



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

## SUB-COMMITTEE MEETING MINUTES –October 3, 2006 1:30 p.m. –3:15p.m.

### MEMBERS PRESENT:

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

### MEMBERS NOT IN ATTENDANCE:

George Gilman, State Representative  
 David Knowles, David Evans and Assoc  
 Jackie Winters, Senator  
 Nancy Niedernhofer, Parks & Recreation

### OTHERS PRESENT:

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

### 1. OPENING REMARKS / ADMINISTRATION:

*Tom Byler*, Chair, called the meeting to order at 1:30 pm and recognized that there were only 3 members in attendance so the meeting continued as a sub-committee.

#### a) Approval of minutes for September 8, 2006 meeting:

Approval of the minutes from the previous meeting will be tabled until the November 3, 2006 meeting.

#### b) Committee Member Opening:

*Fred Lord* advised that Nancy Niedernhofer has announced her resignation from the Committee. Nancy will be taking employment outside the state of Oregon so her position on the Committee will need to be replaced with another state employee as required by statute. Nancy will be moving to Louisiana to accept a job with FEMA.

### 2. Reporting Summary 2006 Final Report – What we have learned (Fred Lord)

*Fred Lord* stated that DAS sees the issues presented in a narrow way and sometimes in a broader scope but from a certain aspect. With the members of this committee coming from different backgrounds and experiences, that range of experiences brings to this process, a much greater possibility that amongst us, we will pick up more nuances and more practical, workable suggestions for making state land sales more effective and more efficient. Fred realizes that he has captured a number of small fix suggestions and we might want to quickly delve into those and out of them again and move to the larger broad picture, higher level issues that seem to generate requirements for the smaller fixes. Fred doesn't think that there is a silver bullet to addressing state land sales. There are a progressive number of steps and it may take a long period of time to make things better, quicker and more efficient. A lot of that goes back to the large number of agencies that own state land. The PowerPoint presentation was started.

*Chairman Byler* asked to take a step back before launching into a more detailed discussion. In visiting with the other committee members, the desire for setting this meeting up was to have a real brainstorming session and pull together all that we have heard over the months and figure out some ideas and recommendations. He appreciates the work that it took to put this together and stated that it is unfortunate that the numbers of members anticipated and desired are not here. It is his feeling that the committee should still go through this discussion today. He thinks it is a useful exercise. From his personal perspective in reviewing the materials, he found the recap and the recommendations very helpful and thanked staff for the information they put together. He doesn't know that we have a need to spend a lot of time going into this heavily. It would be very good to review it, ask some questions and give and take but since we are missing needed members, in particular a couple of legislative members who are really key to this, he thinks we should review the presentation, have some dialog but not get overly concerned with too much of the details and then figure out where we will

go from here. The other piece he would add, again, encapsulating the materials is very helpful. One of the statements made at the beginning just nailed it for him. That statement is "We commenced this process with an assumption that the State of Oregon owned large amounts of excess or surplus land which, if sold, could provide revenue to the General Fund. That assumption has not been shown to be correct." He thinks what has been learned is that it is a lot more complicated than that and there really isn't an obvious surplus. If there is a surplus, it is going to take a lot of doing to get to it. It still begs the question of whether it is worth going through the effort, especially when you are dealing with slivers.

*Bill Foster* commented that the idea has been discussed that maybe DAS could engage with at least Senator Winters and perhaps if we could arrange it, Representative Gilman as well. Their comments could then be integrated with whatever happens today and maybe send around a document that includes everyone's input. At least we would have some sharing and feedback of what's happened here and makes good use of this time.

*Fred Lord* suggesting bringing this agenda item back at the regularly scheduled November 3<sup>rd</sup> PLAC meeting. We don't have any outside agency presentations for that meeting, although we may have some land sale or acquisition presentations to discuss. There are a number of land transactions that need to be brought to the attention of this Committee and the November meeting would be the correct place to do that.

*Fred* went through the first six to eight slides fairly quickly as they explained why this investigation is being done. The presentation was also given to the attendees as a handout. Basically, state statute says that the State shall not hold more land than it needs now and for the foreseeable future in its development plans. This is the driving function behind everything that we are doing here. If we own more land than we need then we should be disposing of it. Then the question comes up of how you dispose of it, how do you do it effectively and how do you identify it as surplus? That's where we have been going with everything here. A year and a half ago, the eleven original questions were presented to the agencies. From that, we narrowed them down to the series that we have gone through this year which is basically: How much was sold; where did the money go; how much does each agency plan to sell in the near future, and recommendations or suggestions for improvement in the process. We received a wide variety of recommendations and suggestions. One of the things learned immediately was that 90% of all land sales are handled by two agencies (DSL and ODOT). Both of those agencies have land sales staff. They have a procedure, they have a policy about how to do it and they follow it fairly rigorously. Two or three of the agencies reported no land sales at all and the others indicated that their land sales were primarily around encroachments, boundary line adjustments, claims from adjoining land owners that their platted property line overlapped the state platted property line and that had to be adjusted in some way. Then we found that the sales proceeds, in almost every case, are not returned to the general fund. This is the one that was the original driver for this function that a) there was a lot of surplus land out there and b) the income from sales of that surplus land would be available to the general fund. In the case of almost every agency that we heard from, the money goes back to some fund that a statute requires them to put it into. ODOT, ODFW and DSL all have those funds. If the sale proceeds don't back into the specific fund, they go back to the original source of funding for purchase of the land. In many cases the Federal Government provided them with the money to buy the land and if it is sold, the money goes back to the Federal Government in proportion to the original investment.

*Chairman Byler* asked to be reminded if there were any agencies whose sale proceeds would go back to the general fund.  
*Fred* responded: None

*Tom Sjostrom* asked if Parks Department also has that restriction. If a piece of land is sold, isn't there a certain control over the proceeds in certain situations?

*Fred* responded: We heard from Cliff Houck from OPRD in the last session that the money goes back into their investment fund for purchase of additional park lands. Given the Governor's Plan 2014 they have a very specific goal of one new park per year. They must acquire the land for that, of course.

*Tom Sjostrom* stated that if they have Federal participation in a purchase, when the park is sold, they must create like-kind someplace else where that Federal interest can be transferred.

*Fred* continued that a number of agencies have indicated difficulties in selling their land. We heard a large range of difficulties but there were some common themes that tended to run through even the biggest agencies like ODOT and down to the smallest like Corrections.

Limited Resources: They cannot try to sell everything that is declared surplus. We heard Corrections speak specific to the task that when they started this process, they were facilities managers and they are shocked by the amount of land sales that they are now involved in and they aren't geared up for it and they haven't got any additional resources or staff for it. We hear subtle indications of that across the board, in the form of lack of revenue, lack of staff, and lack of adequate resources to handle their land sales. Agencies are responding to requests more than they are acting pro-actively with a well thought out, objective long term plan for land sales. In Addition, they focus on high value surplus lands when they are doing land sales because that meets their goals and policies. We heard ODOT talk about their cash goal of \$7 million in the previous biennium and they are close to reaching their cash goal in this biennium.

