



Oregon

Kate Brown, Governor

Department of State Lands

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The State Land Board met in regular session on October 11, 2016, in the Land Board Room at the Department of State Lands, 775 Summer Street NE, Salem, Oregon.

State Land Board

Present were:

Kate Brown

Governor

Kate Brown
Jeanne P. Atkins
Ted Wheeler

Governor
Secretary of State
State Treasurer

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
Stephanie Hallock Cummins

Department of Justice

Matt DeVore

Governor Brown called the meeting to order at 10:07 a.m. The topics discussed and the results of those discussions are listed below.

CONSENT AGENDA

1. a. Request for approval of the minutes from the June 14, 2016 State Land Board meeting.
- b. Request for approval of a permanent bridge easement over the northern segment of Columbia Slough in Multnomah County.
- c. Request for approval of a permanent bridge easement over the southern segment of Columbia Slough (aka Buffalo Slough) in Multnomah County.
- d. Request for approval of a permanent bridge easement over Isthmus Slough in Coos County.
- e. Request for approval of a permanent easement for an electrical utility line over state trust land in Tillamook County.
- f. Request for approval to initiate the review and determination of the potential sale of 1.96 acres of state-owned filled lands located in Curry County.
- g. Request for approval to initiate the review and determination of the potential sale of subsurface mineral and geothermal rights on approximately 46 acres of property located in Wheeler County.

h. Request for approval to initiate the review and determination of the potential sale of subsurface mineral and geothermal rights on approximately 63.1 acres of property located in Marion County.

Director Paul discussed the items on the consent agenda. He explained that items 1b through d will authorize existing bridge crossings. Item 1f is the result of a dock expansion project by the Port of Port Orford. The Port obtained a removal-fill permit in 1999 to expand and repair an existing dock. The expansion required a lease, which the Port operated under until 2015. Staff determined at the time of renewal that the expansion needed to be authorized under a different type of lease, or purchased by the lessee. The Port elected to purchase the filled land. The Department will perform due diligence to determine whether or not to sell the property and will come back to the Board for final approval, if determined it is appropriate to sell. Item 1g is a request for the possible sale of mineral rights to Carol Dumler who is in the process of selling her property and wants to include the mineral rights with the sale. Item 1h is for the potential sale of mineral rights to Silverton Rock Farm for the development of a rock quarry.

Secretary Atkins made a motion to approve the consent agenda. Treasurer Wheeler seconded the motion. The consent agenda was approved.

Action Items

2. Request for approval to sell one state-owned trust parcel with approximately 0.68 acres in Marion County to the surrounding property owner through a direct sale.

Director Paul explained that this property was previously brought before the Board in October 2015, to initiate due diligence for possible sale. The parcel is isolated without potential for generating revenue for the Common School Fund. It is within the boundaries of the City of Salem's Minto Brown Park and the City would like to purchase the parcel to incorporate into the park. The appraised value is \$5,575.

Treasurer Wheeler made a motion to authorize the Department to sell, through a direct land sale to the City of Salem, one bare land parcel in Marion County excepting the subsurface interest for the total appraised amount of \$5,575. There were no objections to the motion. The item was approved.

3. Request for approval to sell one state-owned trust parcel with approximately 70.6 acres in Lincoln County to The Wetlands Conservancy through a direct sale.

Director Paul reported that in April 2010, the Board approved the initiation of the potential sale of a parcel of land in Lincoln County. The Wetlands Conservancy was interested in purchasing the property, but withdrew at the time because of the high appraisal price. In late 2015, The Wetlands Conservancy contacted the Department again expressing an interest in purchasing a portion of the property. The lands are expected to be used as mitigation for the Oregon Department of Transportation's Pioneer Mountain Eddyville project. The appraised value of the 70.6-acre property is \$218,000. The Wetlands Conservancy has agreed to pay this price and an additional \$37,000 for the gap that resulted from the larger parcel being divided into two and appraised separately.

Secretary Atkins asked for more detail regarding the appraisal gap.

Director Paul explained that the entire parcel was originally appraised as one parcel. But, when The Wetlands Conservancy expressed an interest in buying only a portion of the site, separate appraisals were completed on the two parcels. The result of the sum of the two appraisals came up \$37,000 less than the appraisal for the parcel as a whole. Given that the Board must obtain full market value for the property, the Department offered the smaller parcel

to The Wetlands Conservancy, if they agreed to pay the additional monies needed to make up for the decrease in value due to partitioning of the parcel.

Secretary Atkins made a motion to authorize the Department to sell, through a direct land sale to The Wetlands Conservancy, one bare land parcel in Lincoln County for the total appraisal amount of \$255,000. Treasurer Wheeler seconded the motion. The item was approved.

