



Oregon

Kate Brown, Governor

Department of State Lands

775 Summer Street NE, Suite 100

Salem, OR 97301-1279

(503) 986-5200

FAX (503) 378-4844

www.oregonstatelands.us

The State Land Board met in regular session on June 14, 2016, in the Land Board Room at the Department of State Lands, 775 Summer Street NE, Salem, Oregon.

Present were:

Kate Brown
Jeanne P. Atkins
Ted Wheeler

Governor
Secretary of State
State Treasurer

State Land Board

Kate Brown
Governor

Jeanne P. Atkins
Secretary of State

Land Board Assistants

Richard Whitman
Robert Taylor
Kristin Dennis

Governor's Office
Secretary of State's Office
State Treasurer's Office

Ted Wheeler
State Treasurer

Department Staff

Jim Paul
Lorna Stafford

Bill Ryan
Julie Curtis

Cyndi Wickham
Lanny Quackenbush

Chris Castelli
Patrick Tate

Department of Justice

Matt DeVore

Governor Brown called the meeting to order at 10:05 a.m. The topics discussed and the results of those discussions are listed below.

Governor Brown briefly discussed the proposed Jordan Cove liquefied natural gas facility in Coos Bay and explained that the Board has accepted public testimony on the project at previous meetings even though it was not on the agenda. She stated that the Board would no longer be taking public comment on the project unless it is listed specifically on the agenda. She noted that authority is vested with Department staff to make the decisions on the project and not the State Land Board. Governor Brown said that allowing further testimony without notice is not fair to others who would also like to speak and it misleads the public about how decisions are made.

Director Jim Paul noted that people can send comments through the Department's website or by U.S. mail to 775 Summer St NE, Salem OR 97301.

CONSENT AGENDA

1. a. Request for approval of the minutes from the April 12, 2016 State Land Board meeting.

Secretary Atkins made a motion to approve the minutes from the April 12, 2016 State Land Board meeting. Treasurer Wheeler seconded the motion. The minutes were approved.

b. Request for approval of the release of approximately 56 acres of mineral rights in Polk County.

- c. **Request for approval of the release of approximately 62 acres of mineral rights in Josephine County.**
- d. **Request for approval to initiate the review and determination of the potential sale or exchange of approximately 708 acres of agricultural lands in Malheur County.**

Director Paul introduced the remaining items on the consent agenda explaining that there were two requests for mineral releases, which were reviewed by the Department of Geology and Mineral Industries and determined to have no or low mineral potential. He said the Department recommends approval of the two mineral releases at the rate of \$10/acre.

Director Paul briefly discussed item 1d noting that the long-time lessee and adjacent property owner defaulted on the lease and the adjacent property has been sold twice since. The Department has not been successful in negotiating a lease with the current owner and there is a question regarding the water rights for the state-owned land. Due to these issues, staff recommends initiating due diligence to review the property for potential sale or exchange and come back to the Board with a recommendation.

Secretary Atkins made a motion to approve agenda items 1b, c and d on the consent agenda. Treasurer Wheeler seconded the motion. The items were approved.

INFORMATIONAL AGENDA

2. Overview of the Oregon Marine Debris Action Plan.

Director Paul provided a brief explanation of the Board's responsibility of managing Oregon's territorial sea for public trust values, including navigation, fisheries, commerce and recreation. He said that Oregon has been working in collaboration with the National Oceanic and Atmospheric Administration's (NOAA) Marine Debris Program and a planning committee was formed to develop Oregon's first ever statewide action plan on marine debris.

Director Paul invited three members of the planning committee to the table and asked them to introduce themselves.

Nir Barnea, Regional Coordinator with the NOAA Marine Debris Program and Charlie Plybon, Policy Manager with Oregon Surfrider Foundation provided the Board with an overview of the impacts of marine debris and Action Plan.

Governor Brown asked if micro plastics have been banned in the United States.

Mr. Barnea said that Congress has banned microbeads, which are small pieces of plastic in cosmetic products. However, many larger pieces of plastic become micro plastics when they eventually break down.

Charlie Plybon added that most micro plastics are larger pieces that have photo-degraded over time. He also pointed out a photo in the presentation showing Styrofoam that washed ashore from a registered dock.

Mr. Barnea covered some of the actions Oregon is already doing to help clean up marine debris such as regularly scheduled SOLVE beach clean-ups. Surfrider Foundation has organized a number of clean-ups, as well. He also mentioned the 2009-10 effort to remove over 3,000 abandoned crab pots from the ocean; and the Oregon Marine Board's Abandoned Derelict Vessel and Vessel Turn-In Programs, where owners of sinking vessels can transfer title over to the state, so they can be removed before they sink.