Uneconomic Remainders: We heard a lot about properties that cannot be sold (uneconomic remainders) for whatever reason. Only ODOT and DSL have active plans to sell lands. Many of the agencies talk about the difficulties of preparing lands for sale. It costs the same amount of staff time and money to go through the internal process for a \$500 sale as it does for a \$500,000 sale, in a general sense. The appraisal cost is still there, if there is a survey, it's still there. DSL talked about ways of handling those small parcels by making up blocks and holding public auctions to get public attention focused on them. They mentioned specifically that the local community often knows way in advance that DSL is going to have land available and people who are interested are out there shopping for it before the actual physical announcement gets issued. They have a plan that works for getting these properties marketed. DSL mentioned that there are some ways that they have picked up from other agencies that they would like to see used more often. They mentioned that Utah uses the internet in their auctions. One agency suggested, for these really small parcels, that we might want to market them through the DAS personal property sales site (E-Bay). Fred is not familiar with that site. It is an idea that we are going to have to look into to see if it is feasible. It deserves some attention, even if it is just to dismiss it. DAS has its own web site and we are trying to steer outside parties to that website. For example, DAS has a Request for Proposal for 100 acres and 78 acres along the Willamette Valley all the way down to Medford on the web site. Most brokers and developers don't know about the DAS web site but if they do, they can go to it on a weekly basis and see what the State of Oregon is looking for in the way of office space and what we have for sale and what we are interested in acquiring. It is getting the word out that is the problem. Another issue is the actual physical identification of what is surplus. Except for DSL and ODOT, most agencies don't have a process for actively looking for land that might be sold. They are reactive. It is subjective. If someone comes to them and tells them they want a parcel, they react but they are not actively looking for surplus properties in their inventory because for the most part they don't regard any of their land as surplus. It meets their mission objective even if it does not earn money, it is being held for the common good or as an environmental site or as a fishing site or is part of a park development. Many agencies use the same staff for facilities management and asset management/real estate sales. They are not trained in many respects and that will go back to some other suggestions a little bit further along. If the smaller agencies don't have adequate staffing, maybe we can look at having DAS handle it for them on an Interagency Agreement basis. Maybe real estate brokers could handle blocks of land. There are some thoughts here that need to be looked at in order to develop which ones are good and which ones are bad. We did hear that some of the agencies lease out the land that they are not actively utilizing. Department of Corrections was a prime example. They lease it out because that gives them oversight over the property and prevents trespassing and encroachment while it is being held to be developed and also establishes a tax basis. Once you lease it out to a private user, it is taxable and gets back on the tax roles, which handles one of the objections about so much state land. If you get it leased out, you start to develop tax revenue for the local community and county. Some other agencies suggested an administrative fee when you have a serious inquiry about buying a piece of land. A lot of people call and casually inquire about a piece of property and when they find out where it is or what it might cost they drop their interest. But, when there is a serious interest, the suggestion was made that an administrative processing fee be charged to cover the cost of staff time, appraisal fees, and survey fees to develop a property to the point where it is available for sale. This may recoup some of the agency costs by winnowing out the less than serious outside parties. Then there was a suggestion about the Federal Appraisal Standards which we are going to have to look at. We had several suggestions about reducing the time requirements and procedure requirement between agencies when exchanging land. Exchanges and Transfers take the same amount of staff time and review time as a sale to the outside world in determining if the property is available, establishing its value and establishing its presence. There were several suggestions about how to cut down that time. There are a number of inter-agency exchanges. Another suggestion was to place a time limit on the amount of time that an agency or a political entity has in order to make up its mind once it is indicated that they are interested in a property. If you are in serious negotiations then its one thing, but if they just say they are interested and then don't come back for a long period of time, what they have done is effectively hold it off the market where maybe it could have been sold to another public buyer. Also, staff time is occupied with that particular property instead of being able to move on to another one. The last bullet on this slide is a suggestion about the county assessor and their role in this. This may be a statutory response. ODOT pointed this out quite strongly and so did Nancy Lorensen from ODFW that a lot of parcels that the State owns do not have an assessed value. A

value is not assigned until sold outside and becomes taxable again. One way for a State agency to determine how much a piece of property is worth, in a very generic sense, is to look at what the assessor has said. There might be a way to get the assessors of the various counties to assign values to these properties. This works back to the DAS responsibility to maintain a statewide lands inventory. One of the categories we must have in the inventory is the value of the land. There are various ways of getting that value. One of them is from the county assessor. We recognize that it is not the market value, but it is a value which is level across the range of lands that is looked at. Then there is the issue about what is surplus property. A copy of the actual statute was sent to all members by e-mail along with the DAS rules about the definition of surplus property. Are there some thoughts about whether that needs to be expanded, re-defined or a new category established? The final thing, where a lot of these recommendations could be dealt with is this Statewide Land Managers Forum. This group used to meet on a fairly regular basis. The managers who handle real estate in various agencies would get together and talk about common issues. As we saw from the agency presentations here, a lot of the suggestions that they made in front of this Committee could have been brought up at such a forum and shared among agencies. Right now a lot of the issues they brought up and the recommendations they brought up have only been shared here with this Committee. When we reconvene that Forum again, we will share them with these Agency Land Managers. Talking shop with Land Managers within the state seems like a pretty good idea to get some of these things hashed out.

*Tom Sjoström* asked if this was an official group (Statewide Land Managers). *Fred* responded: No, it is not. It is an informal, ad hoc group of people getting together to talk about common problems. *Tom* agreed that this sounds like the best way to do it.

### Conclusions:

Current law is not the problem. There are 14 different statutes that deal with State land sales. They may be difficult to read sometimes and difficult to interpret but they don't prevent or hinder State land sales. We are looking for some ways to improve the process and this may be at the rules level or even lower than the rules and regulations level, at the policy level in the various agencies. One thing we have to remember is that there is probably not a generic answer for every agency. It will probably boil down to an agency by agency response to this issue.

A consultant has been hired by DAS to help us identify how to improve the existing database. The consultant has come back with recommendations (see attachment) and they cross link with many of the issues raised with this Committee and jive with many of the suggestions made by the agencies. One of the things that the consultant said was that we need to be able to get the Statewide Lands Database on-line again. It was on-line three and one half years ago, and then we lost that capacity for agencies to enter their own data and update the lands inventory. It has not been updated in 3 ½ years and we need to get back to that. They have made some very specific recommendations that are not germane here. One of the things that will occur is that eventually we will be able to publicly see the lands that the state owns and see which ones are marked surplus and which ones are available for sale. This will, in itself, assist and make the State land sales process more efficient. Several suggestions about interim fixes to this database were offered by the consultant. One of the things that is most important is that we asked the consultant to look at the existing computer systems throughout the State, throughout the nineteen land owning agencies, and tell us whether any of them could be adopted by DAS. Their basic answer was that no existing state software system meets our requirements. There are, however, elements of three software systems out there that might have pieces that we can use. And more than that, there are resources available within those agencies that could be made available to DAS to help us. We may not need to go out and buy a fancy off-the-shelf software system. We may be able to adapt an existing system or systems to what we need. We are a very small segment of a large property management software program of the ones that are sold generically and available to commercial brokerages and commercial property management firms.

### Long Term Goals.

1. Standardized reporting structure.
2. Integrating the Statewide Lands Database into the Statewide Facilities Inventory Database so that you have the buildings on top of the land. This is the biannual report which is one of the DAS requirements. We report to the Legislature on a biennial basis the status of the facilities and one of the tabs in that report describes how much land is owned by the state.
3. Bringing the Statewide Lands Database up to a GIS capability. This is a very long term goal.
4. Harmonize the land sales statutes. We have those 14 statutes out there. Is there any possibility of getting definitions within those statutes harmonized and getting some of the requirements streamlined?

Recommendations

1. Reconvene the Statewide Land Managers Forum and look at how to assist smaller agencies through DAS or outside brokers.
2. Look at the sales methodology. How do we take the load off some of these agencies for land management or how do we make them more effective? How do we identify parcels which are too difficult to sell? You don't want to send good money after bad. What do we do with these small parcels? There was some thought about marketing them to various trusts. That is still a sale.