4. Request for adoption of amendments to the administrative rules governing the management of, and issuing of leases, licenses and registrations for structures on, and uses of state-owned submerged and submersible land (OAR 141-082-0250 to OAR 141-082-0340).

Deputy Director Bill Ryan explained that rulemaking was initiated in February 2014, to make revisions to clarify and clean-up the rules. In addition, the Department received a request to amend the rules related to the rent calculation for marine industrial and marine service uses; and legislative action in 2015 resulted in the need to amend the rules related to the Submerged Lands Enhancement Fund. A rules advisory committee was formed and public comment was solicited.

Treasurer Wheeler moved to adopt the proposed amendments. There were no objections. The amendments were adopted.

Informational Items

5. Biennial report on the Aquatic Resource Management Program.

Deputy Director Bill Ryan provided information to the Board related to the management of the state's aquatic resources including management of state-owned waterways and implementation of the state's removal-fill regulatory law for fiscal years 2015 and 2016. He noted that this is the first report since the agency reorganized combining the state-owned waterways and regulatory removal-fill programs. Highlights included focusing on compliance and curing trespass issues on state-owned waterways. The agency also partnered with the Marine Board to remove several sunken vessels and debris. Under the removal-fill program, he reported that permit numbers continue to increase with the economic recovery. Particularly, individual permits are up 82 percent from the prior biennium. These permits take a significant amount of staff time. He told the Board that the Department is engaged in process improvements to improve internal processes to increase capacity to help with increased workloads. He reported that recreational placer mining authorizations have decreased significantly in response to SB 838 and the moratorium that went into effect on January 1, 2016. In addition, staff worked on, or is currently working on six rulemaking efforts during the reporting period.

6. Other.

Candidate Conservation Agreement with Assurances (CCAA) for the Greater Sage Grouse

Director Paul updated the Board on the Sage Grouse Candidate Conservation Agreement with Assurances (CCAA). The Department signed an agreement with the U.S. Fish and Wildlife Service approximately one year ago to allow the Department to manage its rangelands for their primary purpose of earning money for the Common School Fund while still ensuring protection of sage grouse. He told the Board that the Department is two years ahead of schedule with regard to completing initial assessments of DSL-owned land and will now be entering the monitoring phase. Director Paul thanked the staff in Bend for their work on the agreement.

Governor Brown asked what the early achievement of the assessments should be attributed to.

Director Paul replied that once staff began doing the assessments, it was decided to make it a priority and to get them completed rather than putting it off for later. He also believes staff is committed to the agreement, seeing it as a good thing for the Common School Fund as well as the sage grouse.

Elliott State Forest Ownership Transfer Opportunity Project

Director Paul provided the Board with a brief update on the Elliott State Forest Ownership Transfer Opportunity Project. He said the project is entering the last couple months of the current phase, with proposed acquisition plans due to the Department by close of business on November 15, 2016. He reiterated that the purpose of the protocol is to honor and ensure the public values that have been expressed by Oregonians as important to them while at the same time ensuring that the Common School Fund is kept whole. He said that responsive plans will be presented to the Board at its December 13, 2016 meeting. He explained that all proposed plans received by the deadline will be opened on November 16 and the number of plans and names of the lead participants who submitted them will be made public. He said it may take up to one week for staff to review the plans received to determine whether or not they are responsive to the requirements of the protocol. Information regarding when the plans will be made available to the public will be sent out in the coming weeks and posted on the Department's website. He added that public comment on proposed acquisition plans will be taken at the Board's December 13th meeting.

Governor Brown asked Director Paul to reiterate the public benefits that are outlined in the protocol for acquisition plans.

Director Paul said there are four general public benefits that must be included in a proposed acquisition plan: 1) it must ensure at least 25 percent of the forest is protected in perpetuity for older forest conditions; 2) there must be 120-foot riparian setbacks along all fish-bearing streams, in perpetuity; 3) a minimum of 50 percent of the forest must be kept open for the public at all times, in perpetuity; and 4) there must be at least 40 direct or indirect jobs associated with the forest for a period of at least ten years.

Governor Brown clarified that these are minimum requirements and participants can exceed these amounts in their proposals, if they so choose.

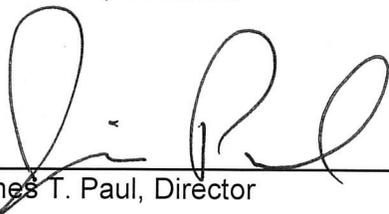
Director Paul added that the fair market price for the forest was announced on July 27th, which was \$220.8 million. Proposed acquisition plans also must show the ability to pay this amount.

Approximately 40 people provided comments to the Board, both orally and written, related to the Elliott Opportunity Project.

Governor Brown adjourned the meeting at 11:45 a.m.



Kate Brown, Governor



James T. Paul, Director