

**GOVERNING BOARD MEETING MINUTES
OREGON DEPARTMENT OF GEOLOGY AND MINERAL INDUSTRIES**

Tuesday, July 9, 2019

8:30 a.m.

Portland, Oregon

1) Call to Order: (Laura Maffei, Board Chair)

Chair Laura Maffei called the meeting to order at 8:34 a.m.

2) Introductions: (Laura Maffei, Board Chair and staff)

Chair Laura Maffei, Vice-Chair Katie Jeremiah, and Board Members Scott Ashford, and Diane Teeman and Linda Kozlowski were in attendance.

Department of Geology and Mineral Industries (DOGAMI) Staff in attendance:

Brad Avy, Director/State Geologist

Lori Calarruda, Recording Secretary/Executive Assistant

Dania Ballard, Chief Financial Officer (CFO)

Jack Kenny, Operations and Policy Analyst

Sarah Lewis, MLRR Program Manager

Bob Houston, Interim Legislative Coordinator

Ed Buchner, GIS Technical Specialist

Alyssa Pratt, Acting GS&S Program Manager

Christina Appleby, Acting GIS & Remote Sensing Supervisor

Laura Gabel, Acting Natural Hazards Supervisor

Connor Anderson, Chief Information Officer (CIO)

Lowell Anthony, Geohazards Analyst/DOGAMI, SEIU Bargaining Team Member

Others in attendance:

Randy Jones, DEQ Regional Solutions Liaison

Sherry Carter, DAS Human Resources (HR)

Diane Lloyd, Department of Justice (DOJ)

Ali Webb, DAS Office of the Chief Financial Officer

Amira Streeter, Natural Resources Policy Advisor

Courtney Graham, SEIU 503

John McKesson, Public – Emeritus of Clatsop Soil & Water

Alan Niem, Professor Emeritus, OSU – College of Earth, Ocean, and Atmospheric Sciences

- 1 Opening statement: Chair Maffei started the meeting off with opening statements/introductory
- 2 remarks to set the tone of the meeting based on what has happened with the Agency due to the
- 3 budget shortfall and associated budget bill which has caused a lot of attention for DOGAMI. She
- 4 stated she had been having conversations with Directory Avy, Sherry Carter and fellow Board
- 5 members over the last few weeks. The Board members are asking what they can do to help support
- 6 the Agency and its mission. Maffei said based on statute the Board is limited to what they can do,
- 7 but they can set policy, hire/fire the State Geologist, approve the budget, accept federal funding in

8 the form of grants, and review the Director. She emphasized the Board does have the ability to set
9 policy for the Agency and felt there would be significant discussions during the meeting with regards
10 to the direction of the Agency. She stressed that DOGAMI needs to show improvement over the next
11 6-8 months to keep the Agency viable.

12
13 Maffei handed out a timeline of how the General Fund shortfall came to light, stating this will help
14 with discussions later in the meeting. She said the Board had questions amongst themselves since
15 the December 10, 2018 meeting and wondered if there was a red flag they should have been aware
16 of. The answer seems to be no, based on the information provided to them at the Board meetings
17 and how long it has taken DAS and some sophisticated financial people to untangle what was going
18 on with the financials.

19
20 According to the Legislative Fiscal Office (LFO) and Budget Note, for the one-year budget, the Agency
21 has until the next Legislative short session in February 2020 to meet the financial goals that have
22 been set by the Legislature.

23
24 **3) Review Minutes of March 18, 2019:**

25 Chair Maffei asked if there were any changes to the minutes as presented. Maffei stated the
26 statutory citation on page four line 145 was not in the correct format but it has been corrected in the
27 final version.

28
29 Board Action: **Teeman moved to approve the minutes of March 18, 2019 as corrected. Kozlowski**
30 **seconded. Motion carried.**

31
32 **4) Legislative Update:**

33 Bob Houston, Interim Legislative Coordinator, provided a Legislative update for DOGAMI.

34
35 Houston acknowledged DOGAMI staff and Amira Streeter, Natural Resources Policy Advisor, for their
36 help and support during the full session.

37
38 SB 45 was proposed to adjust/increase fees for MLRR. Following a public hearing and work session in
39 the Senate Committee on Environment and Natural Resources, the bill was referred to Ways and
40 Means but it did not move forward.

41
42 SB 46 was proposed to correct the unintended requirement of Exclusion Certificates for hobby
43 mining activities and the capture of construction activities within the definition of surface mining in
44 the Oregon Revised Statute (ORS). A consensus could not be reached among stakeholders on what
45 constitutes surface mining activities and the bill did not move forward out of Ways and Means.

46
47 Houston acknowledged Rich Angstrom (OCAPA) for his work in facilitating the onsite construction
48 amendment language into House Bill (HB) 3309 (also known as the Tsunami Inundation Line bill
49 which passed into law).

50
51 HB 3309 is the Tsunami Inundation Line/Onsite Construction bill that changes DOGAMI's regulatory
52 role for the tsunami inundation line and zone, which opens the door for adoption of the new ASCE 7-
53 16 (*Minimum Design Loads and Associated Criteria for Buildings and Other Structures*) building codes
54 for constructing buildings within the tsunami inundation zone.

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SB 5511 is DOGAMI’s budget bill. It passed the House and Senate and is currently waiting for the Governor’s signature. Kozlowski asked if there was any reason to hold it up. Houston said no, the Bills are signed in order of the Governor’s priorities.

HB 2623, which prohibits the use of hydraulic fracturing for oil and gas exploration and production activities, will be repealed on January 2, 2025. Ashford asked if any hydraulic fracking had been used previously. Houston replied yes, two times but one of which was not authorized by a permit. Both were located in Coos County, to the south of Coos Bay.

Briefing: **No Board Action Required.**

5) KPMs Annual Data Report Review:

Bob Houston, Interim Legislative Coordinator, reviewed completed Key Performance Measures (KPMs) 3) Lidar Data Completion and 4) Percent of Mine Sites Inspected Biennially.

To expedite the Annual Progress Performance Report review process, two completed KPMs were reviewed.

KPM 3 – Lidar Data Completion:

The percent of Oregon with lidar data at USGS quality of Level 2 or better. The higher standards are lower numbers. Obtaining lidar data is based on funding resources. For the second half of the 2017-2019, 50.52% has been completed and for the entire 2017-19 biennium DOGAMI has reached their goal with 105.25% of the target completed.

Maffei asked if the areas that have already been done would need to be re-done at some point. Houston concurred. Ashford added the key is to get the baseline data for the State and when something happens go back and obtain current data to look at the change.

Jeremiah asked if the data was available to the public. Alyssa Pratt, GS&S Program Manager, explained that it is accessible on the Agency’s online communications portal for download and those interested can communicate with the Oregon Lidar Consortium (OLC) Lidar Coordinator to order specific data. Pratt said as to areas that need to be re-flown, if there are project partners or funders who are interested in re-flying areas for change detection, DOGAMI will attempt to build out larger projects.

Kozlowski said DOGAMI has done a great job of making the information available to the public and is innovative in trying to make it more accessible for the public.

Teeman asked if there is a priority list of areas and benchmark dates of when the areas would all be collected. Pratt explained a Framework Implementation Team (FIT) determines the areas and it is also based on funding. Houston said the goal is to have the entire state completed in approximately 25 years.

KPM 4 – Percent of Mine Sites Inspected Biennially:

The percent of permitted mine sites inspected for the second half of the 2017-19 biennium is 15.5% of the total permitted mine sites.

102
103 Ashford asked if the 100% goal is expected. Houston said the goal is for the total biennium, with 50%
104 inspected in the first year and the remaining 50% the second year. Director Avy said there was a
105 conscious decision to not do as many inspections to get the applications caught up; things have
106 improved so an increase in inspections is expected next biennium. There was also a Policy Option
107 Package (POP) for additional staff to help raise this number as well. [The POP did not advance to the
108 final budget.]

109
110 Jeremiah asked if the numbers include any sites that are unpermitted sites or sites that are
111 expanding beyond the 5,000 cubic yards one-acre exemption or is this all just permitted site
112 inspections. Houston replied the metric is all permitted site inspections.

113
114 Kozlowski asked if the sites are prioritized. Sarah Lewis, MLRR Program Manager, replied they do
115 have priorities. The priorities are new applications, amendments and transfers, which are inspected
116 first before being given a permit. After that, as staff are able, they try to do routine inspections and
117 maximize the number of visits done on each trip by looking to see what else is in the area to visit and
118 focus to resolve issues in a certain area. Lewis said most of the site visits at this point do result in a
119 change to the permit, which means almost every site visit is producing more paperwork. This limits
120 their ability to meet the KPM. The other priority is any complaints they receive, which require a site
121 visit, sometimes multiple inspections to ensure it has been resolved to the satisfaction of all parties
122 involved. She said the site and field work around the visits is more than just going out and doing a
123 routine inspection once every two years.

