plan came about when OPRD received a 15 year funding source by measure 66 by vote of the people from lottery funds. With that investment in state parks, OPRD commission went through the activity to development goals for the agency and direction. There are several goals that apply to Cliff directly: Goal 1 - Acquire properties that build upon the diversity and strength of their current system. Goal 4 - Preserve Oregon's rich cultural heritage and broaden public understanding of Oregon's historic places and events. Goal 6 is to promoted access to Oregon's beaches, trails and waterways. Those were all clear direction and goals that were set by the OPRD commission with funding from measure 66.

OPRD is currently working on an Acquisitions Priority Report. That was the combination of all of their planning documents; they also went to all the other natural resource agencies for their input over properties that were significant

in terms of habitat and natural resources. They gathered lists from a variety of places and evaluated those based on their master plans and their planning efforts for State Parks as well as their needs assessment and how heavily the parks are used. With all that information, they drafted recommendations for each area that would recommend where and what types of properties they would purchase. From that document, they build a biennium acquisition plan that addresses properties that are specifically laid out in accordance with need in the areas that have been identified for purchase. So, when they purchase a property, that whole effort is done to make sure when they are purchasing a property that it has a place and function in their system and it is needed to meet the target goals in 2014. In terms of properties that don't meet their needs, they don't purchase those properties so they don't accumulate any surplus or build any surplus or have any properties that don't meet OPRD needs.

Issues:

One of the natural resource concerns that deal with property right now is that problem of encroachment, trespass or timber trespass. This summer, this came to light and he is working with park managers to watch the park boundaries. What goes on is that the cost of trees has increased exponentially in the last couple of years. They sold 13 large danger trees off Mark Williams State Park recently for \$16,000. In terms of watching that resource, it is a critical element and one that they are constantly dealing with. When the market changes, the way the market is today, it puts a lot of pressure on the agencies to watch that resource.

The recordkeeping system is the other issue. Cliff hopes that DAS gains support for its system. He thinks OPRD is well on its way and they are working to build their system. He believes an electronic system in terms of responding to the public, telling the public who owns what and telling them what purpose that property is for and answering all their questions in a timely fashion without researching for hours to find that question. He thinks the electronic system is a must. He would really support all the work that is being done, not only in his agency but in DAS to meet those needs.

Cliff offered a guide of Willamette Greenway Properties to anyone interested in knowing where those properties lie and what kind of access and recreation they have. He also offered a guide of paddlers trails on the Willamette River laying out where they are located, who owns them and what kind of facilities are on those properties for recreation. They actually give specific information about where paddlers can go and where they can get into the river, what kinds of experiences they are going to have and what kind of boaters they need to be. The guides lay out from South to North on the Willamette River where those properties are located and who owns them and what kinds of facilities are on those properties for recreation. The Willamette River is close to the largest population base. It is where most of their customers are and it is a great resource, so he likes to share these guides so that people use the Willamette River.

Questions:

*Chairman Byler* thanked OPRD for the thorough presentation and asked the committee if they had any further questions. Hearing none, the agenda item moved to the Department of Administrative Services' presentation.

**b) Department of Administrative Services (DAS) – Fred Lord, Property Manager,**

Fred Lord introduced himself and advised that DAS owns and operates primarily lands with office buildings on them. For the most part, DAS buys land either for itself or on behalf of other agencies such as the Medical Examiners Building at Clackamas Town Center and the DHS/DEQ Lab in Hillsboro. DAS also sells land, primarily on behalf of other agencies and primarily at the direction of the legislature. Historically, the Boardman property springs to mind ten or more years back and more recently Dammasch State Hospital was sold by DAS on behalf of DHS and the Fairview property was sold with DAS acting as the agent. Currently, DAS is selling the Mill Creek Industrial Site properties for the Department of Corrections. The proceeds from those sales do not go to the general fund, generally speaking, as a broad statement, they are disbursed as directed by the legislature in each of those sales. DAS also has sold a small building with three acres of land on behalf of the Oregon Economic and Community Development which they had taken back on a foreclosure of sale in Silverton. We are in the process of selling some property that DAS owns. One is the Springfield Motor Pool. That property was purchased with the anticipation that there would be a motor pool and either a DEQ or DMV station on it. That latter part did not pan out so that portion is excess and will be sold with the proceeds being used to pay back the Certificate of Participation (COP's). That sale has not yet come about but the property is for sale. We expect to be marketing the Eugene Motor Pool property in the near future. It is just now been declared surplus and the sale will proceed hopefully, next year. Later in the presentation, there will be further discussion of the