Mr. Barnea also discussed the state's public outreach and education efforts. One example is artwork that is made out of marine debris and shipped to locations around the country to educate people on this issue. In addition, Sea Grant has developed school curriculum that is used nationwide. Mr. Barnea said the state did an excellent job of coordinating the clean-up of Japan tsunami marine debris and educating the public about what it was and the impact it would have on the state.

Mr. Barnea said a Marine Debris Action Plan will aid collaboration and effectiveness; coordinate efforts to remove debris; improve communication; identify future priorities and projects; track actions completed and objectives achieved; inform decision makers; and leverage funding and other resources.

Mr. Barnea reviewed the timeline for development of the plan with a final plan scheduled for January 2017.

Charlie Plybon explained that his organization is a grassroots, non-profit environmental organization dedicated to the protection and enjoyment of our oceans, waves and beaches. Mr. Plybon discussed the Board's responsibility to manage the state's submerged and submersible lands and said that the majority of marine debris found during the winter comes from registered docks and other facilities leased by DSL. He discussed a specific clean-up project in Coos Bay where there were no public funds to help with the clean-up and the total cost was around \$50,000. He told the Board that because of staff size and the number of docks registered in the state, inspections are not done on smaller facilities. He acknowledged the Department's effort to establish the Submerged Land Enhancement Fund.

Treasurer Wheeler asked what percent of marine debris is locally generated.

Mr. Plybon said that worldwide, over eighty percent is land-based debris and that most in Oregon is from local sources.

Treasurer Wheeler asked if the plan will recommend strategies to reduce the amount of garbage that is going into waterways.

Mr. Plybon said that the Action Plan is more of a workplan and that NOAA does not want to recommend policy. He said that the planning committee is very interested in making recommendations and it is his goal to work with the Ocean Policy Advisory Council (OPAC) on this issue.

Treasurer Wheeler encouraged Mr. Plybon to seek support from elected officials to address the issue and get Surfrider out of the beach clean-up business.

Treasurer Wheeler asked how Surfrider was funded.

Mr. Plybon responded that they are philanthropically funded and also receive money through their membership base, which is fairly small.

Treasurer Wheeler asked if there is any intention of asking for support from the federal government for funding.

Mr. Plybon said that the plan will put Oregon in a better position to ask for funding from the federal government as well as from other sources.

Mr. Barnea added that having a Marine Debris Action Plan helps NOAA, the Environmental Protection Agency (EPA) and others who have funding available to see what the priorities are for the state.

Secretary Atkins asked if the final plan will come to the Board for adoption.

DSL Senior Policy Advisor Chris Castelli told the Board that the plan does not need to be adopted by the Board. However, since one of OPAC's responsibilities is to provide guidance and advice to the Land Board, OPAC members wanted to update the Board on this important effort.

Secretary Atkins said it would be valuable for the Board to review the final plan given its management responsibilities.

Mr. Plybon noted that it would be helpful for OPAC to receive some guidance from the Governor, if the Board is looking for policy recommendations.

Governor Brown said that she would like to hear from OPAC members on specific policy recommendations prior to the release of the final plan, in order to prepare for the 2017 legislative session.

Governor Brown asked about the Department's ability to control or limit the types of material used in docks and other waterway structures.

Chris Castelli said that they can definitely look at the issue going forward. He said that foam encapsulation is regulated by the State Marine Board. He noted that state agency coordination has improved significantly over the past few years and that the Marine Board has just started the process to update their foam encapsulation rules. Mr. Castelli said that the plan will help guide policy development for the Department.

Governor Brown added that another issue to be addressed is dedicating resources to DSL and the Marine Board for inspections and enforcement.

3. Annual report on the Trust Property Program for fiscal year 2015.

Patrick Tate, Trust Property Manager, provided an overview of the trust property program and discussed statistics for fiscal year 2015. He mentioned that unclaimed property reporting numbers declined substantially from the previous year because stock sales were delayed and occurred in the current year. He noted that this should be reflected in next year's report.

Mr. Tate said that the Department has been working on ways to streamline operations and make it easier for customers to do business with the agency.

Treasurer Wheeler asked, in light of the escalation of elder abuse, who is required to notify the Department when someone dies without an heir and without a will; and who ensures that these notifications are occurring.

Mr. Tate told the Board that some of the people who notify the Department are funeral directors, landlords, medical examiners, and law enforcement officers. But, since there are so many possible scenarios that can occur, it is challenging to know who to target outreach efforts toward.

Treasurer Wheeler asked what assurances exist that a deceased person's assets are coming to the state when required, particularly in the case of renters.