124
125 Ashford said the permit backlog has been a priority focus and he appreciates it but wonders if it has
126 adversely affected the Agency with the Legislature. Houston replied yes, the Agency has received
127 comments inquiring why the number is not closer to the target. Lewis said it has been mentioned
128 and they have been receiving comments from permittees that they would like them out there more;
129 that regular site visits do help them stay in compliance. Jeremiah responded she thought the priority
130 is in the right place because the biggest frustration was in the permits not being completed and their
131 focus for visits should be on unpermitted sites and complaints. She said DOGAMI staff is extremely
132 responsive and an excellent resource for phone calls to clarify changing regulation or technical
133 questions and thinks the regulated community has a tremendous amount of respect for the staff.
134 She believes the site visits should be more targeted at identifying illegally operating sites.

135
136 Avy said in years past to meet the KPM, the inspections were closer to a drive by, which makes the
137 Agency's numbers look better, but does not meet the underlying objective. The lower number
138 causes the Agency to take more heat, but it is reflective of a more effective approach. Ashford asked
139 if the KPM should be assessed and modified to ensure it is the right KPM for the work the Agency is
140 doing to meet the needs of our stakeholders. Maffei said the Board should discuss this in more detail
141 at a later date. Teeman asked a question about the permit changes and the types that are occurring.
142 Lewis said she would speak to those during her section.

143
144 KPM 1 (Hazard and Risk Assessment Completion), KPM 2 (Detailed Geologic Map Completion), KPM 5
145 (Customer Service), and KPM 6 (Governance), an annual assessment by the Board based on a set of
146 15 best practice criteria, are scheduled to be completed at the next Governing Board meeting
147 scheduled in the fall of 2019.

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149 The Board was asked to approve completed KPMs 3 and 4.

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151 Board Action: **Kozlowski moved to approve completed Key Performance Measures (KPMs) 3 and 4**
152 **of the Annual Progress Performance Report as proposed. Ashford seconded. Motion carried.**

153

154 **6) Rule Writing:**

155 Bob Houston, Interim Legislative Coordinator, stated The Oregon Department of Administrative
156 Services has updated the Statewide Policy on Public Records Request Fees and Charges (107-001-
157 030).

158

159 Due to the Statewide Policy change, agencies must review and, if necessary, update their Public
160 Records Request charging policies, practices and or administrative rules to comply with this Policy.
161 The Agency's service fees are specified in OAR 632-001-0010 (Attached: *OAR 632-001-
162 0010_2019.pdf*). These service fee amounts were last updated in 1995. This change can be adopted
163 by reference into the OAR.

164

165 In order to comply with the Statewide Policy on Public Records Request fees and charges, the Agency
166 will need to implement rulemaking.

167

168 Maffei asked why this is being updated now after 25 years. Avy said there had been iterations in
169 draft for several years and it did not make sense to do the change and the rule making process twice.
170 Diane Lloyd said she did not think the Agency can adopt a policy that is automatically updated by
171 reference to future changes in the statewide policy due to delegation issues and that a specific
172 version must be referenced and adopted. If it needs to be changed later, it would need to be
173 amended in DOGAMI rule.

174

175 Jeremiah encouraged the Agency to add budget to make the information resources of the Agency
176 publicly accessible without having to go through the public records process and this should be cost
177 recovery not revenue generation.

178

179 Board Action: **Kozlowski moved to initiate formal rulemaking process to amend OAR 632-001-0010**
180 **– Service Fees and adopt by reference the current version of the Statewide Policy (107-001-030) on**
181 **Public Records Request Fees and Charges dated February 15, 2017. Teeman seconded. Motion**
182 **carried.**

183

184 **7) Review New Process of Evaluation for Director:**

185 Sherry Carter, DAS Client Agency Human Resources Business Partner, stated she had a discussion
186 with Chair Maffei to adopt a more formal process for the Director's Performance Evaluation. Carter
187 said "best practice" recommends a 360 approach to the evaluation process that includes multiple
188 stakeholders. She discussed the process which includes a survey being sent out as an invitation to
189 specific stakeholders to receive feedback from them and provided samples of the questions and
190 stakeholders list for the Board to review. Carter said input may not necessarily be the direction the
191 Agency is taking so the Board needs to be mindful and look at it closely before using that information
192 in the performance evaluation.

193

194 Carter explained that a survey software tool is used by DAS and she will collect the data and
195 consolidate it, then provides it to the Board during an Executive Session. The documentation then

196 becomes supporting documentation for the evaluation however, it is not necessarily included as part
197 of the formal evaluation. She encouraged the Board to consider this holistic approach for the
198 evaluation.

199
200 Maffei stated in the past only the Board has done the evaluations, but they are not here every day
201 and they have talked about changing it previously. The evaluation was supposed to happen at
202 today's meeting but with everything happening there was not enough time to complete it. The goal
203 is to have this sent out and try to have the evaluation done by the September Board meeting to
204 discuss in the Executive Session and present their findings in public.

205
206 Kozlowski said she has used this type of evaluation in the past with mixed results on this type of
207 feedback and asked Ashford for his input. Ashford said they use it in his department for renewals,
208 but not every time, there are always outliers and those need to be taken at face value. Ashford
209 asked questions on who puts the list together, if anonymous input is used, and is the collected
210 information possibly a public records request even if it is done in Executive Session. Carter replied
211 yes, it is possible the feedback could become public. It is up to the Board what information they
212 want included in the survey and the list of survey invitees.

213
214 Ashford asked if the demographic information can be available so the Board can have it to review.
215 Carter said yes, that information is made as part of the data she provides. She also double-checks
216 the information to ensure the response is from who it should be from. Teeman asked if the rating
217 system had a standard rating and if the Board can determine it. Carter said the Board can determine
218 how it is rated, there is not a set standard statewide; and technically there does not need to be a
219 formal evaluation process, but this is a recommended best practice. Teeman asked if each of the
220 responses have a rating or would it be better having categories like "does not apply" so they do not
221 feel compelled to answer. Carter said participants do not actually get the document, they get it in a
222 survey format with an "N/A" if not applicable and there is a comment section for each question. She
223 emphasized the survey can be as customized as the Board would like it to be.

224
225 Chair Maffei asked how the Board would go about determining the questions. Carter explained that
226 for the Board of Pharmacy (BOP), the example used, the Chair came up with draft questions that
227 Board members reviewed and then voted on in a Board meeting. Maffei then confirmed with Carter
228 that the Board would need to adopt the final evaluation form, which could be done in a special
229 meeting.

230
231 Jeremiah said her understanding of the process is to identify opportunities for improvement for the
232 Director as well as acknowledge accomplishments. She suggested the Director have an opportunity
233 for input of what areas he thinks should be evaluated and he do a self-evaluation. Ashford asked
234 what the timeline was for having this survey completed. Carter replied they (HR) do not like to give
235 more than 5 business days for responses.

236
237 This evaluation is for calendar year 2018 but Maffei said the Board could change it. The Board agreed
238 the evaluation time period will be Jan 1, 2018 to June 30, 2019. A special Board meeting will be held
239 in early August to accept the questions to use and the invitee list of evaluators. Maffei will work with
240 Carter to come up with questions, then get input from the Board members and Director Avy.

241
242 **Break**

243

244 **8) Financial Report:**

245 Dania Ballard, Chief Financial Officer, presented the budget status report as of May 31, 2019.

246

247 Chair Maffei asked Director Avy to introduce Dania Ballard, DOGAMI's new Chief Financial Officer
248 (CFO), and Jack Kenny, Operations and Policy Analyst, who came in to help while DOGAMI had no
249 CFO.

250

251 Avy stated Kenny has a very diverse background as a CFO and working at the Legislature, which has
252 been extremely helpful diving into the Agency's financial issues. Kenny has been providing
253 information for the Legislative Fiscal Office (LFO) and has agreed to stay on to provide overlap with
254 our new CFO.

255

256 Avy said Dania Ballard came on board a month ago and has a broad range of experience in
257 leadership, management and financial accounting in her background. Avy stated for today's meeting,
258 Kenny will provide an overview of the grants compared to other agencies to give the Board a relative
259 perspective of the complexity of the Agency's situation, and Ballard will speak to the budget bill and
260 the financial spreadsheet.

261

262 Ballard, CFO, introduced herself to the Board and provide her background. She has both state and
263 private experience. She worked for 8 years at the Oregon State Hospital as Director of Financial
264 Services and most recently she worked at Willamalane Parks and Recreation District as their Finance
265 Director. Ballard's directly related experience is from 20 years ago working for Arthur Andersen in
266 their Business Process Outsourcing Unit. She would work with companies that had financial distress,
267 vacancies, or when their business office had holes; they would go out and fill the role to help put in
268 procedures and practices to help them get them back on track. Ballard feels it is a parallel
269 environment to what DOGAMI is going through with its financial operations and is enjoying the
270 challenge.