DAS plan to sell a portion of the Albina State Office Campus in North Portland. This has come up within the last few months. Those are the DAS prior sales and the anticipated sales.

DAS does not have any properties classified as "In reserve" or "surplus" in its inventory. Everything is held for current use. Therefore, there is nothing to move out of "in reserve" or "surplus" into the "in use" category.

Recommendations / Issues:

*Fred* stated that he picked up a great deal from what other agencies have mentioned. The Department of State Lands has made a number of very strong recommendations. ODOT, in their upcoming presentations will make a number of recommendations. The Department of Fish and Wildlife made a number of recommendations and now Parks has made a number of recommendations of things to fix which include little things and big things. Cliff Houck spoke briefly about maybe adopting some of the less stringent Federal regulations regarding lower value properties to speed up the process of sale by using something other than a full appraisal. Fred endorses that. This is the one thing most of the agencies have recommended. They have slivers of land, uneconomic remnants, land locked parcels with very low value, and yet they have to go through the same procedure as the largest parcels in getting those to market. The administrative cost of staff in preparing the land for sale exceeds the potential proceeds from that sale and almost makes it not worth it. Other issues are the cost of oversight and trespass on the land that an agency holds on to. One thing that Cliff could have alluded to which we have spotted is that in selling to agencies and political entities, they can take an extraordinarily long time to decide whether to buy it or not. The property is then kept off the market during that decision making process. Fred suggested that there should be some way to tighten that decision making timeline in some way. For example, following what is done in the private sector by allowing a specified time period in which to make an earnest money offer or step aside. There are a number of other suggestions that will be listed on the grid sheet that will be handed out later in this session.

*Evelyn Stepp* asked about the appraisals. Are the commercial appraisals good only for a certain period of time? She knows that in real estate sales, an appraisal is only good for one day typically. The market can change rapidly.

*Fred Lord* responded that normally the appraisals are valid for 6 months. There is this nebulous area at that time, as the process goes on and nobody makes an offer. You don't know when to go out and get an update on that appraisal. There was an appraisal performed, for example, on the Springfield property but that is now 18 months old and it would have to be updated if we were not to proceed with the current political entity who has expressed an interest. There was a transaction where we did get an updated appraisal on a parcel on behalf of the Department of Corrections and determined that the appraisal was inappropriate given the type of property and use to which it was to be put. We obtained a directed appraisal which resulted in a different price, which was more in keeping with the intent of the State to place the property into another public use. There is that period of time after six months and approaching 18 to 24 months when you would have to decide if the market has shifted enough. You have to depend, to a certain extent, on the professionalism and the knowledge of the real estate manager doing the transaction for the State to determine if the market has changed sufficiently to justify the expense of an updated appraisal.

*Tom Sjoström* asked if there is a defined process when DAS decides to dispose of a piece of property like the Springfield Motor Pool. Is it made available to other state agencies?

*Fred Lord* responded that there is a very defined, specific process. It is established by Statute and supplemented by Rule and there was recently a revision of that Rule regarding this process. Fred offered to walk the Committee through the process.

*Tom* responded that he is not interested in the fine points; he is interested in understanding the appraisal decision. As Fred mentioned, an appraisal is valid for six months. However, if there is something in the process that means appraisals are always going to be six months old, it seems that this is not a very good time to get an appraisal.