We asked agencies what lands were surplus. If they had lands that they were holding for future use, were they going to move them into the surplus category or into the in-use category? Once they moved them into the surplus category, what is their plan to sell them? Most of the agencies don't have any property in surplus. Most of them have very little property in the 'held for future use' category. Corrections had those two parcels for prisons that they have not received funding for. We want to somehow identify surplus properties that they don't regard as surplus, and be able to encourage agencies to move those off their books.

3. There was one recommendation about adopting the Federal Appraisal Standards. We are going to talk about this in the Statewide Land Managers Forum. Is this a practical idea? Is it something an agency can adopt or agencies can adopt for smaller valued properties? It begs the question of how do you identify the value of a property in order to determine if it is a smaller value property. Then there are these uneconomic parcels that keep cropping up. We keep hearing it from all the agencies that they are landlocked, they are too steep, they are too small, they are not a legal lot. It costs as much to go through the internal process of identification and determination that it can be sold as it does for a large \$500,000 parcel. We also want to reduce the requirements for transfer between agencies and charging an administrative fee and putting time limit on other agencies and political entities to determine if they are going to buy it. One thing we don't know if agencies do this when they actually respond to an outside party. Many people, when they call state agencies and ask about property and start to get serious about it, still think it is free. You hear this from agency Land Managers quite frequently. The public thinks that public land is not going to cost them anything to buy. People in the business know better, but there are a lot of people thinking that if a piece of property is not being used and it's adjoining their Uncle's farm, that they can acquire it without paying for it.
4. Revise / Standardize Definitions: Many agencies have identified an issue with definitions of In-Use, In-Reserve and Surplus. We need to get a hold of this and determine what these interim uses are and what should fit into those categories.

Questions:

*Chairman Byler* commented that there are a tremendous amount of various talking points and asked if the members had any questions.

*Evelyn Stepp* asked if the Legislature requires agencies to have an appraisal done and what kind of background information can be shared about this.

*Fred Lord* responded that Statute 270 requires that all state land be sold at fair market value. The DAS Administrative Rule says that to determine fair market value, an appraisal must be done.

*Bill Foster* added that there is a differentiation if it is valued under \$100,000. If valued is under \$100,000 an "opinion of value" is an acceptable option instead of doing a full appraisal. Whether that is the right threshold is the question.

*Evelyn Stepp* indicated that in her field, people usually try to get three different opinions so that maybe there is a better feel for it. *One might be incorrect or flawed so you might go out and look at two others and see how they look at it.*

*Fred Lord* responded that Evelyn raised an excellent point because he had a similar conversation yesterday with Nancy Lorensen at ODFW. Nancy worked with ODOT before going to work for ODFW and had 20 years experience with Mike Kirby and his group. This came up in relationship to these highway corridors, not particularly in Roseburg and Douglas counties but he will use this as an example. There are large tracts of property where ODOT had to buy the entire 40 acre parcel in order to be able to cut the highway through the center. On each side they ended up with a corner of maybe 5 or 10 acres of forested hillside and no access because you cannot come off I-5 with a log truck. Nancy was saying that in appraising those and similar ODOT properties, there is probably about 4 appraisers in the state who have

developed a specialty of being able to do that in a competent manner and ODOT has learned to rely on them. Two of them have now retired. Those are difficult appraisals to do and her comment was that ODOT relies on this pool of experienced appraisers. When they leave, ODOT has to go back to the big firm appraisers who assign the youngest junior member to it who spends three times longer and charges three times as much to do the same appraisal because they haven't been doing these very idiosyncratic remainders that these small pool of appraisers have done. Yet, ODOT is required by rule, to get an appraisal on each parcel of land it sells. There are some variations in the Letter of Opinion vs. the MAI Appraisal.

*Evelyn Stepp* questioned the statement that people don't have access to the property. She thinks there is a state law that requires that access of some sort be given.

*Fred Lord* responded that you cannot give access off an interstate. This is the problem that ODOT faces constantly. This is that "uneconomic remainder", whether it is 5 acres, 400 sq ft or 400 acres. Many of these parcels are landlocked. The only access is across neighbor's property and the neighbor's property is equally undeveloped and hasn't got a road of it's own to that back portion. As you drive down I-5 through Douglas county and look up at those forested canyon walls, most of that forest going up the side is ODOT property and they are diligently going down that corridor attempting to sell those and finding it extremely difficult. We heard in a previous set of meetings in 2005 from another agency where they talked about having to put 24 individual parcels of land through their process. They arrived at something like 15 that they could sell. They advertised them and got offers on 10 and actually sold 5. Out of 24 parcels, there were only 5 that actually sold. This rate of return is pretty daunting. There were various reasons why they were unable to sell them.

*Tom Sjostrom* asked about the "uneconomic remnant". There is implication in that term that the land really has no value and it seems to him like ODOT ought to be thinking about these parcels when they are developing their plan for the use of the site and figure out some way to make those parcels not happen. For instances, if they have to buy a 40 acre tract and they put a road through the middle of it and wind up with five acres on each corner or two corners. There are probably some statute issues there, but it would make more sense to join that property to an adjoining land owner immediately and put it back on the tax roles.

*Fred Lord* repeated for confirmation that Tom was suggesting that ODOT join those corners to the adjoining land owner immediately. Fred agreed this is a good idea, however, the problem is that at the time of purchase ODOT doesn't know how much they are going to need and they often take a construction easement on the remainder during the construction period.

*Tom Sjostrom* stated that the question would not be whether it is at the time of purchase but at the time when final decisions are made as part of their plan to do whatever they are doing. It would be just one of the steps in the plan so that as they implement the plan, the remainder goes away.

*Fred Lord* responded that this would certainly diminish the number of remainders they would end of having, by some proportionate number.

*Tom Sjostrom* added that they could put a restriction with it to reclaim the land if it was needed. For example, the neighboring landowner may or may not want it for whatever reason. Forest land has some value if you can get to it but depending upon how steep it is, it may not be usable. But, if you take a piece of land and transfer it to an owner, you could put with it an easement for public use in the future so that the State can always go back and reclaim some use of that land. The landowner got it for nothing and this is the tie to it. It is going to be difficult to convince an adjoining landowner to take a little sliver of land just for the convenience of the state, especially since they will need to pay taxes on it. If you have a 40 acre parcel with 5 acres in each corner or something like that, the adjoining landowner with 40 acres would probably consider adding 5 acres a reasonable thing to do. He doesn't know how hard that is to accomplish practically speaking under existing statute.

*Fred Lord* responded that he thinks it is a good idea and added that he would think that ODOT has thought about these things but he doesn't know if they have an outside advisory committee that looks at it from a different viewpoint like the PLAC.

*Chairman Byler* stated that he is sure ODOT has a vast array of experience with which they may have dealt with issues like this before and discarded them. It is worth asking them. If nothing else, if it is at all viable, it seems like it would be an interesting box for them to check off as they go through their planning process to at least explore the option.

*Evelyn Stepp* added that if the property owner is willing, there might be some exchange of property. Maybe there is something that could be usable for ODOT or saleable whereas that piece that is excess may not be too saleable except to that adjoining property owner.

*Fred Lord* will discuss this with Mike Kirby at ODOT.

*Tom Sjoström* pointed out that he read in various parts of this presentation that nobody wants to mess with property that is worth \$250 but actually, they are messing with it all the time because it is on their records.