271

272 Kenny introduced himself to the Board, stating he has been at DOGAMI since early May working part
273 time and has had four areas of focus, the first two driven by legislative requests. Area one was to
274 analyze the budgetary and financial impact of the fee increases for SB 45 under multiple scenarios.
275 Although it did not become law, the level of understanding was raised with the Legislative Fiscal
276 Office (LFO). It allowed them to look at the fee increases in a more comprehensive light in terms of
277 what it does for each separate program within MLRR, as well as ensuring only appropriate costs are
278 charged. Kenny said this has provided very important information for LFO and possibly the
279 Legislature in February. His second area of focus was the year end budget.

280

281 Kenny said his third area of focus is becoming current on federal financial quarterly reports and he
282 first concentrated on FEMA. He stated the workload increase has created other problems that have
283 exacerbated the initial problems. Because DOGAMI was behind in federal reporting, FEMA stopped
284 allowing the Agency to draw funds from them. He announced that as of yesterday, DOGAMI is
285 current in the quarterly financial reports with FEMA.

286

287 Jeremiah asked when that started and when the Agency was cut off from drawing funds. Kenny
288 thought it was April since it was before he started. He said there are other federal grants that are
289 delinquent but those will be done. Maffei explained the grant process of quarterly reporting.

290

291 Ashford asked how far the Agency has to be behind to have it frozen. Pratt answered it is about one
292 report and explained the different types of reporting required for financial and performance on the
293 tasks. Maffei asked how many FEMA grants the Agency has. Kenny replied there are at least 10
294 FEMA grants.

295
296 Teeman asked if all grants require quarterly reporting. Kenny responded yes most of them do, there
297 are both financial and narrative that need to be done for each. Jeremiah asked for clarification about
298 some reports being submitted and it being a FEMA error. Kenny answered in some cases there was
299 an indication there had not been a report submitted, he prepared the report, then later found out
300 that was not the case, but there were instances where reports had not been filed. Jeremiah asked
301 going forward whose responsibility that falls to. Ballard replied it is under the responsibility of the
302 CFO within the Business Office and explained the financial reporting has always been a function of
303 the business operation, not the staff doing the task, but the change is how it is facilitated in the
304 future.

305
306 Kenny's fourth area of focus was developing a cost recovery rate for the MLRR program. Kenny
307 developed a model for consistent indirect cost rate methodology so that going forward it should
308 capture all the costs and appropriately allocate them to the subprogram within MLRR.

309
310 Kenny provided a little bit of his background; after he retired, he worked for the Blind Commission.
311 During his career, he had worked for Housing and Community Services where there are federal
312 grants, and he was an auditor with Secretary of State. He stated at the Blind Commission, they had a
313 similar size budget as DOGAMI, but they only had five grants and he was able to prepare
314 spreadsheets that incorporated all the grants into their budgetary reporting. So it was very clear
315 when a grant affected the budget, or the budget affected the grant. Kenny said there are currently
316 about 66 open grants and during the biennium there were about 20 more. Most agencies the size of
317 DOGAMI would have less than 10. He explained there is some amount of work associated with each
318 grant and there are grants at the Agency that are less than \$5,000 which is not cost effective.
319 Business practices are currently being reviewed, including formalizing how FTEs are developed in
320 grant requests, which should allow the Agency to line up the grant requests with the budget FTE to
321 see any differences.

322
323 Kenny discussed the indirect cost rate, which is how an agency recovers its overhead for most grants.
324 He stated most agencies only have one per year, but the other complexity at DOGAMI, is that there
325 are multiple indirect cost rates in effect within each year, which makes reporting very complex and
326 challenging. He said the Agency needs to have precise tools for forecasting revenue and align it with
327 the available staff.

328
329 Teeman asked if the indirect and multiple indirect rates are based on a multiple year projects and
330 when the grants are awarded. Kenny answered yes and explained briefly there are separate different
331 indirect rates for the MLRR and lidar programs. Teeman asked if this was a multiple yearly federally
332 negotiated indirect cost rate proposal. Kenny answered yes, the Agency is doing the right thing for
333 the right reasons, but it is very complex. Kenny also stated that two financial people were not
334 enough to handle the amount of grants and complexity of them. He said the current workload is
335 huge due to the financial backlog and they are trying to get things caught up. They are in a hole
336 trying to dig out. Unfortunately, being in a hole creates problems that makes the hole deeper.

337

338 Kenny said DAS processed DOGAMI's payroll for the last two months, but it has not been allocated
339 appropriately because the Agency ran out of General Fund and they will not know where the Agency
340 is financially until the bill has been signed by the Governor. Jeremiah asked if there is a conceptual
341 budget model that can be built based on the assumption the Governor will sign the bill. Kenny
342 answered that though such a model was possible, he believes he did his best at the budget
343 projections initially and greater priorities now demand his attention. Ballard explained that DAS
344 actually paid the payroll and it is still showing under DAS, once DOGAMI gets the money, they will
345 need to be paid back. Kenny and Ballard prepared the projections based on what DAS told them the
346 payroll was. Jeremiah stated it upsets her that the Agency does not know where it is at financially
347 and that it cannot operate this way. Maffei said payroll is not just a number, because some of it is
348 put on grants and some on General Fund. Kenny said once the budget is approved, he and Ballard
349 will get to work on it and establish a process.

350
351 Maffei suggested including having a financial update during the special meeting in August. Ballard
352 said she would probably not have a complete picture at that time since year end closed on June 30,
353 with a soft close for the year on August 5. End of year processing will continue through the end of
354 September when the books close and DAS will continue making adjustments through the end of
355 December. DAS is also helping DOGAMI out with processing the backlog of payables that have had to
356 be held due to the shortfall. Maffei said she would like to have at least a snapshot at that meeting
357 and that multiple meetings might be needed in the fall. Ballard said they could have a fairly close
358 update by September, but it will not be the closed final numbers. Ashford said he would rather wait
359 until September for a more complete financial report.

360
361 Jeremiah had multiple concerns and questions as to why they cannot have more answers sooner.
362 Ballard explained the challenges happening and that they are in clean-up mode. Going forward her
363 goal is to have everything updated so reports can be done accurately on a monthly basis. Jeremiah
364 asked if the systems going forward are adequate and should they be updated. Kozlowski said the
365 discussion has been about going forward but she has concerns with the forensic analysis of what
366 happened, why was it not red flagged sooner, and why is the Agency where it is at now.

367
368 Maffei explained that due to the financial crisis in the mid-2000s, the General Fund for the Agency
369 was reduced, and the staff went out and was able to get funding through grants but did not have the
370 ability to administer it. Kozlowski said in multiple meetings the Board asked if more staff was needed
371 in the financial office. She feels the Board was not provided with information to respond effectively.
372 Carter spoke up about the staffing aspect and said it was determined the Business Office was
373 understaffed and that position descriptions (PDs) had been written but due to capacity issues, were
374 not moved on by the prior CFO.

375
376 Ashford said his take is DOGAMI has made it complex on its own; the Agency needs to find the right
377 size for balance and have staff available to do the reports to stay on budget. The focus should be
378 about the Agency's core mission and what it does best. Kozlowski agreed, saying clarity is extremely
379 important, the Agency needs to focus on what it does well, and DOGAMI does do exceptional work.

380
381 Kenny discussed the workload and the amount that still needs to be done. He gave kudos to Opal at
382 DAS for all her assistance, stating there are systems that are great, but more systems need to be
383 developed. Kozlowski asked if the Agency has the resources they need to complete it. Ballard
384 answered they will eventually have the staff and DAS will be helping with workload activities to clean
385 up.

386
387 Maffei asked if the \$650,000 is sufficient to cover the outstanding charges. Ballard believes so then
388 added that Kenny is identifying costs that can be reclassified and charged to federal grants to free up
389 General Fund. Teeman asked about the PI and Business Office coordination. Ballard said she has
390 been meeting with project managers and learning what reports they need to ensure they have the
391 information to keep projects on track. She said the meetings will be taking place monthly and she
392 and Avy will be meeting weekly to discuss the ones that may need to be looked at more closely. She
393 also mentioned that going forward DOGAMI, DAS and LFO will be determining what financial
394 reporting needs to be done monthly. Kozlowski said it looks like Ballard is setting up a partnership
395 with the staff going forward. Ballard replied she is working on the financial portion and they will also
396 need to look at other tools for moving forward with projects to be successful. Kenny stated he
397 believed the one-year budget could present a problem with recruiting for the financial positions, but
398 they are looking at other options as well.