*Fred* responded that there is a specific place in the process where the appraisal is to be obtained. That is during the time when we go out with the 30-day notice to other state agencies and political entities. If the agencies do not place an offer, then the selling agency can go out to the public. Then there is a three week, in succession, public notice in the newspaper, which is a separate issue entirely. It makes the process very long and drawn out. The whole process stretches out the period of time before you actually can start talking to a bonafide purchaser.

c. Oregon Department of Transportation (ODOT)– Mike Kirby, Program Manager, Right of Way Section

Mike has been with ODOT for 22 years and one of the areas he is responsible for is the Statewide Property Management Program for ODOT. ODOT has three Senior Agents and four Agents in Property Management statewide. Three agents are in Portland and four agents are in Salem, covering the whole state. It is a good charge because ODOT owns quite a bit of property and virtually all of it is driven on every day. This is called "operating right of way". They don't manage that so much as they do excess property and other properties.

By way of introduction, he heard Cliff Houck talking about quantity of files and that is always a good challenge for ODOT. ODOT started buying property in the 1930's and have about 130,000 right of way files with 8 to 10 million pieces of paper in those files. In addition, they have 30,000 general files affecting property plus 17,000 maps and 13,000 sets of contract maps. That takes up rooms full of storage and getting it into the right place takes many hours of research to try to arrive at the ownership and the answering of public questions. A little over a year ago, perhaps as a result of some legislative encouragement, OTC (Oregon Transportation Commission) encouragement and the ODOT Director's Office, they were charged with scanning all those paper files into an electronic database. Not a small charge, but one that was surely needed. Since May, 2005, they have been working on this project to purge the Right of Way files to make them ready for scanning with bar codes and that sort of thing. Actually a scanning contractor in Bellevue, Washington has been scanning the files and they are nearly complete.

Now they need to index what is there with Township, Range, Section, County, City and that sort of thing so they can retrieve this information electronically. The indexing is now about 40% complete. It is a project that has taken a fair amount of time. They have added temporary staff to help with this. Once they have this system up and running and someone calls ODOT and asks how much property they own, how much excess property they have and how many different files, where is it and what County is it in and along what state highway is it located, ODOT will be able to answer those questions and will be able to retrieve that information fairly readily with the work they are doing now. They expect, for example, once they get the maps scanned, that they will find that they have state highway ownerships but other ownerships also. That information will be geo referenced and [centroids](#) will be applied along those highways so that if there is a question about the intersection of Main Street and First Street in Newberg, he can pull it up and go right to the file. If it looks like ODOT has an ownership, he can click and it will associate the Right of Way file with that property and he will have it right in front of him. That is what they are aiming toward.

He heard earlier today that recordkeeping is a challenge for every agency, this is true. This project has been a great challenge for ODOT. Again, they are still in the middle of it but he wants to report that he thinks their progress is good. They are within budget, on schedule and looking forward to the benefits associated with this project. He further mentioned that the project was set up to accomplish several tasks: including capturing certain data from each Right of Way file to round out the database of property. They scanned Right of Way files and made them available digitally. They scanned all the right-of-way maps; they scanned their contract plans and installed an enterprise document management system. It won't be just their Right of Way, this system can serve bridge and traffic and other functions within ODOT and perhaps within the State too. That is the intent. There are many reasons for doing this but some of the most important are: to make an effort to identify all property excess to ODOT's needs so they are doing that by way of the scanning and indexing process; answer questions about the property they own when asked so they will have that information available for this committee and the public; and it will make it easier and more efficient to get documents and do their work and back up and protect all of their vital Right of Way information.

Most of these files were in a room downstairs in the basement of the Transportation building and that room periodically flooded. It is down below the window well level so there would be a good rain storm and they would have to vacuum out water so these files were subject to water damage. There are also sprinklers in the ceiling, according to fire code, so those could have gone off had a fire occurred, as well. Of course, paper files can be destroyed in the event of fire. They are confident, with the electronic database, that they will have good records as well as back ups. This will be a better system all the way around and of course, this won't be just available to ODOT for just Right of Way, and it can be accessed by others as well, in the future, with certain controls. He last appeared before this Committee about a year and half ago and they were just contemplating it at that time. They got some strong encouragement a few months after talking to this group about doing it and since then they have been implementing it.