*Fred Lord* responded that he thinks DSL was the commenter of record on this particular point about the 40 or 160 acres rangeland parcel which is 30 miles off road and totally isolated from the other DSL parcels which they are managing as a unit. The isolated parcel requires staff time to physically visit, find a lessee to rent it to and perform the normal asset management functions of this parcel which probably doesn't return to the state the amount of money that is invested into the annual administration of that parcel. DSL has stated quite explicitly that it is their intention to go out and basically look at each one of these parcels and determine if it is something that should be sold and the proceeds used to purchase other land that will bring back higher returns. DSL, of course has a mission to provide funds for the Common School Fund and they don't want lands that absorb more than they put out. This sort of situation applies to Forestry also. These isolated parcels may have a sales value of \$250 but they are absorbing administrative staff time which costs the state. Therefore, the cost of getting rid of it isn't the only cost if you are trying to establish a balance sheet of where you should spend your money in selling surplus lands.

*Tom Sjoström* asked if DSL lands originally came from State Land Grants Primarily. *Fred* responded "Yes. Tom continued that some of these parcels were State Land Grant lands that were reduced over time.

*Fred Lord* responded that DSL got two sections out of every township. They are still in discussion with BLM about some that were not transferred in 2 sections. Then there were the O&C lands that were transferred back to State ownership from the old Oregon and California Railroad line. That goes way back and that O&C land produces income for the counties. They all just plopped on the map in a grid pattern but they make no sense in a management unit type of function. It has been those agencies' goals for decades to round out their boundaries and get rid of those isolated remainders.

*Evelyn Stepp* asked what type of paperwork is done to prepare a piece of property for sale. Can some things be done on each property and stuck in a file or put on a computer program to have it ready to go to market whenever a buyer comes along?

*Fred Lord* responded that this goes back to staff resources. Most state agencies don't have the people to prepare a piece of property for sale unless it is part of a specific market plan or mission. ODOT is responding to a cash target of moving \$7 M of property in each biennium. DSL has their Asset Management Plan which is now in its second iteration. They had one ten years ago which has now been redesigned and redone with public hearings this past year. The new plan says they are going to move thousands of acres of forest lands and rangeland over the next ten years. They will go out and look for those parcels. Fred doesn't remember any of the other smaller agencies indicating that they have any time to spend actually preparing a piece of property for sale and then just holding that information in a file. Besides, the information doesn't stay current. ODFW is a good example there. Their process starts by talking with their local Field Biologists about whether that specific piece of property meets their mission requirements. Then they go to the District Biologists, then the Region Biologist and it is a very mission oriented decision process. They have a checklist they go down and by the time it gets to the Salem staff, everybody from the man or women on the ground with their waders in the wetlands up to almost the administrator or manager level has looked at that piece of property and determined whether they can let it go. When they are determining that, often times they are responding to some outside request. They are not doing some internal regular procedure. They have their original purchase records in files but they don't have anything where they are just keeping property with all the details ready to jump when someone calls and says they would like to buy it. This goes back to it being reactive rather than being proactive. That goes back to staffing where we know funds are limited. Also, the people who are making the decision about selling property are, for the most part, not real estate people. They don't get involved until the very end of the process. The process starts

with the park manager, the forester, the staff biologist, etc. as you go through the various agencies. They are making the decision as to whether this piece of land does or does not meet their mission requirements. When they get to the headquarters, the person who may be making the decision may be, for example, the IT Director who also wears the Facilities and Land Manager hat. It may be the Human Resources Manager who wears the Facilities and Land Manager hat. Their decision making is not necessarily based on real estate principles, and at that point it doesn't need to be. But, when you get to the actual selling and marketing of the real estate; all of a sudden they have leapt into a different area of expertise and they have to put on an entirely different suit of skills to market property.

*Tom Sjostrom* asked if perhaps the field staff is really just defining the property as surplus or in-reserve. Isn't that what they are really doing at that point? Once they have defined something as surplus then they either need to seek DAS to help them or third parties to help them sell a property.

*Fred* responded that in most cases, Fish, Parks and Forestry all sell the property themselves.

*Tom* stated that he is talking about the smaller agencies where you have one person wearing the Human Resources hat as well as the facilities hat.

*Fred* said those are very small and we don't see them coming to the street more than once every five years, generally speaking.

*Chairman Byler* commented that this begs the questions of one of the recommendations that DAS provide the services to help them with those things.

*Fred* responded: Yes, and DAS has done that, either by statute which tells DAS to sell Mill Creek Industrial lands for example or to sell the Dammasch State Hospital on behalf of the owning agencies. Department of Corrections is the owning agency in the case of Mill Creek and DHS was the owner in the case of Dammasch and there are earlier cases going back in time. In that case, there is an Interagency Agreement. Something that will be coming up in the November meeting is that DAS is getting ready to sell a portion of Oregon Youth Authority property out in Burns. Eventually there will be some sort of agreement for DAS to handle that. Two years ago, Oregon Economic and Community Development picked up a piece of property on a Sheriff's sale on which it had made a small business loan which went bad and they took back the property. They have no land people on their staff at all. They came to DAS and requested our assistance to market that property. We signed an Inter-agency Agreement and we marketed that property. That property came to the attention of this Committee at that time as a sale that DAS was handling. Three appraisals were done on that property as well as a Phase I Environmental Assessment which disclosed contamination which had to be remediated. There were also issues regarding personal property in the warehouse because it had been a manufacturing assembly point which the previous owner just walked away from, on default.

*Chairman Byler* asked if DAS anticipates a role for the PLAC to interface with the Statewide Land Managers group and will there be some ongoing interface between this Committee and that group.

*Fred Lord* responded that he doesn't see that because PLAC is advisory to DAS and the Statewide Land Managers Forum is a place for managers to sit around the table and talk about their issues as they come up, and to share ideas and concerns. Fred sees DAS acting as a conduit between the Forum and the PLAC because many of the suggestions and recommendations that come out of this group will be taken to that Statewide Land Managers Forum. If DAS hears something or there is a recommendation to think about and there is some interest in it on behalf of PLAC, then DAS will take it to the Statewide Land Managers Forum and share with PLAC what they come back with. The Managers may come back with what can be done and what can't be done or offer suggestions for possible legislative change or whatever. Fred doesn't see the PLAC and the Forum getting together in the same room.

*Chairman Byler* stated that he is satisfied with Fred's suggestion. It does seem to him that there is some overlap in terms of interests and it would make sense for there to be some connectivity and he thinks DAS would be suitable.

*Fred Lord* stated that he is thinking seriously of making this presentation to that Statewide Land Managers Forum after it is cleaned up a bit so they are aware of the information shared with the PLAC and let them all know the issues and recommendations that were made by the other agencies.

*Chairman Byler* commented that the information put together by Fred is a good work product for this Committee and he thinks it should be shown to the other group.

*Fred Lord* stated that he wants to get as wide an exposure as possible because he wants to get beaten over the head by as many agency representatives as possible. They know what is impractical and what won't work and why. We

want to know what works and what is not working. We want to know what will work for an agency. If there is one idea here that will work for one agency and will reduce their cost and increase their effectiveness then we have done some good. If one idea will apply to every agency, that would be marvelous. He really wants to follow up on a bunch of these ideas. The Federal Diminished value appraisal or reduction that Cliff Houck mentioned is an example of something worth investigating. He will go back and ask Cliff about the cite and the authority for that. This idea about charging an administrative processing fee once an outside party says they are really interested. He wants to follow up on that. Every agency seems to have a different definition of what is "in-use" and what is "surplus". He wants to get some congruence on that and property managers and commercial property owners may have some very definite ideas about what is in-use and surplus and there may be some input from the outside private sector that might work here. Fred is not adverse to bringing private sector ideas in and seeing what will work at the state level. We do have the statutory constraints that we have to live with but sometimes even statutes can be changed and certainly in many cases statutes are limber enough to allow for regulations that give you flexibility. One suggestion that Evelyn made six months or more back, was about agencies having to notify DAS when they had a piece of property for sale. This is the Clearing House Function and we tell other agencies and political entities first with the idea being that a publicly owned parcel should not be sold to the private sector until everybody in the public sector has had a chance to look at it and see if would meet their need. In many cases it is not necessary to do that because there is only one obvious purchaser, for whatever reason. DAS created in the last review of its Administrative Rule what we call the "futile act exception" so that we don't have to send it out to other agencies and political entities when you already know that it is going to go to a particular purchaser. We created that so we could cut out that 30 day time period in the sales process and cut out that staff time for handling it. A declaration of "futile act" compresses the sale time by 30 days or more. We are always looking at other places to make those efficiencies, to cut out a step or shorten that step and compress it.