399
400 Jeremiah asked questions of Avy and Maffei and if history is repeating itself regarding the financial
401 issues. Maffei said she believes it is history repeating itself, but the Board and Agency did not have
402 the ability to determine what really happened the first time. Avy said at that time policies and
403 procedures were not in place and systems did not exist that were required and subsequently
404 implemented under the 2015 Budget Note. He said adequate fiscal controls were not in place to
405 detect the current issue early. Avy stated the new positions cannot be filled until the layoffs happen
406 and it may take a few months to get in place. Pratt stated she and CFO Riddell would meet with
407 project managers, but it was not consistent due to capacity.

408
409 Ballard said with the one-year budget, there is a requirement to meet with DAS and LFO on a
410 monthly basis and the Business Office will need to meet with the project managers on a monthly
411 basis. Avy said the previous assumption by staff was that the cost required for an enhanced product
412 would be covered by General Fund. They are now working to capture such costs in initial grant
413 proposals. Ashford emphasized it goes back to finding the right size for the work the Agency does.
414 Avy said the Budget Note states the Governor's Office and DAS will be writing the Agency's Strategic
415 Plan to determine what the best path forward is for DOGAMI.

416
417 Ballard stated SB 5511 has \$650,000 General Fund for GS&S to cover the overspent money and it also
418 increased expenditure limitation by \$400,000 for MLRR. She explained the difference between the
419 two: the additional General Fund is because the Agency overspent and it is to finish out the fiscal
420 year 2019, and the \$400,000 is not additional money, but additional permission to spend that
421 amount of money. Due to the Calico Project MLRR had expenditures greater than what was forecast.
422 The Legislature not only approves how much funding the Agency receives, but how much it spends.

423
424 Ballard explained the Budget Note requirements. The Legislature gave DOGAMI a one-year budget
425 through June 30, 2020 and in February it will determine the Agency's future. DOGAMI is required to
426 do monthly financial reporting with DAS and LFO regarding the budget to actual and projections, and
427 the project and grant status. The Strategic Plan will be prepared by the Governor's Office and DAS,
428 evaluating the long-term viability and structure of DOGAMI's future. Eliminated are three Natural
429 Resource Specialists (NRS) and two vacant positions, which are the Communications Director and an
430 NRS; adding two additional Business Office positions to build capacity, a Grant Accountant and
431 Contract Specialist; and reclassifying the Financial Analyst (FA) to a higher level. In addition, DOGAMI
432 will do an evaluation/review of the projected revenue and expenses, and appropriate cost recovery
433 for MLRR.

434
435 Ballard stated the fiscal year ended June 30, but the closeout process will go into mid-August. Once
436 SB 5511 is signed and the money in the account, the backlog of bills can be paid, and the year-end
437 close process can proceed. Currently there is only Ballard and Kenny in the Business Office and they
438 are working on the overspend-risk grants to determine what needs to take place to keep them from
439 going overbudget. Staff layoffs need to occur before the new positions can be filled due to overlap of
440 funding, so DOGAMI is looking at temporary assistance to get caught up.

441
442 Ballard asked the Board what they need from the Business Office to help them do their role of
443 DOGAMI oversight. Jeremiah said she reviewed the minutes from the last several meetings that
444 showed extensive questions by Board members and feels they asked the right questions but were not
445 given accurate answers. Ballard explained her suggested approach of doing a narrative that covers
446 CFO concerns, issues, and variance review in addition to the financial spreadsheet.

447
448 Maffei explained that the Board feels burned and is very skeptical that they are getting the correct
449 information and it will take time for them to trust the information they are being provided.
450 Kozlowski said she feels optimistic that the critical issues have been identified and the Agency is
451 making progress on them. Ashford shared his concerns about the grants and wants to see what the
452 plan is to get them back on track. Teeman asked if having a project sheet with full details and
453 balances could be included. A discussion took place on what the Board is looking for to keep track of
454 the projects more closely.

455
456 Ashford asked what the indirect cost rates are. Kenny answered the range is approximately 15% and
457 26%. Kenny discussed the possible changes of the indirect rates in the future because it is based on
458 the previous year. Ashford said they need to look at the indirect cost rates and making decisions
459 based on the rates. Jeremiah asked if the indirects cover writing grant applications and preparation.
460 Maffei answered that specific question had been previously discussed and the amount could not be
461 covered by grant money.

462
463 Ballard discussed the actual financial report that reflects a negative (-) \$590,000 shortfall that will be
464 covered by the \$650,000 from the budget bill. Maffei asked Ballard her opinion of the report format.
465 Ballard said the report helps her as an accountant, but it is not a great communication tool. She
466 would like to keep the report so the Board sees the numbers but would like to include a narrative
467 that covers more detailed information and concerns. Jeremiah said she would like to see more
468 details on the expenses, so they know what is being covered on the line items. One specific question
469 came up about data processing on the spreadsheet. Connor Anderson, Chief Information Officer
470 (CIO), explained the line item as a portion of a State mandated IT charge by Enterprise Technology
471 Services (ETS) that each agency must pay.

472
473 Ashford reiterated the Board would like more information on the grants including a summary that
474 contains award amount, budget, percent spent, percent complete, and status (especially if it is in a
475 red or orange category), and why and what actions are being taken to get it back on track. Ashford
476 asked if grant proposals are still being submitted. Pratt answered yes, that she and Ballard have been
477 reviewing them in detail and they are then taken to the Leadership Team for final approval to move
478 forward. Avy stated if it is a federal and competitive grant it needs to go to the Legislature for
479 approval before the Agency applies.

480

481 Kozlowski said she understands why it was done but is concerned about the Strategic Plan being
482 completed by DAS and the Governor's Office. She feels some anger is being directed at DOGAMI, but
483 she would like to have the Board involved in the process for them to have input into it and right sizing
484 the Agency. The Board is being proactive in clarifying what is being done to deal with the problem,
485 they are taking it very seriously and they want to right size it as well. Avy said they will be meeting
486 with DAS and LFO on a monthly basis for budget tracking and will make clear the Board's interest in
487 development of the strategic plan.

488
489 Jeremiah stated she felt the Board had asked extensive questions and raised flags when they thought
490 appropriate to avoid the Agency heading down this path and asked Ballard what she thought the
491 Board can do to have value in the process to ensure this does not happen again. Ballard said they
492 need to see the financials and where the variances are and receive an explanation about what needs
493 to be done to correct using direct communication. Maffei said she thinks the Board needs to be
494 more vocal and tougher. Jeremiah asked if the Board should not be approving the financials if they
495 are not comfortable. Maffei said absolutely they should not approve it in that case.

496
497 Board Action: **Jeremiah motioned to delay approval of the budget as presented with direction to**
498 **staff to continuing revising the budget until the Board can be confident in the data being**
499 **presented. Ashford seconded. Motion carried.**

500
501 **9) Public Comment:**

502 Chair Maffei asked for public comment. No public comments.

503

504 **Break**

505

506 **10) Working Lunch - Grassy Mountain Update:**

507 Randy Jones, DEQ Regional Solutions Liaison, provided the Calico Update.

508

509 Jones stated for the month of July he will still be DOGAMI's Chemical Process Mining Coordinator.

510

511 Jones said the company did achieve a Conditional Use Permit from Malheur County in late May, but it
512 came with a Condition of Approval. The Condition of Approval is focused primarily on a response to a
513 letter written by ODFW and DLCD, specifically responding to statutory rule requirements around Sage
514 Grouse and other wildlife mitigation planning. The applicant will come back with a plan that can be
515 reviewed and approved by the State. The land use action is only applicable to the 62-acre patented
516 claim, which is basically the mine itself, not the processing area or tailings storage facility.

517

518 There has been additional activity in exploration by the company. In the spring, an application was
519 submitted for a series of claims about 12 miles west of Grassy Mountain, called the Frost Project.
520 The Frost Project holds the prospect of having gold and silver resources in higher concentrations than
521 Grassy Mountain. This additional 2,000 acres was added to a 9,300 acre claims area, so now there is
522 geographic coincidence across these claims.

523

524 Jones stated there have been a variety of dates and timeframes given to DOGAMI over the years that
525 the company would bring a consolidated permit application to the State to be considered. All those
526 dates have slipped and were milestones that meant each engaged state agency ramped up in staffing
527 and expertise. For DOGAMI, it has meant each one of these dates has meant mastering the

528 complexity that exists in statute and rule and all the requirements. The most recent target given to
529 DOGAMI was July 1, 2019. It is apparent that it will slip as well.

530
531 The current snapshot is among the Baseline Study Reports that document existing environmental and
532 social economic conditions, 19 out of 23 disciplines have been received and accepted. With the one
533 exception of Cultural Resources, DOGAMI has seen versions of all 23, but there have not been some
534 really critical updates on the last four and the Agency does not know the current timeline.

535
536 Jones provided a sense of project variables and timing going forward with the potential for
537 construction starting as early as late spring 2021.

538
539 Jones stated there have been a lot of questions around not only invoices that DOGAMI has submitted
540 but around budgets that we coordinated the first part of this year to project forward through the
541 year. As of today, the company has been fully invoiced for 2018 and through April 2019. There is an
542 outstanding amount of \$664,355. He said Sarah Lewis worked hard this spring to revamp, reformat,
543 and make clear and objective each individual invoice using various categories of description for all
544 the State's agencies activities in terms of expenditures.