*Chairman Byler* commented that it sounds like quite a task and he can appreciate what ODOT is going through. On a much smaller scale, the agency he works with is also trying to put a lot of their data into electronic format ultimately for their use to be able to respond better to information requests, but even further out to make that web-based accessible

to the public. He certainly encourages ODOT to go down that path. It's good to hear that ODOT is on track and he wonders when the end dates are for some of these products.

*Mike Kirby* responded: Good question. They currently have state temporary workers working on this project and some limited duration employees. With the budgeting they have done, the expectations are around scope, scheduling, etc., which takes them through the end of the biennium. Some think they are a little optimistic but so far, so good. ODOT calls this a back file effort. They are taking files as of a given date and capturing everything back in time. They will have some going forward work also for data capture but nothing like the back file effort. They hope to complete the back file effort by June 30, 2007.

*Mike Kirby* continued with additional responses to the questions from the Committee. As far as the last biennium goes, 2003-2005, ODOT sold 47 parcels, what they call files, resulting in sales of \$6 million. They have sold over \$8 million already toward a 2005-2007 biennial goal of \$9 million. This doesn't include other revenue. Other revenue is generated from leasing and renting property. They also collect \$3 to \$4 Million every biennium in other revenue too. They are actually about their biennial goal of \$9 million right now and still have ten months left in the biennium.

They have been dealing with a variety of inquiries on parcels they normally handle but they have also been looking and digging and researching to try to identify parcels that are of higher value. As has been mentioned, sometimes a \$500,000 file takes no more time and is no more complicated than a \$50,000 file. So, they have made a concerted effort to try to sell, for example, timber lands that were remaining properties when I-5 was put through Southern Oregon decades ago. The issue with these parcels is that there is some beautiful timber on the land but there is no access; it certainly doesn't exist to the interstate. The puzzle has been that since ODOT is not providing access, the buyers then have to figure out how to do that. In a number of cases, they have. Timber value has just gone up and up and as it turns out, they benefited from that with regard to these sales.

Up in the Portland area they have a project on the Sunset Hwy going west out of Portland, cutting into some hillsides. They had a six-plex up on a hillside that they have owned for many years. You can see it as you are going up out of Portland. They had to hold that property for a number of years to ensure that there would not be any slippage. They had to wait for the geologists to say it was okay, that the walls are holding and the soil nails are good. That property was sold recently for about \$1 million. There are reasons to hold these properties but when the time is right, they try to move ahead and sell.

He thinks that the sales total for the current biennium reflects that they will exceed what they did in the last biennium with regard to dollars as well as number of parcels. They have the same number of staff but the focus has helped. He previously provided information about how many parcels they intend to sell.

Item six mentioned a number of things. Not only the database and the information that will help them do their jobs better in the future and answer questions more quickly, but also mentioned a statute related to county assessor's work and the fact that county assessors often don't put assessed values on public lands. If they did, and if the agencies could use that value, they see a way to expedite the sale of a number of small parcels. ODOT has quite a few of those.

Mike's suggestion was that since DAS has an E-Bay site for personal property, perhaps small parcels could be sold that way also. If you have \$500 parcels or \$1,500 parcels, etc., perhaps you could find a way to put a value on those fairly readily and move them if they aren't needed by the agency. ODOT would certainly support that.

Additionally, a challenge for ODOT internally, regards lands being held for wetlands mitigation which is very important in terms of transportation and other projects. They need to identify those so that if they are asked why a group of properties haven't been sold, that the answer can be given that it is a wetlands mitigation site. That is a suggestion. This is not yet in place in the ODOT system.

Again, he thinks it makes sense that the more valuable a property is, the more thorough you want to be. You want to make sure that you are getting market value and returning that to the State Trust Fund or whatever fund is appropriate. If a property is small and of no value, the same amount of work is required as for a \$50,000 or \$150,000 property. It sounds like this is a common theme.

[Spreadsheet of ODOT Sales](#)

2003-2005 biennium = \$6 Million in sales  
 2005-2007 biennium - \$8.1 Million in sales

These sold parcels are all over the state and in quite a few cases; the dollar amount is fairly significant. It is five figures or higher in many cases.