*Evelyn Stepp* – Going back to the State Motor Pool property, her concern is that with staff time added in, appraisals added in, and things like that, the asking price will go above what the appraisal price so far that nobody will want to touch it. Normally, with residential property, you get a number of things done but it is all inclusive in the asking price to start with. She is wondering if there is flexibility in the program.

*Fred Lord* responded that there is nothing that says we cannot charge more than the appraisal price but the problem is that a) we must have the appraisal or a letter of opinion if it is a low value property and b) the appraisal has to be performed at a certain period of time within this process that DAS follows. The point of time at which the appraisal has to take place is before we go out with the public notice. The process is this:

Agency decides a property is surplus

Agency notifies DAS

DAS invokes the Clearing House Process (30 day notice to other state agencies and political entities).

At the end of this 30 day process, the agency must have the appraisal in hand.

If interest is indicated, the interested party is contacted to discuss sale price and purchase and sale agreement is executed.

If no interest, agency markets the property to the general public by publishing a notice in the newspaper for 3 days running according to statute. The asking price is established by the appraisal. In theory, the appraised value is the market price.

*Tom Sjostrom* stated that the market price would reflect as an expense to the seller in the private sector. There are certain kinds of things a seller would do to make the property usable for the buyer. For instance, a Phase I environmental study or even clean up, if necessary, and those kinds of things. If he heard correctly, it sounds like Fred is proposing to raise the asking price to cover expenses in some instances. In the private sector, the market value buyer would normally buy the property at market value and if the seller loses money on the property, that's just the way it is, if it is market value driven.

*Evelyn Stepp* stated that what she heard is that a certain amount of money (fee) would be set up to cover the staff time and the appraisal and whatever else comes up. The buyer would be asked to pay the fee.

*Tom Sjostrom* stated that these would normally be costs to the seller, not the buyer. In essence the state would be charging a fee to make something happen if somebody comes in and asks if they could acquire a particular parcel. Isn't the agency under restrictions as to who they can sell to? Can a parcel be sold to the first and only buyer if there is an appraisal? Especially if it is a situation where somebody comes in and asks to buy a piece of property that hasn't otherwise been offered for sale.

*Fred Lord* responded that once a person comes in and asks if they can buy a piece of property that action starts this whole cascading series of events mentioned earlier.

*Tom Sjostrom* stated that it seems to him we are suggesting charging a fee to that person without any assurance that he is going to be able to buy the property down the road.

*Fred Lord* responded that this is why having this discussion is useful.

*Evelyn Stepp* commented that the buyer would probably not even want to deal with it if they are being asked to pay a fee up front.

*Tom Sjostrom* mentioned that a lot of agencies do that with development fees. They have a developer come in and pay some substantial fees into their Planning Departments and things and then the project gets denied. It does not reflect well on government.

*Fred Lord* advised that the administrative processing fee idea came from the former chair of this Committee, Paul Cleary. It was indicated to be a DSL practice and Fred does not know how they do it or if they do it only in certain cases. The theory is that when an inquiry comes from the outside, from the private sector, about a piece of state land, a knowledgeable state seller can almost immediately ascertain that there is no other state agency or political entity that is going to be interested in this property and there is no other private buyer either. He can't say generically but in many cases the party who asks about the property is the party who surrounds it on all sides except for the adjoining state land or some other circumstance like that which indicates that this person is the only possible buyer.

*Tom Sjostrom* stated that an administrative fee as part of the sales price would work where you had a fee that would be forfeited if the agency and the buyer actually came to terms. He's talking about an earnest money deposit. He has been in a lot of situations where a fee is paid, and when the deal is closed, the buyer gets a credit for the fee in a normal real estate transaction.

*Fred Lord* clarified that what the agencies are talking about is more of a fee, further forward in the process when they are asked to decide internally if that parcel is available and they expend staff time. They want to recoup those expenses if the interested party changes his/her mind.

*Tom Sjostrom* asked for clarification that the fee would be forfeited if the sale transaction is not completed and refunded to the seller if the sale transaction is completed. If the transaction actually closes, they get their money back so to speak, in the sales price. He doesn't have a problem with that. He understands full well the issue of expending a bunch of staff time for a very small piece of property, especially considering what it costs the state to make something happen.

*Evelyn Stepp* commented that the reason we are here is to try to move those small pieces of property and help facilitate that with less cost, less time and less energy.

*Tom* added that the intent is to give the buyer an incentive to proceed with the sale. The easiest way, if you feel that you need to charge some type of administrative fee is to give them the carrot of getting their money back, although it's not exactly getting their money back.

*Fred* clarified that the deposit would go toward the purchase price.

*Tom* responded that he doesn't know how you can say that you are going to sell the land for market value and oh, by the way, there is a 5% fee on top of that.

*Fred Lord* clarified that this is not the intent so we have to think of a way to avoid that impression. The intent is to make sure that the staff doesn't spend unnecessary time on a buyer who isn't serious because there is a 3 to 6 month period between the time that John Doe comes in and says he wants to buy a piece of property and the time that the staff biologist, that forester or whomever has gone through this lengthy internal process. They may even need to have the Board of that agency vote that it is surplus before they can come back to the inquirer and say, yes, it is available, now let's discuss price.

*Evelyn Stepp* suggested that there probably should be a list of things that the seller goes over with that potential buyer to start with. The original conversation should inform them what things are going to be involved, the time period involved and all the details. The seller should find out if the buyer can actually pay for it and whether they plan on paying for it or if they think it is free.

*Fred Lord* asked if that is something that works in the private real estate market.

*Tom Sjostrom* responded that his firm pre-qualifies buyers all the time. This is different than an earnest money deposit. An earnest money, with a few exceptions, is almost always refundable. There is a way to get it refundable. What he is hearing Fred say is that the fee is meant to cover operating expenses associated with doing whatever needs to be done to sell a particular parcel. The fee would **not** be refundable except in some specific instances. He doesn't see how anybody would ever pay it if they didn't get credit for it on the sale, if they actually took title. The other one would be, if during the process, another agency took the property or if sold to another buyer then the fee should be refundable.

*Evelyn Stepp* stated that only the actual buyer should end up paying the fees because you are only going through the process once.

*Bill Foster* added that there may be occasions where the seller finds out there is an environmental problem or they want to withdraw for whatever reason.

*Tom Sjostrom* stated that those should all be reasons to make that money refundable. It's a fairness issue.

*Fred Lord* stated that the pre-qualification checklist is a thought that has some merit. He doesn't know how many agencies use it now or whether they don't. It is probably a mental checklist with most of us.

*Tom Sjostrom* stated that pre-qualification is a tough thing to do because the best laid plans don't always play out. Transactions fall apart and a lot of time they fall apart because of money.

*Evelyn Stepp* added that sometimes the income falls apart also.

