

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

Friday, January 10, 2020

1:00 p.m.

Portland, Oregon

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

Chair Laura Maffei called the meeting to order at 1:03 p.m.

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

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

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)

Sarah Lewis, MLRR Program Manager

Bob Houston, Interim Legislative Coordinator

Bill Burns, Acting Earth Science & Remote Sensing Supervisor

Connor Anderson, Chief Information Officer (CIO)

Zee Priest, Contract Specialist

Steve Dahlberg, Fiscal Analyst

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

Others in attendance:

Amira Streeter, Governor's Office Natural Resources Policy Advisor

John Terpening, Legislative Fiscal Office (LFO) (via phone)

Renee Klein, DAS Office of the Chief Financial Officer (CFO) (via phone)

Diane Lloyd, Department of Justice (DOJ)

Sherry Lauer, DAS Human Resources (HR) (via phone)

Courtney Graham, SEIU Local 503

1 **3) Approval of Annual Director's Evaluation Written Document:**

2 Chair Maffei asked for approval of the Annual Director's Evaluation written document as discussed
3 with each Board member individually, based on the Board's approved motion to accept the Annual
4 Director's Evaluation at the September 9, 2019 Board meeting.

5
6 Board Action: **Teeman moved to approve the Annual Director's Evaluation written document,**
7 **based on the Board's approval motion to accept Annual Director's Evaluation at the September 9,**
8 **2019 Board meeting. Kozlowski seconded. Motion carried.**

9
10 **4) Review of Agency's Draft 2nd-Year Budget and Proposed MLRR Fee Increase:**

11 Dania Ballard, Chief Financial Officer, presented the Agency’s draft 2nd-year budget for the
12 Geological Survey and Services (GS&S) and Mineral Land Regulation & Reclamation (MLRR) programs,
13 and a proposed MLRR Fee increase.
14

15 Ballard discussed the Proposed Fiscal Year 2021 (FY21) Budget and Fee Increase memo in the Board
16 packet. She stated the Agency is sharing two different options to be considered, but they do not yet
17 know which scenario will go to the Legislature.
18

19 Ballard shared the GS&S budget includes the GS&S program and Agency Administration, which is the
20 General Fund budget, and the MLRR budget is the Other Fund budget.
21

22 Ballard discussed the GS&S program spreadsheet titled FY21 General Fund GS&S Budget. She went
23 through the columns for the FY20 Legislatively Adopted Budget (LAB) and the Current Service Level
24 (CSL) Ask for the FY21 Budget, which is what the Agency intends to ask for going forward. She stated
25 there are two minor corrections to the spreadsheet sent out. First, column two of CSL Ask FY21
26 Budget, the bottom number in green titled “Ending Balance” should be zero (\$0) instead of -\$15,000.
27 Second, at the top of the column titled “Revenue”, the amount of \$2,842,146 should be \$2,857,146,
28 so the revenue balances to the total expenditures, leaving an ending balance of zero (\$0).
29

30 Avy explained the reason for two options is given a one-year budget it provides a range for the
31 Governor’s Office to consider for the second year. He suggested to maximize flexibility a possible
32 motion is to approve up to the limit of Option 2 for both programs, when the time comes for the
33 Board’s action.
34

35 Ballard focused on Personal Services, under “Expenditures”. The Personal Services Total, in column
36 two labeled “CSL Ask Budget”, is for \$1,824,811. This is a one year increase of approximately 12%, as
37 opposed to the LAB FY20 amount of \$1,622,450. Some of the differences in the amount include
38 Agency expected increases of a 3% Cost-of-Living Adjustment (COLA) or pay adjustment, and people
39 who are at the top Step of their salary range will receive a step increase this year, which is a union
40 negotiated item. Additional funding has also been included for the new Business Office positions.
41 Prior practice of budget management was vacant positions typically were budgeted at Step 2 of the
42 range. Due to Pay Equity implementation, agencies no longer have authority to determine starting
43 pay. HR now performs a pay comparison review of new hire experience resulting in beginning pay
44 that may be higher than Step 2.
45