*Nancy Niedernhofer* asked where the funds go that come in from these sales.

*Mike Kirby* responded that they are constitutionally dedicated to the State Highway Trust Fund.

*Nancy* further asked if money in that fund goes to pay bills.

*Mike* responded: Yes, the money used to acquire properties comes from that fund. When those acquired properties are later sold, the proceeds are returned there.

*Evelyn Stepp* asked if ODOT leases or rents any properties.

*Mike* responded: Yes, most of their leases are in the Portland Metropolitan area. They are leases of properties under construction, bridge structures, Hwy 405 structures, etc. It is not property they want to let go of because of maintenance concerns, etc. They have about 200 leases statewide; they have some rentals and some land use leases as well. All these leases and rentals contribute to the revenue that adds up to \$3 to \$4 million per biennium.

*Evelyn* asked if any of the ODOT properties are controlled by how they were acquired. Are there CC&Rs on donated lands or something like that or reversionary clauses?

*Mike* responded: Yes, that can occur but usually not. You could run into a stipulation, something affecting the property that would be that way. They sometimes transfer property to a local county or city with a reversionary clause in it that if it is no longer used for transportation purposes that the property would revert back to ODOT.

*Tom Byler* commented that he must acknowledge and point out the good work in exceeding the appraised value on the sale of the Brush College Road that was appraised for \$120 and sold for \$250. Laughter.

*Mike* responded that this parcel would qualify as a low value property and it was associated with the Wallace Road project.

*Nancy Lorenson (ODF&W)* asked the year of the sale.

*Mike* responded October 3, 2003.

*Nancy* responded that this sale was to the City of Salem for a sidewalk off a wetland mitigation site.

*Mike* explained that Nancy was the property agent handling that transaction at ODOT.

*Chairman Byler* asked the committee members if they had any questions and thanked OPRD for the presentation and added that Mike has given them a lot to consider.

### 3) Reporting Summary 2006Update– What we have learned (*Fred Lord*)

*Fred Lord* advised that at the last meeting, a large spreadsheet was handed out to the Committee, per their request. The updated spreadsheet includes some additional information including what ODOT just presented. The spreadsheet provides information about what each of the agencies have presented by their issue numbers. It shows what each agency has said about what properties they have sold, what they are planning to sell and what recommendations they have made. This next paper which Fred handed out is a very brief summary for discussion purposes of some of the things we have heard and would Fred has distilled from the various agency presentations so that we will have something and pick up on a suggestion that was made at the last meeting which was to have a staff and committee meeting to discuss what we have learned and to start to make some very specific recommendations. He is putting this out now so that the committee can start to think about those things. The committee may want to have some discussion about these things today but I would like very much, if at all possible, to move forward with the meeting that we talked about two months ago, by having a staff and committee only meeting in the first week of October. We have gone ahead and reserved a room here at the Department of Forestry on October 4, 2006 because that seemed to be the date that most of the committee members were available. Fred recognizes that there are three members of the committee who are not here today and we attempted to get some dates fixed, unfortunately Fred had to leave the country on August 15<sup>th</sup>, returning Monday and we haven't been able to pursue it. Fred asked for a roll call to see who could attend the October 4<sup>th</sup> meeting. Chairman Byler will check his calendar and get back to Fred later today. It is Fred's intent, over the next week to take the previous minutes, plus this meeting's minutes plus the materials that the agencies presented, and to that, add the information that has been coming into us from our consultant. Our consultant is the Gartrell Group out of Portland. They have been assisting DAS in looking at what state agencies have now in the