*Chairman Byler* commented that these are really good ideas and certainly out of his bailiwick. It is fascinating for him to hear them. He is approaching this from a more political standpoint. One of the things, taking a step back from this discussion just a little bit to make sure he is tracking on this and to help with the discussions. We are talking about potential solutions to the problem. At least one of the problems we have is insufficient staff resources with these agencies and he still thinks, and what he likes about some of these recommendations, is that we still don't have a full handle on the universe of surplus lands. He thinks there is still some debate about what constitutes surplus lands and what resources these different agencies have or require. He thinks there are still some paths to draw on, maybe not for this committee but maybe for DAS, with this informal Statewide Land Managers group. Perhaps they should further refine their understanding of what that is because it very well may be that we want to go down the path of these earnest money types of arrangements or pre-qualification, he doesn't know. Or, maybe we will want to set up some type of arrangement where you have an Interagency Agreement among multiple agencies, especially the smaller ones, where DAS would be providing specific services. That would be a clear One Stop Shop for folks to go through for surplus lands. These are different ways to approach it. He still feels like we are still premature to be able to land on specific tools yet.

*Fred Lord* agreed that there are a dozen ideas out there, none of which we know are viable. We don't know which ones apply across the board and which ones might be picked up by one agency or more. This Interagency Agreement idea would enable DAS to immediately step in and handle the real estate needs of a very small agency, one that makes a sale every five years. A bad example would be the Statute that required ODFW to leave downtown Portland and move to Salem. The ODFW headquarters had to be sold and DAS handled that sale. That was a huge blip in the sales statistics and those anomalies occur fairly infrequently for an individual agency. However, they occur sufficiently frequently for DAS, which is constantly working with one agency or another handling an acquisition or a sale. One particular agency may not be back to the table with DAS for another five or ten year. But, if you add them all up, you see them coming in on a very regular basis. That may be a good solution to this one issue of how do to handle the expertise and resource problem that is lacking in the smaller agencies. It bears looking into.

*Chairman Byler* asked about the history of the assumption that lead to this year and a half worth of investigation about the notion that there are surplus lands available and the state should be selling those and the revenue should be going back into the general fund. He asked if that assumption had legislative origins.

*Fred Lord* responded that the issue doesn't have a specific statute behind it. It has a certain legislator.

*Bill Foster* added that there certainly were some inquiries and there were actually some pieces of legislation proposed and this was trying to supplant that.

*Chairman Byler* asked if there is any expectation for a report to the Legislature on this topic next session.

*Bill Foster* responded: Not that has been specifically set up. There is no statutory requirement and there has been no request for it at this moment. Through some of the broader reporting of our activities, we had intended to be prepared.

*Chairman Byler* stated that he is only asking these questions to make sure that he understands the political landscape on this. He thinks it is important to be aware and where Senator Winters and Representative Gilman are critical for us is to make sure they understand these recommendations because the assumption that started all this is relatively simple. It is a simple straightforward statement or question. We have all learned through this process that it is very complex, there are nuances, multiple agencies, multiple statutory rule based charges and responsibilities. One size does not fit all. It is not an issue that is going to be easily solved with a cookie cutter approach. One of his questions, and this discussion is helping him now, is what kinds of expectation are there with the report that we are pulling together. He likes the recommendations that Fred has lined out. They are administrative, they are less formal, and they are not trying to utilize a blunt instrument on this issue. He thinks we need to be a lot more surgical in terms of how we approach this. He thinks it is a smart way to approach it. He wants to make sure that we have our ducks lined up over the next few months as the session starts so that there are not expectations out there that something else is going on. One scenario that could play out is that the budget is going to be tough and they are going to be searching every cupboard for every penny and this issue could be revived. He thinks, frankly, that we are in really good shape given the work that has occurred over the last year and half and given the input we have had.

*Fred Lord* offered that he thinks a real useful document, in any report that we make to the legislature is the spreadsheet in the member packet. It is a document showing on two pages what agencies sold and how much money there was and what they own. The number of acres, what most of it is and the second page shows which agency sold what. You get these anomalies like the sale of the ODFW headquarters because there is a statement in his presentation that between them, ODOT and DSL represents 90% of all land sales and 90% of all value. There is that blip when we sold the ODFW headquarters but that is not going to happen again.

*Tom Sjoström* agreed that this is a statistic that really distorts the picture.

*Fred Lord* added that the other agency that sits out of town is DEQ and they are in leased space.

*Chairman Byler* indicated that this is a helpful document but he also thinks this is somewhat of a dangerous document if it gets into the wrong hands and people don't have the context around it. They will see \$14M in 2003-2005 and \$12M in 2005-2007. \$13M per biennium and suddenly they are making a quick little statutory change to move all those revenues from sales into the general fund.

*Fred Lord* responded that they will run into a brick wall because some of those funds are Constitutional or Federal.

*Chairman Byler* – Part of our charge is to make sure that we provide the right education and to make sure that this Committee is all lined up on this. The other piece is that if we are to move forward with recommendations along the lines you are suggesting, he thinks that they are administrative in nature. He likes them because they are administrative in nature. He doesn't think going after legislation is always the best answer but we must make sure that the Committee members are bought into that to the extent we can have these recommendations lined up to be fairly digestible for people who haven't spent as much time on this issue as we have. He doesn't think DAS is far from that.

*Fred Lord* stated that DAS will prepare a concise, easily digestible Executive Summary.

*Bill Foster* added that one thing that it may be useful to have a little more dialog on is thresholds on process and appraisals. Obviously there is a concern of having some reasonable process so that the state is not disposing of assets at less than the return that they ought to have. At the same time there is concern for making it as simple as possible, the least cumbersome

and cost effective as possible. What does the committee think about where those thresholds are of the more complex process vs. a simpler one vs. this opinion of value instead of a full appraisal?

*Tom Sjostrom* stated that the process is set up, more than anything, to make sure that assets stay assets and are not disposed of to the benefit on anyone over others, he guesses. *Bill Foster* responded: Yes, so that nobody is getting a windfall to the detriment of the State. Tom stated that he does not understand the process well enough to comment on that. It seems to him that if you are talking about a \$1,000 piece of land, there ought to be a lot of red tape cut to make that happen and get it back on the tax roles. Nevertheless, the \$1,000 piece of land could wind up in the hands of somebody who really took advantage of an inside opportunity.

*Chairman Byler* agreed with that. There are too many processes that we have been introduced to, to really get a clear sense of what's what. He suggested setting this up in a way that will articulate some principles so that first we lay out the assumption that there is surplus land out there. Answer the question that was asked preceding this investigation. But, in addition to the recommendations, which again are really sound, maybe we lay out some principles. For example: How do we have an effective process that is easily accessible by the public? How do we make sure we are fair to the public in terms of how these surplus properties are sold? How do we make sure that we are doing it in a cost effective manner? There are some principles that we have talked about and that we are interested in, which we have been trying to wrap our arms around. He wonders if that would be useful in terms of how we frame our recommendations. This is only an idea, he's not sure if this will work or not.

*Fred Lord* commented that he is trying to get his wits around how to present that. He is much more of a linear thinker from point A to point B and various branches off that.

*Chairman Byler* asked if there were some themes among the recommendations that we could show. Cost effectiveness, Coordination, Ease of Public Access, Educating the Public.

*Fred Lord* stated that one thing we might do on the State Surplus Website where information on lands is located would be to have a statement right up front: "State land is not free".

*Bill Foster* indicated that the piece that he is getting at is to do a typical appraisal. Maybe it is \$5,000 for a reasonable sized parcel, plus you have some staff time. You may also have a level 1 Environmental Assessment, and maybe some other things that adds to \$15,000 and that is a certain level of formality. At what point could something simpler be done? It seems like there is a threshold and the threshold that we currently have, has been there for a long time.

*Evelyn Stepp* stated that it seems like maybe a percentage of the actual appraised value might be a threshold.