46 Ballard discussed the CSL Ask FY21 Budget for Services and Supplies. The Agency is asking for a total
47 of \$985,500, which is about a 14% increase over the previous year based on the FY20 LAB being a
48 thin budget. DOGAMI is budgeting expenses that are more realistic based on a normal course of
49 business.
50

51 Ballard explained reflection of FY18 actuals were used as a basis instead of last year as the Agency
52 tried to be more realistic in what was spent. The FY21 budget is closer to how the Agency actually
53 operates. Ashford said it looked like the new numbers are about 20% less than FY18. Ballard verified
54 that is correct for Services and Supplies.
55

56 Ballard stated Budget Option 2 is basically a mirror of Budget Option 1 but that they have added
57 positions. For the CSL + Positions FY21 Budget, the Personal Services ask is \$2,072,494. This is for
58 the GS&S Program Manager, a Principal Executive Manager D (PEM D) top Step level that is 100%

59 General Fund, and two Supervisors at the NRS 4 top Step level that are 80% General Fund and 20%
60 project work through Federal Funds or Other Funds. Ashford asked if he was interpreting the
61 Personal Services numbers correctly, that the difference is due to hiring a new manager and two
62 supervisors, and the net difference/savings is due to the rotational supervisors going back to project
63 work. Ballard responded that is correct.

64
65 Avy explained since there is no current position for the Program Manager vacancy, this would be
66 addressed through the 100% General Fund PEM D. For the two supervisors referenced for 20%
67 project work, one consideration is the value of them to be connected to the project managers and
68 work itself, it also reduces some of the General Fund cost. Avy is concerned that as the Business
69 Office is bolstered to deliver the service needed to be successful with a grant heavy agency, staying
70 with the current situation on the supervisory/management side, the Agency will not be able to
71 perform at the level needed to be a healthy organization. He believes these positions are needed for
72 long-term success, but ultimately it will be the Governor's Office decision.

73
74 Ballard began discussing the FY21 Other Fund MLRR Budget and stated Bob Houston will follow up on
75 this regarding the Proposed Fee Schedule Summary. Budget Option 1 CSL request for Personal
76 Services is \$1,726,475, which has one new position for an NRS 4 related to the Grassy Mountain
77 Project. Lewis said the NRS 4 position has been built into the budget and is needed for the program
78 to meet their statutory requirements. The Agency has received the first ever application for a
79 chemical process mine in Oregon and there is a need to build capacity into the program to handle the
80 technical work. The position would be 60% cost recoverable to that project, and could hopefully be
81 hired in with an expertise in metal mining so the other 40% of the position can be designed and
82 leveraged to help the program overall meet some of the other lines of business. Ballard said this
83 position is needed to service the work with Calico.

84
85 Ballard said the Personal Services is a significant increase from the previous year's budget. The
86 difference is due to the NRS 4 position, the COLA of 3%, and addition of the top step. There are
87 several seasoned staff that are being affected by it. Jeremiah asked about the COLA and why it is
88 being done. Lauer explained that it is a union negotiated amount and is non-negotiable.

89
90 Ballard explained another significant increase for the MLRR program is an amount of \$231,821 being
91 added for indirect costs of 15.51%, which has not been fully recovered in the past from MLRR. This is
92 considered part of the federally negotiated rate. Going forward the amount will be built into the
93 budget so it can be paid to support the Agency as a whole and it will reimburse the General Fund.

94
95 Ballard said Services and Supplies listed in the FY20 LAB are \$283,988; in the CSL Ask FY21 Budget it is
96 \$476,401. Ballard said Option 2 is a mirror of Option 1 but includes an additional NRS 2 position.
97 Lewis said one challenge for the program is meeting the workload for the processing of applications
98 and adequately performing site visits. The position is to help with compliance for the aggregate
99 permitting program. She said this position is in line with their previous ask for two positions from
100 their budget request a year ago.