way of records management and how it would work to go into the proposed DAS operated statewide lands inventory. We currently have an access database which as we have mentioned before, is not working too well. It contains a very basic count of what land agencies own in what county but you cannot drill down within the County and you cannot answer some of the questions that the public and the legislature and individual members of the legislature have asked us about, for example, how much surplus land does ODOT own and by legislative district, how much land is available in such and such an area. We cannot answer that question. The consultant has been meeting with each land-owning agency and as a result of these meetings; they developed quite a bit of information, which supplements what we have heard here. Yesterday, a preliminary summary was received of their first thoughts of what they have learned from the meetings with the agencies and Fred provided a 4 page extract from that report, which contains 80 pages. There are summaries and recommendations which were distributed to the Committee members. This is the first time this material is being seen. It is brand new and it supplements what we are learning and it will complement our thoughts about moving forward in making efficient land sales by agencies any may even suggest some ways of doing that to various agencies whether it is in a formal sense or in an informal sense. I say formal sense in revising rules and statutes. Informal because one of the suggestions offered is to revive the meetings of what was a group of property managers. We talked about it but haven't done it. It appears one way of getting a lot of things expedited and a lot of information shared about common problems is to revise the property managers meetings that used to take place. There is an existing group that meets, the Central Facilities Planning Committee which is made up of agency facilities managers or Facilities Coordinators. Those are people who are interested in the buildings. We are interested in the land, the property. While it is a different orientation however, in many agencies it is the same person. You heard Forestry a while back talk about their forest management and their administrative property. Their administrative property person is their facilities manager. In many of the smaller agencies only have one or two people handling both land and buildings. ODOT and DSL and a few of the larger agencies have the capability of having sufficient staff to separate out the land function from the facilities function. We hope to get the land-oriented people together and start talking about the common problems that we have and developing some of these solutions that can be taken care of on an informal basis. Fred recognized that he passed out a great deal of material in one clump and what he would like to do is open it to the committee to ask questions about specific issues and then see what we can do to make the meeting which will take place in a month fruitful.

*Chairman Byler* asked the committee members if they have any questions.

4) **General Discussion – Committee Members**

*Chairman Byler* commented that he likes how this is being set up and he thinks it will be important to get this meeting in October secured as quickly as possible to make sure that we have the quorum we need and figure out how to move forward. He thinks it is helpful to have these tools and it sounds like a couple of these will need a little updating but not a whole lot. Some additional issues were raised today that we will want to make sure get folded into this discussion draft that has been put together. To the extent that we can crystallize some of these issues and put them into some type of tools to help us walk through this will be very useful. It will also be very useful to carve out a time during the one meeting where we can focus on these and through conversations with staff, walk through the ideas and get some sense of what rises to the top for the committee and what we can do about it, if anything, in terms of recommendations we might put forward. Whether they are administrative recommendations or whether they would require legislative or have budget implications are all important pieces. These are all important discussions to have, hopefully, when Senator Winters and Representative Gilman in the room since they would be carrying the water in terms on anything that would go before the legislature. Tom is interested in the thoughts of the committee members. Whether they want to move into some of this now or whether we want to give a little more time to staff to update and refine these tools and dive into that discussion more fully in October.

*Tom Sjoström* commented that he appreciated what Fred has done in laying these out so concisely so the committee can see what is going on. One thing leaps out and that is that everyone is concerned with recordkeeping. It looks like that is the biggest issue here which isn't exactly what we are about.

*Tom Byler* commented that it does raise some questions for him as to whether we fully grasp what we are trying to understand. We may find that we refine the information we have by going through these processes and reviewing and updating all the history of these properties that the state has an interest in.

*Fred Lord* commented when this process was started at least two years back, that by having the various agencies come back on a periodic biennial basis and report to the committee what they have done with the properties they have

identified as surplus. Have they moved them off the books and what have they done with the properties that were in reserve? Have they moved them out of the "reserve" category to "in use" or into the surplus category and do they have a plan for disposing of those which are in the surplus category. By having them come back to the committee every two years, it focuses attention within the agencies on the issue of the surplus properties and the disposition. This was something in the back of our minds as we started this process, to use the committee presentation process to have agencies focus more on this particular issue and then the effect of the disposition of the property at a market rate without consuming excessive staff time and all those other things that work into it.

*Chairman Byler* commented that he sees that angle on this and he thinks this is an important exercise to go through. One of the things the Committee needs to consider is one thing that he has heard from most of the agencies is staff resource constraints. They may recognize that they have some ground to make up in terms of getting a better grasp on their land management but they may not have the resources to be able to take care of it in a realistic sense. I think one of the things he will need to think about as we look through these issues is how can we help them? Are there streamlining opportunities to help them make the best use of their limited resources and making sure we are realistic in terms of what we can recommend, knowing these practical constraints.