545
546 Teeman asked if this was calculated to the budget shortfall as if we received it or is this DOGAMI's
547 accounts receivable that would balance the Agency out. Ballard explained that it is not calculated
548 into the shortfall. She said the MLRR \$400,000 permission to spend change is partly related to this
549 amount of money, because the Agency had to pay for services on its dime in support of the project
550 and now Calico needs to pay DOGAMI back for it. This has nothing to do with the GS&S shortfall,
551 even though it is a similar number it has nothing to do with General Fund.

552
553 Ashford asked if Calico does not pay DOGAMI then is the Agency on the hook for all of this. Ballard
554 answered yes it would be a loss to the Agency if they do not pay. She said there are more details;
555 this is a legal question that is in dispute and the Agency is going through actions to try and get the
556 money.

557
558 Teeman asked if this has not been accounted for in the budgets because it has not been received yet,
559 then the other arm of the budgets would be in deficit this amount. Ballard said it has been
560 considered in the budget as money we expect to have, whether we get it or not is a different
561 question, but we do expect to see it and it is in our budget going forward. It has no connection to
562 GS&S for which the Agency borrowed money.

563
564 Avy explained that MLRR had a carry forward balance at the beginning of the biennium, which is why
565 they are not underwater right now, but also because DAS is carrying \$200,000 for MLRR to cross the
566 biennium.

567
568 Jones said this is an outstanding invoiced balance and DOGAMI has served as the portal for which
569 other cost recovery agreements from other state agencies come through. A substantial amount of
570 the costs that DOGAMI has born has been to reimburse those agencies and it is roughly caught up
571 with them.

572
573 Sarah Lewis, MLRR Program Manager, stated that since DOGAMI has not paid DEQ, Randy Jones'
574 rotation with DOGAMI ended as of July 1, 2019. He has gone back to DEQ but will still be working on
575 Calico in the future. She thanked Jones for his service to DOGAMI since November 2017. DEQ is

576 allowing DOGAMI to call on Randy periodically to help with project transition and quarterly reporting.
577 Jones stated because Calico/Grassy Mountain is still a regional solutions project and an economic
578 development project, he will continue working on the project representing DEQ.

579
580 Lewis provided a process-based update regarding payments from Calico. In February the decision
581 was made to have program management take over the financial management of the Calico project to
582 more closely align what was being done with invoicing and ensure justification for all charges in a
583 timely manner. She worked with Jones on the classification of expenses, reviewed and reissued as
584 needed for 2018 and caught up-to-date on 2019. The lags on state agency budgets are significant
585 and they are about two months out for charges, but they are caught up through April.

586
587 Lewis provided background regarding Calico expenses and payment status. DOGAMI has suspended
588 work on the project pending payment.

589
590 Ashford asked if the \$664,000 includes the money owed to DEQ and other agencies, and if Calico
591 never paid, is DOGAMI's liability that whole amount because the agreement is the Agency does not
592 pay the other agencies until we get paid. Lewis said that is the agreement with DEQ specifically, but
593 almost all the other agencies are actually paid up-to-date. The reason for that choice is in the
594 revision of procedures from spring, they requested all state agencies provide additional
595 documentation of how their hours were spent so they could pass that on to Calico. DEQ lagged in
596 providing documentation so they have not been paid for some of their outstanding charges
597 (\$120,000-\$130,000).

598
599 Kozlowski asked if this was the same project that had some questionable consulting charges
600 disputed. Lewis answered yes, it is the same one. Diane Lloyd said those charges should have been
601 better vetted by the Agency at that time, but since then a full review has been completed and all
602 those charges have been responded to by DOGAMI. Kozlowski asked if the Agency has been in
603 contact with legislators who had concerns. Avy said he and Jones met with Senators Johnson and
604 Bentz, along with John Terpening of LFO. DOGAMI acknowledged invoicing had not been done well,
605 was being corrected, and the Agency would revise as quickly as possible. Avy said the invoices that
606 have gone out since are very defensible.

607
608 Lewis explained DOGAMI's approach and revisions to indirect charges.

609
610 Kozlowski asked if they do not pay, how much responsibility remains with DOGAMI, how much would
611 the Agency be left with. Lewis answered she had not calculated that number but said she could get it
612 for her. The first place that gets hit is the cushion the program has that is over \$300,000 coming into
613 the biennium and then the remainder would need to be made up, which is what they are trying to
614 avoid. The budget discussed earlier does include that payment and would leave MLRR with a
615 \$440,000 balance if the Calico bills are paid appropriately.

616
617 Ashford asked if the costs that were reviewed were a small percentage difference of the amount.
618 Lewis said yes, it was a very small amount. She said tying the project management more closely with
619 the invoicing addressed some of those concerns. Jeremiah said to be mindful that even if it is a few
620 percent, it is still a few percent and should not matter, that a reverse expectation of enforcement of
621 their compliance or obligation would have been to the letter of the law. Lewis said it was ultimately
622 an increase not a decrease they ended up billing them. Kozlowski said it is important that the Agency
623 is confident in the quality of their numbers.

624
625 Briefing: **No Board Action Required.**

626
627 **11) MLRR Update:**

628 Sarah Lewis, MLRR Program Manager, provided an MLRR update on:

629
630 Please note, included in this packet are the ENGAGE Summer and Civil Penalties newsletters being
631 sent out and can also be found online: <https://www.oregongeology.org/mlrr/engage.htm>

632
633 Lewis said that HB 3309, the Tsunami bill, included language that removed construction sites from
634 the definition of surface mining, provided they are not selling material into the open market. It is
635 clean language and will help the Agency focus on inspecting and permitting aggregate mining
636 operations. One operation this directly pertains to is the Jordan Cove terminal and pipeline project.
637 The change in statute means DOGAMI will no longer have authority to permit their construction
638 activities and those activities are regulated by other permits and processes. DOGAMI would still
639 permit any activities related to the project that fall under the definition of surface mining. Maffei
640 asked how much time has been spent on the project. Lewis said it is about 60 hours, plus some legal,
641 that will not be able to be recovered because a permit application was not submitted. Lewis said
642 part of the overhead of running the mining program is you do not get paid until you have an
643 application in hand.

644
645 Permit Status Summary

646 Lewis was happy to report that MLRR has transitioned to the interim database system, which they
647 hope will bridge them into an ePermitting system in the future. She introduced Ed Buchner, their GIS
648 Analyst and IT Specialist in Albany. She said he is almost singlehandedly responsible for making that
649 transition in designing the database, doing the work, the QAQC on all the data to be transferred over,
650 and implementing it with staff. They can now generate all the renewals and permits through mail
651 merges being driven by the database, where he can pull reports and provide data on the permitting
652 in real time.

653
654 Buchner said he started at DOGAMI in October 2011, and there was a lot of distrust in the database
655 used for permitting mine sites. After looking at it, it looked like it started as a spreadsheet in 1998,
656 then imported into Access and made into a database. In 2016-2018 staff scoped out the
657 requirements of the permitting process and their needs and what the Board and Legislature would
658 like to see as metrics. It now has ability to pull reports that are accurate and track audits made in the
659 system. Kozlowski asked if it will help determine priorities for the staff. Lewis said yes, they will be
660 able to determine sites that need to be visited and tie it to production numbers. Jeremiah asked if
661 the mining permit spreadsheet will still be provided. Buchner said they are hoping to provide
662 something better. Connor Anderson gave kudos to Buchner saying the work he took on as an
663 individual is extraordinary, as well as the quality of work.

664
665 Lewis reviewed the detailed list of permits. A map was included with the information of where MLRR
666 has been active and she will update the map each quarter with new activities. The application
667 process has become tighter in the last two quarters and the average time has been taking 8.5
668 months, which is less time than the typical 1 year. This means there will be more time for
669 inspections, but those inspections will trigger more paperwork.

670

671 Lewis discussed Civil Penalties and her expectations of being able to report how many are late
672 payments and getting the permission to go forward with action on them. Lewis briefly discussed the
673 seasonal newsletter that was included in the Board Packet.

674
675 Ashford said he appreciates the work they have done on the permits and reducing the backlog, then
676 asked if the range is average. Lewis said yes, but the range will go up if an application received 3
677 years ago gets a permit tomorrow, but the average will not go up as much. Jeremiah gave Lewis
678 kudos for the work the staff has done and said she has received comments about how well the
679 process has become more streamlined. Lewis said there were things already in place when she
680 arrived, she just built upon them.

681
682 Lewis said they brought on an OSU student to work on the Calico project, but they are now using her
683 time to do the scanning of active files, which will take about 6 months to complete. Staff would not
684 have been able to complete this task to bring them into compliance in addition to their regular
685 workload.