101
102 Houston discussed the DOGAMI-MLRR Proposed Fee Schedule Summary and described how the chart
103 was setup, which is broken down into Application Fee and Annual Renewal Fee, then by program
104 areas (Mining, Exploration Permit, and Oil & Gas/Geothermal). The chart shows the current fee
105 structure under the current actual costs. The column titled "CSL" is actual costs and related to
106 Option 1 for the MLRR Budget, which also includes the Limited Duration NRS 4 position (60% cost

107 recoverable for the consolidated application process). The next column titled “CSL & NRS 2 included
108 for AGG”, is the increase for Option 2. The Annual Renewal Fee is the only thing changing, which
109 reflect the numbers Ballard discussed during the budget presentation and adjusted for the target of 6
110 months beginning balance at the start of the 25-27 biennium.

111
112 Houston explained that the same methodologies and approach were kept in adjusting the fees to
113 reach parity across the application fee structure. An assumption related to the application fee was
114 similar levels of work should pay similar levels of cost. The Annual Renewal Fee is where there are
115 increases and decreases across the programs.

116
117 Chair Maffei asked questions about the Oil and Gas/Geothermal renewal fees related to 1st year then
118 2nd year to closure. Houston confirmed and explained the fees would be the same for the life of the
119 well until the well pad is reclaimed and the well itself is plugged. He stated that some fees had not
120 been changed/adjusted since 1991. During the 2007 fee increase effort, there was an agreed upon
121 approach to phase in the \$500 second year to close renewal fee at a following biennium Legislative
122 Session to put the increase to that fee, which was not addressed until this attempt.

123
124 Chair Maffei asked what the rationale is for the difference between the renewal fees between Oil
125 and Gas and Geothermal. Houston explained it is being approached in a way that each program pays
126 for itself and aggregate permits do not subsidize the geothermal industry or the oil and gas industry.
127 The challenge around the Oil and Gas and Geothermal programs, compared to the Aggregate
128 program, are the number of active permits that get reviewed annually. The annual renewal fee
129 contributes the most revenue to the programs and is based on how much it actually costs to
130 administer the program. It also ensures the program covers the costs to pay for itself. Maffei
131 summed it up by saying there are less geothermal wells and that program requires an amount of staff
132 time that is a slightly heavier lift per well, so the fee is higher. Houston confirmed her observation.
133 He stated last session when he reached out to the geothermal and oil and gas stakeholders regarding
134 the proposed renewal fee increase, they acknowledged the benefit of the program and realized the
135 program needed to recover its costs. This year’s proposed fee increase is more for geothermal and a
136 decrease for oil and gas so the Agency will need to be engaged with the stakeholders, so they know
137 what the proposed changes are and why.

138
139 Jeremiah asked if the Board is being asked to give complete approval of the budget without
140 stakeholder input. Avy said 17 stakeholder groups were met with last year and the budget is based
141 on that input. As for what the Board is being asked to approve, he said that it would be for the up-to
142 amount on Option 2 and the approval for the fee increase proposal to move forward. The actual
143 proposal will be determined later by the Governor’s Office, due to the tight timeline that needs to be
144 met. If the fee increase does not happen, the MLRR program will run out of money next spring so the
145 Agency is looking at moving forward with the fee increase. Jeremiah feels like the Board is being
146 asked to approve moving forward without stakeholder input and is not comfortable with it. Avy said
147 the fee increase was discussed last year but has changed. Ashford asked Jeremiah what she was not
148 comfortable with and she replied both the budget and the fee increase. Ashford asked Avy if the
149 Option 1 and Option 2 budgets were developed with the Governor’s Office. Avy explained they have
150 been working with the Governor’s Office, LFO and DAS, and is based on the actual spend of the
151 Agency. Ashford said he is comfortable with the budget numbers based on Amira Streeter’s
152 presentation and letter, and the fact the Agency has been working in coordination with the
153 Governor’s Office.

