

The State Land Board met in regular session on October 9, 2000 in the Land Board Room of the State Lands Building, 775 Summer Street NE, Salem, Oregon 97301-1279.

Present were:

John A. Kitzhaber	Governor
Bill Bradbury	Secretary of State
Jim Hill	State Treasurer

Assistants

Louise Solliday
Rollie Wisbrock
Paddy McGuire

Staff

Steve Purchase
John Lilly
Gary Van Horn
Jenifer Robison

Dept. of Justice

Bill Cook

Governor Kitzhaber called the meeting to order. The topics discussed and the results of those discussions are listed as follows. Further details of the discussions may be obtained in the written transcript of the meeting available at the Division of State Lands, 775 Summer Street NE, Suite 100, Salem, Oregon 97301-1279 (phone: (503) 378-3805).

The new Executive Director for the Division of State Lands, Ann Hanus, was sworn into office by Secretary of State Bradbury.

Action Agenda

- 1. Request for authorization to adopt rules concerning issuance of removal-fill permits for commercial aggregate operations under certain circumstances for up to 25 years.**

Acting Director Purchase introduced this item to the Board. He explained that this rule would allow the Director to issue a 25-year permit to link in-water mining activities with associated reclamation obligations extending beyond the normal termination of mining. He said a public meeting was held on July 27, 2000 and no public testimony was received. He said the agency recommended the Board approve this final rule authorizing the Director to issue removal-fill permits for 25 years, if needed, to meet the requirements of permit conditions, such as reclamation obligations.

Secretary of State Bradbury commented that this rule makes sense and would help resolve the issue with Ross Island and reclamation. He moved the Board adopt the final rule allowing the Director to issue removal-fill permits for up to 25 years in certain circumstances. State Treasurer Hill seconded the motion and the approval was unanimous.

2. Request to concur with the decision of the Oregon Board of Forestry to decertify 33 acres of common school forest land in Douglas County and return those lands to the Division of State Lands for management as Common School Fund lands.

Acting Director Purchase said at its July 28, 2000 meeting the Board of Forestry approved the decertification and return of 33 acres of common school forest lands in Douglas County to the Division for management as Common School Fund lands. He recommended the Board also authorize these lands be decertified and returned to the Division for management.

Secretary of State Bradbury moved the 33 acres of forest land in Douglas County be decertified and returned to the Division for management. State Treasurer Hill seconded the motion and the approval was unanimous.

3. Request to appear at the Emergency Board to request additional expenditure limitation associated with the M/V *New Carissa* plan review.

Acting Director Purchase requested the Land Board approve the agency's request to appear before the Legislative Emergency Board to seek an additional \$125,000 of Other Fund expenditure limitation to hire marine salvage resource experts to advise on the removal of the M/V *New Carissa* from the coastline at Coos Bay.

Purchase said the technical expertise is necessary to assist the Division in evaluation of the proposals that will be submitted for removal of the ship. He said the current staff resources and the budget are insufficient to cover the unanticipated costs and resource needs associated with the marine salvage project.

Governor Kitzhaber asked Purchase to explain the four options being considered for the *New Carissa*. Purchase reviewed the options given to date by Milwee Associates, Inc., the Responsible Party: 1) seaward, sea-based removal; 2) seaward-based removal with a shoreward-based operation; 3) land-based operation and land-based removal; and 4) leaving the *New Carissa* where it is and developing a long-range management plan.

Governor Kitzhaber said he believes this is an important request for the Emergency Board. He said the Board needs its own independent evaluation of the plan to gauge how they will proceed. He said the Board's position has not changed—they want the wreck removed or the resources that would otherwise have been placed in a bond to manage the wreck.

State Treasurer Hill moved the Board authorize the Division to appear before the Emergency Board to request additional expenditure limitation to review the *New Carissa* removal and disposal plans. Secretary of State Bradbury seconded the motion.

Secretary of State Bradbury asked whether the agency could recover these costs from the Responsible Party at some point in the future. Acting Director Purchase said costs could be recovered through litigation.

The motion was unanimously approved.

Consent Items

- 4.a. Request for approval of the addition of a tract to a site already on the Oregon State Register of Natural Heritage Resources (18.87 acres at The Nature Conservancy's Kingston Prairie site in Linn County).**
- b. Request for authorization to begin negotiations with Oregon State University for management of the Oregon Natural Heritage Program.**
- c. Request for approval of a permanent road easement to U.S. Gypsum.**
- d. Request for approval of a permanent road easement to Port of Astoria and Warrenton Land and Investment, LLC.**
- e. Request for approval of the minutes of the State Land Board meeting for August 1, 2000.**

Acting Director Purchase reviewed the above items on the Consent Agenda with the Board. Secretary of State Bradbury moved the Consent Agenda be approved. State Treasurer Hill seconded the motion and the approval was unanimous.

Informational Items

5. Report on the *Status of Common School Forest Land Management*.

Acting Director Purchase introduced Ray Craig, Assistant State Forester, and Dan Christensen, Asset Manager for state forest lands.

Dan Christensen reviewed the *Status of Common School Forest Land Management* report that was previously provided to the Board. He said a steering committee and a technical planning team have been appointed and are beginning their work. Other major planning efforts including common school forest lands are in process, including a forest management plan revision and negotiations for HCPs with the Federal Services.

Christensen reported that the forest management plan has been approved by the Board of Forestry and has entered the rulemaking process, with the first public hearings to begin later in the month.

The report discusses research and monitoring activities conducted over the past year, including work on the northern spotted owl, marbled murrelet and some information on fish research.

The report provided information about revenue and expenditures for the fiscal year, with the Elliott State Forest setting a record of \$20.7 million revenue produced in one year. A total of \$24.4 million revenue was generated for the Common School Fund, and the expenditures were about \$4.7 million.

Secretary of State Bradbury asked what accounted for record revenues this past year. Christensen responded that a number of timber sale contracts became active and operated on in one fiscal year (some of which were sold several years ago). He added that the prices when these were negotiated were higher than they expect prices to be in the future. These situations came together to cause the record revenue.

- 6. Report on the Asset Management Plan.**
- 7. Report on the Implementation and Review of the Rules for Authorizing Structures on State-Owned Submerged and Submersible Lands.**
- 8. Report on the Waterway Improvement Inventory.**
- 9. Report on North Tongue Point sale.**
- 10. Report on pending legislation/exchange regarding Steens Mountain area.**
- 11. Report on legislative concepts.**

Acting Director Purchase made note that written materials were available for the remainder of the informational agenda items. He reported on the sale of North Tongue Point, saying the sale is complete. The county has received all past due taxes, the Division has received all past due revenues, late payments, and late charges. The Division received \$4 million for the sale.

Retirement

The Land Board recognized Gary Van Horn, retiring Assistant Director for Fiscal and Administration, for his work with the Division of State Lands. Van Horn was presented with a plaque expressing the Board's and agency's appreciation.

Acting Director Purchase expressed his appreciation on behalf of the Division for Van Horn, saying the agency developed its first information resource management plan with Van Horn as Assistant Director, and also applauded his work on simplifying the agency's budget development process.

Paula Burgess, the Governor's Natural Resource Policy Advisor, is beginning a new job with the Bureau of Land Management. She was succeeded by Louise Solliday. Burgess was honored for her work with the Board and the Division.

Purchase expressed his appreciation for Burgess and thanked her for helping the Board and the agency with rangeland, waterway leasing, and Elliott State Forest issues.

Purchase welcomed the Division's new Director, Ann Hanus, to the agency.

The Governor adjourned the meeting.

John A. Kitzhaber
Governor

Stephen J. Purchase
Acting Director