686
687 Briefing: **No Board Action Required.**

688
689 **12) GS&S Update:**

690 Alyssa Pratt, Acting GS&S Program Manager, provided an update on GS&S.

691
692 Pratt discussed the reality of the proposed budget of removing five positions to fund three more in
693 the Business Office. She stated there is a plus side to adding to the Business Office, but the negative
694 side is the Agency is losing the Public Information Officer (PIO) that has been a contact position with
695 other agencies and the public. This stifles the Agency's ability to have the interaction and perform
696 that level of customer service to the public. The Natural Resource Specialist positions are DOGAMI's
697 staff. One is a vacancy, but there is a potential the three other staff will be coming out of the GS&S
698 program. These are individuals who make up the program, make up DOGAMI and the Strategic
699 Framework.

700
701 Pratt's perspective is right now morale is very low, and it will only continue to be impacted by the
702 layoff process. Additional stress and uncertainty due to the delays of the budget process keeps
703 lingering on and it has led to difficulty in being able to focus on the primary goals. Staff has been
704 amazing about being able to stand up and continue doing work, but right now they are in a very
705 uncomfortable position in the GS&S program. Collective bargaining is occurring between
706 management and staff to create language for the layoff process, so there is uncertainty in not
707 knowing what potentially will happen. The GS&S program will look very different in a few months'
708 time, and they do not know necessarily how to respond to that or plan other than the fact that
709 immediately after the layoff process, leadership will have to assess quickly what skillsets were lost,
710 what skillsets are available, and being able to accommodate contract deliverables.

711
712 Pratt said when LFO was requesting reporting about what FTEs does DOGAMI have covered in project
713 work moving forward, reports could not be pulled easily. This goes back to the fact that the Agency
714 needs infrastructure to build out these robust tools. GS&S will then actually be able to say it does
715 not need to continue going out for grants and adding additional workload (it is covered for staff or
716 there is too much work), which is what staff are vocalizing. Should we recruit staff for a special
717 project—Pratt cannot make that decision at the moment as a Program Manager.

718
719 Pratt said they are waiting until they understand what is going to happen with the budget and all
720 consequences that could play out for several months, before they are able to respond and meet their
721 deliverables and commitments. That is the reality of the situation and the heavy lift. They are aware
722 of the body of work; the supervisors are outstanding in trying to troubleshoot this. In the last few
723 months they have been able to and have had to back off on specific supervisory work trying to save
724 General Fund by doing project work. There is still going to be a need for morale and trust building;
725 staff need to be able to trust the financials and information that they are getting. The team has been
726 responsive and making adjustments. Pratt believes her team is ready to stand up and do what needs
727 to be done, but they are all human, all are being influenced by their stressors and the uncertainty and
728 insecurity about their livelihood. She stated, “these are our colleagues, our friends, and they are also
729 our subject matter experts”.

730
731 Pratt stated the focus is how can DOGAMI get to better reporting in the next 6-8 months. The team,
732 including supervisors, the Director and herself, have been drafting project management policy and
733 procedures to define roles and expectations of all staff, not just project managers. She wants input
734 from staff on the project management policy and procedures, which will allow clear communication
735 of what they are expecting of leadership as well. They have been working on identifying
736 measurements of performance, the matrix for measuring, how they will be reporting out, and
737 outlining consequences of actions. Pratt said they have been addressing staff accountability on a
738 case by case basis, which includes reviewing the scope of work and not allowing projects to go to
739 publication. One positive note—data sharing agreements are available for work that has not yet
740 been published. Pratt has been collaborating with the CFO on reporting and expectations.

741
742 Pratt discussed the General Fund expenditures within the GS&S program and said they have been
743 reassessing the commitments that have been made to see what a better use of the General Fund
744 might be. They will be looking at what and where money has been spent in the past to determine if it
745 should be spent the same going forward. In addition, General Fund allotment reports, in the way of
746 hours, were provided to give staff a target of how much they could spend for the month, which made
747 it easier to communicate and staff appreciated.

748
749 Pratt said for financial awareness, it will take the staff time to trust the information they receive from
750 the Business Office and it needs to be consistent. Staff do appreciate the meetings they are having
751 with CFO Ballard on their projects and they are asking for data and want to see the math on the
752 reports they receive. Supervisors are providing Ballard feedback on what information they want to
753 see, how can it be displayed or how can they use it moving forward, and want understanding for
754 what they should dedicate agency resources. Pratt emphasized the importance of being transparent
755 about everything, including budget information.

756
757 Pratt stated practice makes perfect; leadership is asking for a lot of change which means being
758 mindful of the repetitive behavior for learning new processes and procedures. She said this is
759 happening with proposals, in which the pipeline process now involves having more information about
760 projects, including budgets, before it is presented at LTM.

761
762 Pratt has been meeting with CFO Ballard with a morning huddle every day to review priorities
763 because there are proposals still going out. She has seen great communication happening between
764 them and project managers, which she hopes will continue resulting in smoother business practices

765 and having collaborative conversations. Pratt said the practice of making time to have these meeting
766 is extremely important.

767
768 Pratt said Project Blue Sky is a committee that has been established to determine what project
769 managers needed to help meet project requirements. They have worked on the staff forecasting
770 sheets and other projection tools to help feed projections. The members include herself, Supervisors
771 Bill Burns and Christina Appleby, CIO Connor Anderson, CFO Ballard, and Deb Schueller.

772
773 In all of this, there is currently a lot happening to improve process. They are going to need to step it
774 up to meet the requirements in 7-8 months. Pratt is very excited but very sad because it is going to
775 impact the program to lose positions, but then the Agency will actually get skill and capacity back into
776 the Business Office to actually provide customer service to the GS&S Program, which has a high need.

777
778 Pratt handed out an attachment that contained input from staff about questions, concerns and
779 comments. It is for the Board to review later. She said this is where staff are mentally, they are
780 expressing a need for review of General Fund spend, information, actions forward, also support, and
781 encouragement. She thinks this will help provide additional information in preparing the assessment
782 of the Director. Pratt stated staff are looking forward, prepared to make changes and have been
783 making changes, they just need to be directed and involved. Clear communication about what has
784 been going on has been missing.

785
786 Teeman asked about the Business Office positions related to indirect and indirect costs. Ballard
787 explained the need to switch the positions around. Teeman wanted to make sure she understood
788 when they say Business Office folks that would normally be funded through indirect. She asked if the
789 longer-term game plan is to take folks out of the direct expenses of the project work and fill those
790 Business Office indirect positions so that in a couple of years from now the indirect rate will be higher
791 and the Agency will be able to fund them through indirect. She said as a researcher it just seems
792 counterintuitive to take away research positions for administrative knowing that you need
793 administration on the finance.

794
795 Ballard replied as far as the budget is concerned, the Agency did not get more money from the
796 Legislature to do its operations; even though it had to backfill \$650,000 last biennium, going forward
797 they did not change the Agency's budget, but actually reduced it slightly because DOGAMI was not
798 consuming some of the Other Funds it had received. They left the budget somewhat intact, and just
799 moved positions from those who had been directly charged under GS&S, to build the Business Office
800 as indirect. She explained that what they saw was a weakness in the Business Office infrastructure
801 that supports project managers and the people who are doing the direct work. Without that piece,
802 ultimately long term it could and will impact DOGAMI's ability to go out and get funding to support
803 what it does. The Agency is at risk of potentially losing federal funding if it does not report accurately
804 and if it will not do things by letter of their law and do appropriated accounting.

805
806 Teeman asked if by adding more people to the Business Office staff, then next year will the indirect
807 cost proposal show more indirect staff so it could affect the indirect rate. Ballard answered
808 theoretically yes, the indirect rate would go up but, in some cases, there is a cap on how much rate
809 the Agency can charge.

810
811 Kozlowski thanked Pratt for her open, honest and heartfelt report. She said she feels that what the
812 staff feels is what the Board feels. She praised Pratt for her leadership and said she will have a tough

813 time during the next few months and does not want her to leave. Kozlowski said she can see staff
814 getting really angry, and that anger not necessarily supporting an open next step; but being as open
815 to working together to fix this with management and staff is critical. She feels if the Agency can keep
816 focused on what is best for the Agency long term that it may be a blessing in disguise because it will
817 get their financial act together, understand how and hopefully analyze what it wants to be as an
818 organization, to be clear on what grants it goes after, and be consistent with its strategy and focus.
819 Pratt said it is her opinion that leadership needs to say no more often to projects. Kozlowski said the
820 Agency is highly respected for their research and technical work, and she is afraid of the Agency going
821 away.