Mr. Tate said that there is very little the Department can do to enforce the notification requirement and there have been instances when the Department has been contacted weeks or months after a death. He told the Board that they can never be one hundred percent certain that all the assets remain.

Director Paul added that the Department is continually working on improving the notification process and there is definitely room for improvement in the laws.

Treasurer Wheeler suggested partnering with the attorney general and possibly others to review the statutes and see where improvements can be made to better enforce the law and ensure assets are secured.

ACTION AGENDA

4. Request for approval to submit the Department of Forestry's proposed 2017-19 budget request for ODF managed Common School Lands to the Department of Administrative Services.

State Forester Doug Decker and State Forest Division Chief Liz Dent presented the Department of Forestry's 2017-19 budget request for the management of Common School Fund (CSF) forestlands. Director Decker stated that given the proposed ownership transfer of the Elliott State Forest, their budget request for the 2017-19 biennium will bring an end to ODF's management of the Elliott. The proposed budget focuses on the 34,758 acres of CSF forestland outside the Elliott. He noted that this will be the first time in 86 years that ODF will not have a presence on the Elliott.

Ms. Dent told the Board that there are still some Common School forestlands in Coos County and that those lands will be managed out of the Western Lane District beginning on July 1, 2017. She said ODF expects to generate approximately \$4.7 million in the next biennium from the remaining forestlands, which is a harvest level of about 13.5 million board feet. The proposed budget is approximately \$3.3 million. That represents a sixty-six percent reduction compared to the 2015-17 biennium. Ms. Dent said that nine positions on the Elliott will be eliminated. Seven and a half full-time positions will remain to manage the remaining CSF forestlands. She noted that fire protection costs are billed separately.

Secretary Atkins expressed her appreciation to ODF staff for their efforts in preparing the budget in light of the decisions that are still pending.

Treasurer Wheeler asked about the imbalance between revenues and costs.

Ms. Dent said ODF expects to generate more revenue than it will cost to implement the harvest units. She added that the numbers are estimates and that time will tell how many sales can actually be held and the amount of revenue they will generate.

Treasurer Wheeler asked, if there is an interagency transfer of the Elliott State Forest, could ODF be retained to manage it?

Director Decker said that both he and the Board of Forestry Chair submitted a letter expressing ODF's interest in continuing to manage the forest, as long as there is a different purpose and business model structure.

Treasurer Wheeler asked if there would still be flexibility within the budget cycle to be able to make necessary changes or would they need to go to the Emergency Board.

Director Decker said they would likely need to go the Emergency Board.

Director Paul added that depending on the timing, there would also be an opportunity to address it during the 2017 legislative session, as well.

Secretary Atkins moved to approve the submittal of the Oregon Department of Forestry's proposed 2017-19 budget for ODF-managed Common School forestlands to the Department of Administrative Services. Treasurer Wheeler seconded the motion. The item was approved.

5. Request for approval to submit the Department of State Lands' proposed 2017-19 budget request to the Department of Administrative Services.

Director Paul discussed the Department's proposed budget for 2017-19. He noted that the current service level budget is \$41.3 million for the biennium. He provided a description of the Department's ten proposed policy option packages.

Secretary Atkins noted that there is very little General Fund money being requested in the proposed budget, which is for the Oregon Ocean Science Trust. She added that the legislature needs to have the discussion on how to fund the Trust.

Secretary Atkins made a motion to approve the Department of State Lands' 2017-19 Agency Request Budget for submittal to the Department of Administrative Services. Treasurer Wheeler seconded the motion. The item was approved.

Stacey McLaughlin, a private citizen, provided public comment related to the Department's key performance measure on improved processes and customer service. She specifically addressed the need for equal treatment of all customers and transparency in the process for issuing permits.

6. Request for approval to sell 0.21 acres of state-owned filled lands in Columbia County.

Director Paul noted that the Board approved the due diligence phase for this sale in December 2015. He said there were several issues that needed to be addressed before the sale could move forward, including a cloud on title with the City of Rainier, the City's request for a public walkway easement and the need for a conservation easement on a large portion of the property where there is a wetland mitigation project. The Department has worked through these issues to ensure protection of public trust values and recommend the sale of the property.

Secretary Atkins moved to approve the sale of the 0.21 acres of state-owned filled lands. Treasurer Wheeler seconded the motion. The item was approved.

7. Other.

Francis Eatherington from Roseburg, Oregon provided public comment related to the recent earthquake and tsunami drill held statewide. She noted that the proposed Jordan Cove LNG facility was not included in the drill, as it should have been.

Governor Brown stated that her comments would be noted for the record and thanked her for bringing it to the Board's attention.

Governor Brown adjourned the meeting at 11:35 a.m.

Kate Brown, Governor

James T. Paul, Director

DRAFT