*Nancy Niedernhofer* commented that another recurring thing that we heard today that clearly bares looking into and perhaps a recommendation is the parcel that ODOT talked about today that sold for \$250. Imagine the resources that went into that sale. Easily thousands of dollars were probably spent, just in staff time. That becomes a clear issue where an expedited process makes for an excellent recommendation.

*Fred Lord* added to this point about an expedited process. Each one of these agencies has in existence now, a process created by statute that tells them this is the way they have to do it. It may not be a common fix that works across the board. It may have to go back to the agencies to update or modify their existing rules to allow for that expedited process. If we, through this process, can identify those key points that would make for an expedited process which seems to be new industry standards and at that point, he would back to what Cliff said about the new Federal standard for relaxed requirements on low value properties on the appraisal side. That is just one of the steps that they have to go through when you start honing in on some of these things. We can make things a little bit easier for any of the agencies by suggesting these are fixes that they can make.

*Tom Sjostrom* commented that the definition of surplus property needs to be refined because he can see that some of the agencies a \$180 piece of surplus property. He cannot see how anybody in the agency would get excited about trying to move that.

*Bill Foster* added that the point that Mike Kirby was making that if there was maybe a process to give to the local tax assessor involved and put the value on some of these pieces of land that some of the agencies might be interested in and if DAS somehow amended our rules, he thinks that could be worked into it and that would be an acceptable methodology for things in a certain area that might expedite some things.

*Tom Sjostrom* doesn't think the County Assessors would like this responsibility.

*Bill Foster* responded that on the other hand if it is sold, they would have to do it anyway.

*Fred Lord* added that this begs the question for many agencies regarding their ID numbers for parcels. They don't have their properties identified by tax lot or county numbers. Many times they don't know where they are. Some parcels are lumped together with 15 files and the whole thing is lumped together as one file with no reference to County numbers. If you ask them about tax lot such and such they cannot identify that parcel because they have no way of keying in on it.

*Tom Byler* asked if the Counties track those parcels by tax lot number.

*Fred Lord* responded that Counties have a tax lot number assigned to every parcel out there that he has ever seen.

*Tom* asked: When one tax lot is divided into two parcels for acquisition by ODOT or whomever, is it assigned another tax lot number even though there are no taxes associated with it?

*Nancy Lorensen*, of the Department of Fish and Wildlife asked for permission to speak from the audience. She added one more thing that the committee needs to know about highway right of ways. There are huge numbers of properties that are not part of the operating right of way. It is not the operating right of way, with straight, parallel lines, but

remnants of parcels the road construction landlocked. In many cases the County mapped the entire parcel purchased by ODOT as part of the road, even though it may be 20 to 50 acres. That separate parcel does not have a tax lot number on it. So if ODOT asks the county to slice it off and show the operating right of way as a straight line, depending on what county you are in, you will get a difference answer but they all pretty much say no. This is another barrier to selling ODOT surplus property.

Fred Lord commented that because Nancy Lorensen is here, he noted that ODOT representatives are here in the form of Cliff Houck from Parks and Recreation and Nancy from Fish and Wildlife and Mike Kirby currently with ODOT. Everybody seems to be familiar with ODOT.

*Fred Lord* asked the committee if there is a consensus on having a meeting on October 4, 2006 at this time.

*Chairman Byler* responded that he has not heard otherwise.

*Fred* responded that staff will plan for that and will develop materials for that meeting.