*Fred Lord* stated that the county tax assessors do not value state owned lands so there is no assessed value to use in a very broad definition of the value. Maybe an appraisal should be done if the property is valued above \$10,000 and get a letter of opinion if valued below \$10,000. When there is no assessed value, the agency would have to rely on the experience of their land people to use their best experience. If they have been out there looking at that land for the last 20 years, they have a good idea what their land is worth compared to the neighbors land because they have been working with it for a long period of time. Although, in most cases they are falling behind the private sector real estate people and their knowledge isn't keeping up like the private sector keeps up their knowledge, which is a different issue entirely. You get back to the experience of the agencies' land people, and the need to rely on them to know what the value of the land is because they are going to make that initial determination of its worth. DAS uses a threshold of \$100,000 value to get an appraisal and below that, a Letter of Opinion.

*Bill Foster* commented that this may be a way of ordering some of these recommendations around some general principles.

*Chairman Byler* responded that principles may not be the right term. Actually, in reviewing Fred's graph PowerPoint presentation, it is there, right before the recommendations. It talks about improvements in land sales process and methodology dealing with lower value lands, uneconomic remands, etc. He thinks maybe organizing these bullets around some of these ideas and issues would be useful.

*Fred Lord* added he would try to get it down to one page.

*Chairman Byler* doesn't think the number of ideas is a problem. If you are going to have more than one page, you have a bit of language, and it helps in understanding. The organizational approach will help the reader digest it and be able to gloss over and be able to find the different sections and ideas or issue areas that they may want to explore. They will be able to tap right into it.

*Fred Lord* added that there are two areas where a statutory solution may be appropriate. One is the assessed values on State lands. He thinks the representative from ODOT alluded to this last month; a) getting assessors values on state lands so that we could use that as our threshold determinate and b) because the state lands inventory requires the values for all state lands and we have never put them in there. We were looking for a way to get value in there without asking agencies to appraise their parcels individually. DSL, through its new asset management plan, had an appraiser look at all their forest lands and give them a generic forest lands value as an algorithm that works for west of the mountains, east of the mountains, dry lands, wet lands and then all other DSL land. The Forestry Department has established values for their forest lands and we were looking at putting those values that DSL and Forestry have established into our Statewide Lands database. This would help us meet the statutory requirement that each parcel owned by the state have a dollar value next to it. We also plan to give each parcel a type and value ranges. Forest land in Oregon on the western side is worth x to y dollars. On the eastern side it is worth w to z dollars. Rangeland would be the same way. The problem is when we get into the urban area. When it is a DMV office or an office structure or a DEQ test lab, how do you assign a value for that?

*Tom Sjoström* stated that you would need to have options inside the urban areas.

*Fred Lord's* response to the issue of how we get the value into the statewide land inventory is that he is looking for a 95% solution. He recognizes that we will never have 100% of the data for all of the parcels but, if we had 95% of the data for most of the parcels, we can work on the gaps because we don't want to spend 95% of our time trying to get 1% of the answers for this database. The database is a very large roll up look at what the state owns. It is not detailed. If you want specific answers, you go to the agency that owns the land and ask them and they pull out their file folder.

*Evelyn Stepp* asked if some of the smaller agencies could borrow staff people from other agencies.

*Fred Lord* responded that DAS would be on tap to provide them with that real estate staff. DSL and ODOT have not indicated any willingness to help other agencies with their real estate problems. However, that leads back to the outside consultant that DAS has hired. In their interviews with agencies, looking at the software that the agencies have, and trying to determine if we might be able to leverage some of what already exists into the new DAS Statewide Lands Inventory. One of the things that they came up with is that there is no software out there that DAS can just pick up and use but, there are resources out there that might be available to DAS. What they found out is that there are personnel resources that could be made available to DAS. Forestry has a GIS person whose time could be made available to DAS. ODOT has a person who is involved right now in the development of their database which is a very large, very integrated database of all state highway properties. That person might be made available to DAS. There are some techniques those agencies have that might be made available. That's what we are looking at pulling in and we are waiting for the consultant to come back with some specific recommendations. There may not be a magic bullet out there but there maybe pieces of this and that. He does not want to go out there and buy a new software program for example, if we already own the components of that software. Maybe all we need to get is an expanded license for more users and DAS could be one of those users.

*Tom Sjoström* stated that he noticed that there are 3 different systems mentioned in the consultant's report. Has DAS looked at those systems?

*Fred Lord* responded: No, not at this time.

*Tom Sjoström* stated that the OUS (Oregon University System) is probably a facilities system and not a land system.

*Fred Lord* responded that it is very definitely a facilities system. As a point of information, Oregon University System and their 7 campuses own 50% of all State office space that is available.

*Tom Sjoström* commented that it seems that the Military system would probably be capable of tracking their land.

*Fred Lord* responded that it is a humongous system. If he were to analogize it, it would be like a property management system which has a facilities component, an AP/AR bookkeeping component and it probably has a space planning component and a work order component for the janitors as well as a land component. All we want is the pie shaped land component out of this great big program and they are not sold by components. They sell the whole program.

*Tom Sjostrom* asked if it is just licensed for users.

*Fred Lord* responded that it is something our consultant is going to have to tell us. Which one is practical? Military's program is something that the Department of Defense mandates that they have. It is a very definite facilities oriented program. Then there is the DSL system.

*Tom Sjostrom* shared that his company (Bluestone & Hockley) just spent a large amount of time looking at new software for the company. It is very expensive and it is very difficult to determine exactly what it is going to do. There are a few large companies that produce software. It will do a lot of things but it gets more and more expensive and then you have annual licensing fees and it goes on and on. Some of these smaller agencies don't like the idea of having an annual licensing fee.

*Fred Lord* responded that if DAS owns the license and the agencies can update their information on line, and we share the cost because we are billing them on a proportionate basis by the number of parcels owned by each agency, there may be some efficiency. Fred shared that he was involved with choosing a software program for a property management firm ten years ago for his former employer. He spent an awful lot of time visiting current owners of those software programs asking them how they like it and finding out what their problems were. He discovered that the wiz bang show that the software vendor puts on is a lot different from what the owner of the software does in there back office. He remembers visiting with Norris, Beggs and Simpson ten years ago. They had 3 programs operating from three separate vendors because they had so many clients that wanted different things. They talked about the plusses and minuses and there is no one program fits all. The other part of this is that you may settle on a software program only to have your IT department tell you that they don't support it. It may be ORACLE based and your entire group is switching over to SQL.

*Chairman Byler* asked Fred is he is familiar with Oregon Navigator either within DAS or GIS.

*Fred Lord* responded that he is not familiar with it specifically but Cy Smith from the GEO office is one of the people we have involved in looking at this consultancy end and what they are recommending. We do not want to choose a solution that doesn't include what the GEO office is attempting to do across the board within other state agencies as well as the counties and connecting with other public bodies. They are not trying to get one size fits all but they want everybody to select common denominators. One of the comments in the presentation and in the handout is the unique parcel identifier. It is becoming a bigger and bigger issue. We saw it this morning when looking at a tax plat map. The identifier that many agencies use for their property is a 1, 2, 3 and it has no relation to the tax parcel. It may not even relate to the deed which had three or four digits and another identifier. What we are trying to do in the Statewide Lands Database is get some kind of identifier number that will tell the person who picks it up where the property is physically located. There is a 28 digit identifier that is being pushed to be the common identifier in Oregon. It starts with OR then two digits for the county and two digits for the township, a digit for South, North, and a digit for range, east/west, section, quarter, and tax lot. By using that 28 string series you can pinpoint the property on a GIS map. It can also be used to get into ORMAP which gets you to the tax lot numbers and to the tax lot plots and plats. He understands that this identifier has not yet been settled on because it has not yet been accepted by all the counties. There are other identifiers out there so we are trying to make sure that whatever we select for the Statewide Lands Inventory database is the one that the GEO office is pushing and recommending for adoption by Revenue and by county Assessors, etc. We don't want to choose something that gets tossed out five years from now. We are currently dealing with all these legacy systems. Identifiers were put into place three years ago and when you look at that database there is another identifier under there that was in an excel spreadsheet from ten years ago and you look in there and there is yet another identifier that came from the 3x5 card from 25 years ago. All these identifiers are still there, they are legacies because the files at the agencies probably only have the original number. The consultant's actual statement was: "The files that the agencies have have the identifier on it at the time the file was created". All these numbers must be in a database in a stream in order to pull a file. DAS doesn't need those but the agency still has to maintain them. We just need an identifier that the agency recognizes as the piece of property DAS is asking about. That is a mechanical issue but this Statewide Land Managers Forum and our consultant will be the place where we resolve that.