154

155 Jeremiah disclosed that she is a fee payer and is not sure if she should recuse herself from voting, but
156 she is also still uncomfortable with the fee increase and not having input from stakeholders. Diane
157 Lloyd, with DOJ, said she was not giving Jeremiah legal advice but said it should be based on her
158 ethics and thought she might want to recuse herself and get her own legal advice from the State
159 Ethics Office.

160
161 Avy suggested there should be two separate motions, one for the budget and one for the proposed
162 fee increase.

163
164 Ballard said she had questions if the Board can split them up and only vote on part of the budget.

165
166 Board Action: **Chair Maffei moved to approve the proposed DOGAMI budget up to the level of**
167 **Option 2 for the MLRR program and up to the level of Option 2 for the GS&S program/Agency**
168 **Administration. Kozlowski seconded. Motion carried.**

169
170
171 Board Action: **Chair Maffei moved to approve the proposed fee increase for the MLRR program up**
172 **to the level of Option 2. Ashford seconded. Motion carried.**

173
174 Jeremiah abstained from both motions, but provided her concerns on the GS&S budget for the
175 Business Office staff and thinks the Board should look at reviewing the need for the positions later
176 after the Agency is caught up.

177

178 5) **DOGAMI Strategic Plan Update:**

179 Amira Streeter, Governor's Office Natural Resources Policy Advisor, provided an update on the
180 Governor's Office Strategic Plan for DOGAMI.

181
182 Streeter gave a synopsis of the direction from the Governor's Office in regard to the letter and
183 recommendation for the Agency, that will be going to the Legislature when finalized.

184
185 Streeter reviewed a draft presentation on the Agency's future. She discussed the history of DOGAMI
186 showing the ups and downs and challenges of the Agency, and its financial background and issues.
187 She said the issue with 2015 did not seem to be internal systems but how the Agency tends to use
188 the General Fund as flexible spending.

189
190 She briefly discussed the four considered options for the future of the Agency, saying she plans to list
191 and explain them least desirable to most desirable, including some pros and cons.

192

- The first option is moving the programs themselves into different natural resource agencies
193 or entities such as a university, which would require a drastic change. There are currently
194 14 natural resource agencies in the state. Streeter does not feel that it is appropriate to
195 dismantle DOGAMI's programs and move them under another agency due to going over
196 budget when some of the other agencies have spending issues as well and does not feel it
197 will resolve any issues.

198

- The second option is moving DOGAMI in its entirety under a natural resource agency or
199 university. This would parallel 52% of other states, but she feels the customer service would
200 be degraded and that is what the Agency is best known for.

- 201 • The third option is moving DOGAMI to Salem, but the loss of key staff would not be
202 appetizing.
- 203 • The fourth option is keeping DOGAMI intact but ensure there is a culture change and right
204 sizing within the Agency. This is the most promising option. DOGAMI leadership and staff
205 have clearly demonstrated they are able to make changes in a systematic smart way that is
206 on the right track. The preference is to continue this work but also bring stability to the
207 Agency overall.

208
209 Streeter stated the budget recommendation preference would be to go for Option 2 for both
210 programs, which includes the proposed fee increase, adding the additional staff needed, and \$3
211 million General Fund. This is the option she is going to fight and advocate for because it would
212 provide a budget that is actually reflective of DOGAMI's financial needs and also provides the Agency
213 the ability to build a 6-month reserve for MLRR. If the Legislature does not want to go that high, then
214 they would go with Option 2 for GS&S, Option 1 for MLRR, and \$2.8 million General Fund.