*Fred Lord* presented information about a potential sale that was not on the agenda. The Public Lands Advisory Committee has the opportunity to advise DAS on purchase and sale of land and DAS proposes to sell a portion of its Albina State Office building. This is the result of a request from the Housing Authority of Portland to acquire a piece of land which is currently a parking lot on North Vancouver Avenue for their existing Iris Court Apartment Complex. They plan to change this complex into a larger complex and rename it to Humboldt Gardens. The property is not surplus to DAS needs. It is vital to the operation of the Albina State Office Building complex. We lease the entire property to the Department of Human Services and the Department of Employment, and they use this lot as a parking lot adjacent to their office which provides various services to the North Portland area. The parking lot is used for DHS clients as well as employees. DAS would not consider this proposal except for the fact that the Housing Authority of Portland will make DAS whole with regard to the parking, in two ways. DAS has an adjoining property upon which there is parking and they will re-configure that parking lot to make it denser, and they will provide DAS with an easement on this existing parking lot for the necessary parking to make up the difference. Thus, DAS/DHS would not lose any parking spaces in the sale. That is the only reason DAS is considering it. Therefore, the property is not formally surplus because we would not normally market this to the public. If we would do so, we would lose the parking and thus the efficiency of the existing DHS operation. The Current proposal is for Housing Authority to sign an agreement with DAS to purchase the property. There will be a phased development so that no parking is lost while they go through their development and an easement will be retained on the property when it is sold. The property will be sold for its appraised fair market value. One of the questions needing to be addressed is how to specify in the appraisal instructions that the parking itself will be kept on the property considering the fact that at any point the Housing Authority of Portland could change their use of the property and we would lose the easement. The easement runs with the land, we don't and we have to make that part of the condition. The public Lands Advisory Committee has the responsibility of advising DAS on property sales. At this point, the only issue Fred sees is to make sure that the State achieves fair market value which will include both cash and continued parking.

*Chairman Byler* asked the time of the sale.

*Fred Lord* responded: November, 2006.

*Bill Foster* added that there are a few contingencies that are in the process of driving this to make sure that everything is straight but HAP have received a grant that creates a fairly aggressive time frame and this parcel is contiguous with the rest of the development that they are trying to do and that is why they want to include it in the development.

Chairman Byler asked if there were any further comments from the Committee Members.

*Tom Sjostrom* asked if they are planning to build on this parcel.

*Bill Foster* responded: Yes, it is multi-use. What would happen on this parcel is that some parking will exist and DAS will get some parking spaces back under the parking easement. The idea is a Community Center and Housing so it is a mixed use development on the whole parcel. This particular part is the area where it is particularly dense.

*Fred Lord* offered that the property is zoned CM2 which is a medium density commercial neighborhood zone that Portland has for street corners and light commercial so it would appear to have a fairly high value if it were placed on the market.

*Chairman Byler* asked if DAS was looking for a recommendation from the Committee.

*Fred Lord* responded: Yes, DAS is looking for a recommendation to proceed with the sale and if there are any comments as far as how to achieve fair market value and retain the parking appreciation.

*Bill Foster* added that this development is called "Humboldt Gardens".

*Chairman Byler* commented that it sounds to him like if you can arrange for parking accommodations; there is no net loss in terms of the current office space and the needs of the employees that work there. If you can capture sales price at fair market value, are you looking at a sales price of approximately \$500,000?

*Bill Foster* responded that this is the proposed amount offered. The appraisal has not yet been done. That would be one of the next things to happen. The concept is a combination of some parking that would be on that parcel that DAS/DHS would be able to use in the future and then doing some redevelopment on the existing parking lot DAS has and getting some concessions from the City of Portland on setbacks so that there could be greater utilization of that so it would be a combination of those two things to keep DAS whole.

*Chairman Byler* asked if that negotiation could affect the sale price.

*Bill Foster* responded: It is possible.

*Fred Lord* added that it is possible that the sales price will not reflect the fair market value if the property were to be sold on the open market to a developer as a land building because the value of the parking lot to the state will be part of the sales price.

*Chairman Byler* asked if there were any further questions or comments. Hearing none, he asked if the Committee was in favor of DAS proceeding with this sale. Hearing no objections, DAS was advised to proceed.

*Chairman Byler* stated that he will return to his office and electronically advise staff of his availability on the afternoon of October 4, 2006. He is hopeful that this meeting date can be pinned down quickly and hopefully there will be full participation of the committee members. He also looks forward to getting more updated materials from staff between now and the October 4<sup>th</sup> meeting.

**There being no further business, meeting adjourned at 3:15 pm.**