*Chairman Byler* asked if there were any further questions and asked if the Committee would like to talk a little bit about Next Steps.

*Tom Sjostrom* stated that he had one additional comment. After commenting that Fred's summary was really good, it contains a statement that he would challenge if he were looking at this as a third party. "There is, in fact very little surplus land". He thinks this statement would get challenged based on intuition more than facts.

*Fred Lord* responded that the statement should read: "There is very little **identified** surplus land".

*Tom* responded: Correct.

*Chairman Byler* added that it begs the question about the definitions of surplus land.

*Fred Lord* responded that there may be a lot of land out there that could be sold if the agencies had the staff and the resources to identify it.

*Tom Sjostrom* added that he wonders if this Committee should be making a recommendation about a definition of surplus land.

*Chairman Byler* added that he thinks the language here is rather strong.

*Fred Lord* asked if each Member received a copy of a document he sent them by e-mail which shows the surplus land definition that DAS uses. A copy of the DAS Administrative Rule which was revised last year was provided to the Committee. "Surplus Land" is defined as: Land that is not currently used or is not needed or desirable to support a future need, use or function of the Agency. That is the definition DAS is operating off right now. This is what a lot of the question revolves around. Each agency has their definition but it is the DAS definition that applies to the Statewide Lands Inventory. The question has been, in many cases, and we heard this from both ODOT and ODFW, that they are recommending many gradations or refinements of surplus, such as uneconomic remainder and inaccessible remainder. There were 7 or 8 sub-categories for surplus land and they are almost defining the reason why they cannot sell it type of categories. Fred's personal opinion is to keep the categories as broad as possible to be as all-encompassing as possible because within there, he can gather a lot of properties and put footnotes beside them showing what the particular characteristic of the land is. For example: landlocked parcel, a parcel which is below the lot minimum size, a parcel which is inaccessible due to terrain, a parcel that is in the 100 year flood plain, or a parcel that has environmental issues. They would all be surplus but the question is to whether we need to revise the surplus definition itself or have a fourth category.

*Bill Foster* added that if there were some tag of that nature, it could readily identify where efforts were best spent.

*Fred Lord* responded that we would need to go back to the agencies and have them attach these tags. If we establish tags, it would be a good way to use it. This is surplus land and it is inaccessible, too small or whatever.

*Evelyn Stepp* added that maybe there should be something like whether it is saleable in the definition of surplus. The other properties that have problems could have some other definition.

*Fred Lord* responded that then we would have to define saleable. What does saleable mean? Does it mean a parcel is ready and zoned for immediate sale or does it mean that if someone asked about it, it could be sold? Definitions are very important to the state process.

*Evelyn* continued that like those other definitions that were being discussed, for example if it is landlocked or something like it that it would only be saleable to the adjoining property owner. Yes, it is surplus but it is landlocked. She likes the idea of putting a tag on it and defining why it is deemed as surplus.

*Fred Lord* added that maybe a hierarchy could be added so that some could be identified as more marketable than others. Thinking through this, for example a parcel that is landlocked may be marketable only to the neighboring property owner so maybe all the neighbors of all those landlocked parcels should be contacted.

*Chairman Byler* commented that he is hung up on Tom Sjostrom's point now. He thinks we need to be careful in the language we use. The first clause in the sentence: "There is, in fact very little surplus land". He thinks it is still debatable. He thinks what can be said unequivocally is that "there is perhaps no surplus land that is available for sale that would go back to the general fund". If he heard correctly, none of the sales proceeds went back to the general fund. It sounds like we really have attention in terms of what surplus means and it is more of a subjective thing.

*Fred Lord* stated that he was looking for the very broad, all-encompassing "there is no surplus land". It is not true but it certainly gets everybody's attention. Before this goes outside this circle, Fred will revise this statement to: "There is no surplus land currently identified which would result in revenue going back into the general fund".

*Bill Foster* added that he thinks the group has talked about some of the relationships between what the Capital Projects Advisory Board is doing and what this group would do. We have these Area Plans in the Salem Area. Some of those Area Plans contain property that probably is surplus. By working through and trying to update those Area Plans, we can say, what the core functions are within each Area Plan. The parcels being used can be identified and maybe some parcels are needed Corrections buffers for example. Some of the buffer areas could be used for certain things but some of the rest of it could and should be sold.

*Chairman Byler* commented that this type of language would strengthen the report. When you get into the recommendations, as you look into it in more detail, you see that there are questions about what is surplus.

*Tom Sjostrom* commented that he thinks that some agencies may want to look at surplus differently than other agencies. Some agencies will have a pre-disposition to not declare anything surplus for whatever reason. Some agencies might have a long term plan so that they can identify surplus land or maybe think that nothing is surplus whereas other agencies don't have a plan that lets them go out far enough to let them know if they have surplus. Those are components of determining if something is surplus.

*Evelyn* commented that she does not look at a buffer zone as being surplus. She looks at it as being "indefinite use".

*Bill Foster* added that he thinks some of the dialog and what we are going to try to address then is what are those uses? Is that something that gets leased out or used for some economic benefit of appropriate use such as raising grass seed? That is what we are grappling with.

*Fred Lord* added that the idea of leasing out unused property so that it is watched and generates a little bit of revenue which goes into the tax base, has its own costs to the agency because then you become a leasing department with those issues that have to be dealt with.

*Bill Foster* commented that in the case of Corrections, in some instances they are simply trying to get someone else to take care of the property so they don't have to.

*Fred Lord* stated that DAS will bring a lot of this material back to the regularly scheduled Meeting on November 3, 2006. There will be a more solidified set of recommendations in a two or three page format. Between then and now, Bill and Fred will see about getting together with Representative Gilman and Senator Winters and making this same presentation to them to get their input. By the November meeting, we will also have our outside consultant's report on where we are going with the Statewide Lands Inventory database. A number of things identified by both the Consultant and this Committee cross connect, such as the identifier issue and what is surplus, in reserve and in-use. Those definitions have to go into that database and that is our hook in getting the agencies to work on helping us develop tags for that database. We have a number of things coming into the November meeting. Fred would like to see a report coming out of the November meeting.

*Chairman Byler* noted that we need a quorum for that meeting.

*Fred* added that since we now have only six active members, it will become a difficult proposition again.

*Chairman Byler* asked if this was a post-election meeting.

*Fred* responded that it is before Election Day – November 3<sup>rd</sup>.

*Fred* asked the members to contact him by e-mail if they think of any additional comments.

*Chairman Byler* stated "well done" and added that it has been a good discussion. He further thanked Tom and Evelyn for being here today. He thinks this was a useful meeting, even as a sub-committee. These issues are complex enough that this additional opportunity to get together and talk through some of this will help the group. He wished Fred and Bill well in their attempts to meet with the other members.

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