215
216 In addition to the budget recommendation, Streeter briefly discussed her suggestions for DOGAMI's
217 Strategic Plan, which she believes is an opportunity to re-envision the Agency. She suggested a
218 potential name change for DOGAMI to better reflect the work done by the Agency. The focus areas
219 would be 1) maps, publications and data; 2) geologic mapping; 3) resource extraction and permitting;
220 and 4) natural hazards and risk assessment outreach. She said this is close to what DOGAMI is
221 currently doing. Due to the amount of time it takes to develop a robust, multi-year Strategic Plan, a 6
222 year plan would be developed for 2022-2028. It will need to be a robust discussion to ensure the
223 Agency is around for the long term. Streeter said the revamping of tsunami work to align with best
224 available science has been one of DOGAMI's greatest contributions to the State and should continue,
225 even though it has been controversial. A new idea is having one or two additional Board members
226 and having an ex-officio member potentially from the Governor's Office, to ensure the Agency
227 remains on track, which is reflective of Washington state. Streeter also suggested an analysis of a
228 future move of the Agency to Salem would be helpful, but a move would not take place anytime in
229 the near future. The only other natural resource agency headquartered in Portland is DEQ.

230
231 Chair Maffei asked Streeter to tell the Board the next steps in the process, as far as the Governor's
232 Office recommendation to the Legislature. Streeter said the cover letter and presentation will be
233 turned in to the co-chairs by January 17, 2020. A hearing will be scheduled, and her understanding is
234 there will be an Omnibus Bill the budget recommendation goes into, and another one for the fee
235 increase, which are two different processes. Avy said DOGAMI needs to submit their letter on
236 January 17th as well. The Short Session starts February 3, 2020 for 6 weeks and things will be moving
237 quickly through the process.

238
239 Terpening explained the letters get turned in on January 17th. Streeter's will be in the form of a
240 report and DOGAMI's in the form of an official budget ask. The budget ask gets put into an Omnibus
241 Bill with all other budget adjustments, which will go to a subcommittee, then to full chambers to be
242 voted on. Terpening said the initial plan is to have, during session in the Natural Resources
243 Subcommittee, a hearing day dedicated to DOGAMI for Streeter to present her report and discussion
244 about the budget recommendation, and then the DOGAMI report and discussion on the MLRR fees.
245 The fees are also a standalone bill separate from the budget. The point is to have one day to discuss
246 all of these interconnected issues and move them forward from there.

248 Streeter said the optimum primary recommendation would be to have Option 2 for both programs,
249 but an adjustment may be needed. She said she needs to be very clear on why the additional
250 positions are being requested, which is to ensure DOGAMI thrives and not just survives.

251
252 Kozlowski said she appreciates Streeter's close scrutiny and input on DOGAMI.

253
254 Ashford thanked Streeter for coming to the meeting.

255
256 Chair Maffei thanked Streeter for her scrutiny and support of the Agency. She said if the name is to
257 be changed, it has to be an acronym that spells something. She stated having an ex-officio
258 Governor's Office member is a great idea and is open to other Board members, which could be
259 challenging in trying to find someone to serve.

260
261 Briefing: **No Board Action Required.**

262
263 **6) Public Comment:**

264 Chair Maffei asked for public comment.

265
266 Written public comment from the League of Women Voters from Peggy Lynch: It was not read into
267 the record due to its length, but is supporting DOGAMI and its budget request, including the new
268 positions and fee increase. Avy said the attachment letter is to show what was supported last year
269 and it is her comments in the email that are more specific to this meeting. Both the email and
270 attachment will be included with the minutes and made public for review.

271
272 Avy wanted to acknowledge that Amira Streeter will be staying after this meeting to meet with staff
273 and provide them a direct update. Chair Maffei thanked her and said she thought the staff will really
274 appreciate the communication from the Governor's Office.

275
276 **7) Board Adjourn:**

277 At the conclusion of the public comment period, Chair Maffei adjourned the meeting at 2:48 p.m.

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279
280 APPROVED

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282
283 
284 _____
285 Laura Maffei, Chair