822
823 Jeremiah said her understanding is, the reason the agency is in this position with budget right now is
824 that some legislators are upset with the Agency and took it upon themselves to send a message to
825 the Agency and as a punishment for mismanagement of funds/going overbudget. She said Pratt's
826 report and her sharing the information humanizes the issue and provides clarity, and asked Pratt if
827 she had any contact with the legislators to give her side of the story. Jeremiah feels the solution is
828 not to punish the Agency. Pratt responded she provided assistance on preparing financial reports,
829 but the truth is there are grants that went overbudget. Pratt said from the perspective of her team,
830 she can see where they were not getting the information they needed. Her perspective of coming
831 from the Business Office, the Business Office was overwhelmed by the level of complexity and work.

832
833 Carter said she had many conversations with DAS, the Governor's Office and others. There is
834 recognition of the challenges with the financials of the organization; DOGAMI brought awareness to
835 DAS before and asked them for assistance. She also said that she had been in meetings with staff,
836 even after the most recent meetings with project managers and they still have the mindset that
837 General Fund is to cover budget overages and that science is more important. She has witnessed in
838 multiple meetings where passionate conversations have taken place about the value of the science
839 but emphasized there needs to be a balance of responsibility on the people managing those grants.
840 She said it is not just a Business Office issue. Carter said one cannot hold a project manager
841 accountable if the system structure is not in place to support the accuracy. There is not one area that
842 is completely at fault for the reason the Agency is in this position.

843
844 Jeremiah said she still feels that it should come down on the Agency leadership, the CFO holding
845 those people accountable to their budgets. They may have the cultural background of thinking it is
846 okay to overspend on General Fund, but that is why you have a leadership structure in place to hold
847 them accountable and she thinks there should be mechanism to do that. Pratt said the Grants
848 Management and Program Management Policy and Procedure guidance documents will identify the
849 roles and expectations of all staff.

850
851 Ashford said there have been a lot of difficult conversations, the Agency will have more coming up,
852 and change is going to be difficult. He said there is not one source that is the cause, there are
853 contributing factors: financial foundation, the ability to see the data is lacking, and the culture of
854 general fund overspending. Ashford asked how is DOGAMI moving ahead to make this a prospering,
855 highly valued and functioning Agency in the future. Those are going to be tough discussions over the
856 next several months.

857
858 Kozlowski said culture change is difficult. There needs to be a balance and not one person is at fault,
859 but all people need to work together to make this work going forward.

860

861 Pratt provided a project update regarding five new projects (since March) because staff is going
862 forward with business (there are six more proposals they are working on). Three publications have
863 been released and two more are on hold. Some of these are legacy projects.
864

865 New Projects:

866 Geological Mapping of the Walla Walla Subbasin:

867 OWRD \$211,603 (no match)

868 Contributes to KPM 2

869

870 USGS STATEMAP: Geological Mapping of Burns, Butte and Badger Lake Quadrangles:

871 USGS & DOGAMI \$296,120 = \$148,060 (Federal Grant) and \$148,060 (General Fund Match)

872 Contributes to KPM 2

873

874 Natural Hazard Mitigation Plan Updates for Grant and Baker County:

875 DLCDC \$34,000 (no match)

876 Contributes to KPM 1

877

878 Natural Hazard Mitigation Plan Publications Assistance, Baker, Grant and Clatsop Counties:

879 DLCDC \$10,110 (no match)

880 Contributes to KPM 1

881

882 Coastal Hospital Preparedness:

883 OHA \$97,309 (no match)

884

885 Briefing: **No Board Action Required.**

886

887 **13) Director's Report:**

888 Director Avy presented his Director's Report on the following:

889

890 What Happened

891 Avy said as Director he is responsible and accountable and feels the weight of this every day. It is a
892 very difficult time. He said related to the timeline of key dates, there is a great sense of urgency
893 around February 2020; between now and then is DOGAMI's opportunity to prove up as an agency.
894 He said there is a universal view of going overbudget outside the walls of DOGAMI, which is very little
895 tolerance or patience for any comments that imply it is ever okay to go overbudget. The Legislature
896 is rightly not interested in excuses. Avy said DOGAMI is fortunate to even be an agency today
897 because of the overbudget situation and is grateful to have an opportunity for the Agency to prove
898 itself. He said it is good to have a path forward, but it is at a huge cost with losing three staff. Avy
899 stated he understands the Legislature wants to send a message because they are viewing it as
900 completely unacceptable to go overbudget. DOGAMI needs to follow its budget as does every other
901 organization, both private and public.

902

903 Avy said he has had conversations with staff where there is a great deal of frustration about being
904 under the gun to go out and raise the money to keep their jobs and now after all that hard work, the
905 very projects you raise the money for have become a problem and a negative reflection on your
906 work. This is a significant morale issue. Avy said some staff sentiment is that General Fund should be

907 spent differently to cover grant overbudgets. In effect Agency leadership would then be preempted
908 in its decision-making role (by individual project decisions) about where to spend General Fund
909 dollars for the best agency-wide return.
910

911 Avy handed out information on the 2015 Budget Note that required a number of corrective actions to
912 be taken over the last 3 years. In October of last year, LFO informed the Board that the Agency did
913 not need to come back the next session to report because it had met all the Budget Note
914 requirements. He does not want the Board to lose sight of the fact that, even though infrastructure
915 for DOGAMI is not there yet, the Agency is starting from a much better foundation than 3 years ago.
916 There is more work to be done and having additional Business Office staff will make the potential for
917 a successful outcome much higher. He discussed in the context of next steps reporting expectations
918 for projects, project management training, pre-proposal scoping (so the Agency is not
919 underbudgeting project proposals), and not allowing scope creep, even though it has been the
920 culture in the past. Avy said external fiscal controls also failed to identify there was a problem early
921 enough to take corrective action. Kozlowski asked what that meant. Avy said external alarms and
922 follow up should have happened sooner.
923

924 Avy expressed concern about the short timeline due to the layoff process of getting the grant
925 accountant and contract specialist hired to help meet financial expectations. Avy said that despite
926 the cost and the consequence, the Legislature was really good to the Agency to allow it to continue in
927 the near-term by covering the shortfall. He reiterated that it is going to be a difficult time going
928 forward.
929

930 Kozlowski asked about the timeline of when the budget will be signed and the layoff process. Carter
931 said they are waiting for the budget to be signed and they do have drafted letters ready to go out.
932 They are waiting for a response from the SEIU specifically related to a proposal submitted on behalf
933 of staff in relation to the layoff process but cannot move forward until that is done because it is
934 related to contractual language dictating the process. She is working with DAS to find out what final
935 positions the Agency has, and she is auditing the information to verify it. She explained the layoff
936 process, stating the contract works by the first individuals in the identified positions that are being
937 eliminated will receive a letter providing them 15 days' notice of what their potential bumping rights
938 are and they then have 7 days to respond; it could be a domino effect. Ashford asked when the
939 process is complete, can a temp agency be used for the new positions. Carter said hiring a person
940 from a temp agency with grant accounting is almost impossible. She said DOGAMI can technically
941 start the recruiting process once the layoff process begins so they almost line up exactly and she
942 would recommend that option. Avy said they are also looking at the potential for hiring on a
943 rotational basis.
944

945 Tsunami Line Working Group/HB 3309

946 Avy said there were three tsunami line working group meetings with Board member Kozlowski
947 attending two of them. He believes the Board's letter to the Governor's Office and formation of the
948 working group helped encourage the Legislature to generate HB 3309. He said some media reports
949 do not fully represent the value of the bill and characterize it as an abandonment of protection of the
950 public. The underlying story is that with removal of the authority for DOGAMI, a hurdle has been
951 removed for the ASCE 7-16 tsunami building code standards to be adopted in Oregon as another path
952 forward. He also stated the bill has, in some reports, been conflated with the Agency's current
953 budget challenges, which is coincidence in time.

954
955 Kozlowski asked if ASCE 7-16 will be moving forward. Amira Streeter, Governor's Office, said the next
956 step is to ensure there is a partnership between DOGAMI, DLCD and Department of Building Codes to
957 make sure those standards get adopted. She said she believed the timeline is the final version of the
958 ASCE 7-16 standards will be done in October with the ability to adopt them at that point; HB 3309
959 does not go into effect until January 2020, so there will be some sort of policy in place to ensure the
960 coastal communities are resilient. Kozlowski asked if Director Cameron Smith is supportive of ASCE 7.
961 Streeter replied yes.

962
963 Briefing: **No Board Action Required.**

964
965 **14) Public Comment:**

966 Chair Maffei asked for public comment.

967
968 Written public comment from John Dilles: It was not read into the record due to its length but is
969 related HB 3309. It will be attached with the minutes and made public for review.

970
971 Comment of John McKesson: He applauded the Board's efforts in dealing with the very difficult
972 problems. He wanted to make four points of why he joined the Oregon Resiliency discussion. He
973 wanted to get assurance about the infrastructure below all the dams; they are safe, and he heard
974 there are tanks out there that will explode and become fire, but he has yet to receive reassurance
975 that will not happen. He said everyone talks about the tsunami warning but no one teaches/talks
976 about the shaking. OSU extension can do a much better job of explaining that the ground re-
977 solidifies at the end of the shaking. He believes Beaverton Water's responsibility is to the high-tech
978 industry and they want to get back to now, which will not work for the rural areas because they are
979 already disadvantaged in funding, opportunity, and infrastructure.

980
981 Comment of Allan Niehm: He said DOGAMI needs to do a better job of transparency in terms of
982 telling the Legislature the benefits of the Agency. He read the Oregonian article on Friday and was
983 shocked at what was going on and that he was educated today about the finances. He supports
984 DOGAMI but is worried about the gutting of grant getters and thinks there is a way he can help the
985 transition period. The best comments he heard are the need to increase the indirect costs, increasing
986 communications, and getting better definition of goals and direction going forward. He said DOGAMI
987 has done more with serving the people of Oregon with the grants they have obtained on their own
988 and is more than just an earthquake agency; he gave an example of a publication DOGAMI did about
989 the potential natural gas at Mist which caused the Mist Fields to become financially impactful. He
990 talked about the many positive accomplishments of the Agency including lidar technologies.

991
992 **15) Confirm Time and Date for September Meeting and Schedule New Board Retreat Date:**

993 Chair Maffei stated the next DOGAMI Board is currently scheduled for Friday, September 20, 2019 in
994 Portland and wanted to confirm if this date was still acceptable for the Board. Due to multiple
995 calendar conflicts, both the September and December Board meeting dates were changed.

996
997 New Dates:

998
999 September 9, 2019 – Portland, OR

1000

1001 December 9, 2019 – Portland, OR

1002

1003 August 1, 2019 – Portland, OR, starting 8:30am: A Special Board meeting has been scheduled to
1004 discuss and approve the Director’s Performance Evaluation form questions and survey invitee list to
1005 meet the deadline needed for the evaluation to take place at the September Board meeting.

1006

1007 Due to year end close information not being available in time for the August 1 meeting, updated
1008 financial reports with an attached narrative will be sent out from CFO Ballard in mid-August. A full
1009 financial report will be provided at the September Board meeting.

1010

1011 The DOGAMI Board Retreat was originally scheduled to take place on July 8, 2019 but needed to be
1012 canceled. The Board discussed whether to schedule a new date for the Board Retreat and it was
1013 decided that no board retreat will take place.

1014

1015 Board Action: **The Board rescheduled both the September and December Board meetings and**
1016 **canceled the Board Retreat completely.**

1017

1018 **16) Board Adjourn:**

1019 Chair Maffei adjourned the meeting at 2:45 p.m.

1020

1021 APPROVED

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Laura Maffei, Chair

Testimony to the Governing Board of Oregon Department of Geology and Mineral Industries

Provided by Dr. John H Dilles, Professor of Geology, Oregon State University, July 9, 2019

DOGAMI serves the people of Oregon by providing scientific data in applied geology in both natural hazards and earth resources. Both missions have recently been compromised by funding, legislation and management issues. It is my view, and that of many geologists in Oregon, that a strong and well-funded DOGAMI is essential for the future of Oregon. DOGAMI should not be downsized, nor per recent proposals, be eliminated or terminated.

The public safety and environment mission of DOGAMI includes geological mapping and planning for earth hazards that include earthquake-induced tsunamis, volcanic eruptions and mudflows, landslides, and flooding. Additionally, the Mined Land Reclamation helps to monitor and minimize environmental damage from mining. These missions have been recently been compromised.

On July 1, Kathryn Schulz published an article in the *New Yorker* that states “Last week, the governor of Oregon signed a law that, among other things, overturns a 1995 prohibition on constructing new public facilities within the tsunami-inundation zone. When the law, known as HB 3309, goes into effect, municipalities will be free to build schools, hospitals, prisons, other high-occupancy buildings, firehouses, and police stations in areas that will be destroyed when the tsunami strikes.”

The new law reduces DOGAMI’s role in planning and the removes its role to review of proposed new buildings. DOGAMI has been the lead public agency mapping the tsunami hazard zone, modeling the likely damage zone, and providing hazard maps and “tsunami zone” signs. The tsunami danger for the Oregon coast is real, because there is a significant likelihood of a future (in the next 50 years, perhaps 25% or more likelihood) magnitude 9 earthquake (see work of Dr. Chris Goldfinger and others). That these earthquakes produce destructive tsunamis is evident. The Indonesian tsunami 15 years ago killed two hundred and eighty thousand people, and the Japan tsunami 8 years ago killed more that eighteen thousand people. Japan is spending billions of dollars to rebuild and move people out of the tsunami zone. Oregon’s new law moves it in the opposite direction, and reductions in DOGAMI’s funding mean that the state agency in charge of tsunami planning does not have sufficient resources.

A colleague, geologist, and Professor Emeritus of Urban Planning, who learned of Oregon’s new law, recently wrote to me as follows: “I am a member of California’s Tsunami Technical Advisory Panel for the California Geological Survey. We have been working this year on deciding on the standards to be applied when California adds tsunami hazard to the Seismic Hazard Mapping Act. So, we have been discussing all these things, including structural mitigations versus evacuation. I’m all for being flexible and appreciating that these are low probability events. But I’ve been to Indonesia and Japan, and near-source tsunamis scare me, and the Cascadia zone is overdue (so the probability is not really that low). We can probably evacuate most of the people currently in those zones, but it sure doesn't make sense to add new

concentrations of people, especially vulnerable populations who will be in public buildings. In any case, in California, we have been deliberating very carefully about the multiple considerations involved in each aspect of the standard, and there are a lot of tough questions involved. It's not the sort of thing to be decided with no public hearing."

I must also comment of DOGAMI's mission to evaluate earth resources because I am geologist who makes and publishes geologic maps and am an expert on mineral resources. Every year, each American, on average, uses more than 20 tons or 40,000 pounds of earth materials (Mineral Information Institute, SME Foundation; US Geological Survey 2018 Mineral Commodity Summaries). These materials include sand and gravel, rock, and cement for road and building construction; phosphate fertilizers and other soil amendments for agriculture; oil, gas, coal and uranium for energy; salt; and a variety of metals that underpin our industrial world (iron/steel, copper, aluminum) and are increasingly important to the new high-tech and green economy (gold, lithium, rare earth elements). Such resources are mined in Oregon, and Globally.

Discovery, planning and environmental mitigation of mining for mineral resources requires high quality geological maps. The federal National Geologic Mapping Act of 1992 made states the lead agencies and provides them moneys to make geologic maps. This federal funding has allowed DOGAMI to increase the percentage of Oregon mapped at a scale of 1:24,000 (the 7.5 minute topographic map series) from less than 5 percent to more than 20 percent. These maps are an investment in Oregon's future, and should continue to be made. As of August, 2018, DOGAMI's geologic mapping mission was compromised, because three of the seven geologist positions were vacant in the Earth Sciences group, and one more of the seven was assigned to legislative liaison. DOGAMI therefore is understaffed and cannot complete this mission, despite having a large program to acquire LiDAR imagery that provide superior base maps.

Geologic maps are essential for many additional aspects of importance to Oregonians beyond mineral resources. They are essential to evaluation of groundwater resources, identification of faults and landslide hazards in urban areas, and are essential for engineering geology for building construction, road siting, and urban planning. In my opinion, funds and staff should be reallocated to the production of geologic maps as they underpin all earth science decisions, both urban and rural, in Oregon.

In summary, DOGAMI provides useful earth science information to Oregonians, and its mission, funding, and management should be solidified so that Oregon is prepared for its future.

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About the author, John H Dilles.

JHD holds BS and MS degrees geology from Caltech, and a PhD (1984) degree from Stanford University. After three years work in the minerals exploration business (in Nevada, California, Oregon, Idaho, and Montana), he joined the faculty of geology at Oregon State University where he is a Professor in the College or Earth, Ocean, and Atmospheric Sciences. He teaches

courses in mineralogy, petrology, geochemistry, field geology, and geology of mineral deposits. He is a global leader in research on porphyry type deposits, which supply most of the world's mined copper and molybdenum, and does research the North and South American Cordillera. He has supervised to completion more than 30 MS and PhD students, and published more than 50 peer-reviewed papers, several field geology guidebooks, and several geologic maps. He is a member of the Mineralogical Society of America and the American Geophysical Union, and a Fellow of the Geological Society of America. He is a Fellow of the Society of Economic Geologists, and was awarded the SEG Silver Medal and Thayer Lindsley Lectureship. He is married to a geologist, and has three children, one of whom is a geologist working in Oregon.

JHD served for 2 years on DOGAMI's "Geologic Mapping Advisory Committee," and has periodically provided comments to DOGAMI scientists on geology issues, but has never been involved in DOGAMI projects or received funding, grants, or contracts from DOGAMI.

The comments submitted are his alone, and do not represent the view of Oregon State University.