GOVERNING BOARD MEETING  
OREGON DEPARTMENT OF GEOLOGY & MINERAL INDUSTRIES  

TUESDAY, FEBRUARY 6, 2007  
PORTLAND STATE OFFICE BUILDING - ROOM 965  

(1) Call to Order:  
Chair Donald Haagensen called the meeting to order at 12:30 pm. The meeting was preceded by a work session for the Governing Board Key Performance Measures from 9:00 to 12:00, and lunch from 12:00 to 12:30.

(2) Introductions:  
Board Chair Donald Haagensen, Vice Chair Steve Macnab, Board Members Vera Simonton and Barbara Seymour were present. Assistant Attorney General Larry Knudsen was present, as were DOGAMI staff members Director Vicki McConnell, Assistant Director Don Lewis, Assistant Director Gary Lynch, Fiscal Officer Charles Kirby, and Administrative Assistant Carol DuVernois.

There were no members of the public present.

(3) Approval of Governing Board Minutes for November 14, 2006.  
Motion: Steve Macnab moved to accept the November 14, 2006 minutes as written. Barbara Seymour seconded the motion. No further discussion. The motion carried.

(4) Board Business:  
a. Governing Board Recruitment Update:  
Haagensen reported that a letter was sent to the Director of the Governor's  
Natural Resource Office, Mike Carrier outlining the recommended three final candidates for the Governing Board. First choice is Charles Vars, followed by Jake Gibbs, and third choice Charles Wassinger. Haagensen briefly outlined each candidate's qualifications and the reasons behind their rankings. The Board is now waiting for the Governor's office to respond, and are hoping to have a new member confirmed before the next meeting in May.

b. Adoption of Performance Measures:  
The Board did not feel they had gotten far enough along in the morning work session for their Key Performance Measures to formally adopt them. They had a question about their responsibility for fiscal oversight of the agency, whether they were directly responsible for contracts and agreements or whether they had the authority to delegate responsibility to someone in the agency. AAG Knudsen will investigate and report back to McConnell, who will pass the information to the Board.

(5) Budget and Legislation Update:  
a. Present the Governor's Recommended Budget (GRB) for Agency:  
McConnell outlined the budget and HB 5514, the budget bill. Budget was presented to DAS and LFO two weeks prior to the meeting. The Governor recommended, after reviewing the Agency Budget Request and the Appeal of the recommendations, that they accept the budget as submitted by the agency, which included cost of living and inflation accommodations. The primary addition to the GRB is part of the LIDAR Policy Option Package (POP), with 4.3 million awarded as a
Certificate of Participation (COP), which would need to be paid back over 3 biennia, with no monies coming from the General Fund for requested Staff support. Pay-back would be included in future DOGAMI budgets, with a million dollars in interest, which the agency would not be able to absorb. At the HB 5514 (budget) presentation, the agency put forward several other ideas of what to do with the LIDAR package. McConnell said that the Ways & Means subcommittee does not think the COP is a good way to pay for LIDAR, and understands the agency's reticence to take on the debt. They also are reluctant to send the POP to some other agency, so DOGAMI will be the agency that gets the LIDAR POP. The agency must develop a series of models of how to pay for it, from a straight COP, straight General Fund, to some type of Challenge Grant, or other plan. We will be working with the W&M subcommittee to craft payment options.

The Oil & Gas LC didn't go through, so there is no POP in the GRB for the Oil & Gas fee re-structure. It will be dealt with separately. The essential budget has not gotten an increase in the General Fund this time, which is somewhat disappointing. With 61% of the General Fund going towards Education this time around, the agency is not high on the Governor's priority list.

The agency has completed the HB 5514 presentation. The committee was not able to get to a work session as yet, but have tentatively scheduled one for February 22nd. The presentation was very well received and geared around the agency's performance measures. McConnell briefly outlined the presentation which is available on the website. She also outlined staff allocations in relation to 10 Key Performance Measures, pointing out that in order to accomplish several KPMs, the agency is largely dependent upon project funds, not General Funds.

b. Legislative Briefing:

Gary Lynch and Larry Knudsen discussed SB 149 and the Oil & Gas program.

1. SB 149 - discussed below.
2. HB 5514 - discussed above.
3. Oil & Gas Program Legislation and Other

Lynch briefed the Board, saying that the agency lost the Oil & Gas Legislative Concept; but is working with Governor's Office and legislators to get a bill into legislation soon. A Public Meeting was held in Coos Bay a week prior to the Board meeting about the Oil & Gas Legislative Concept and how it would benefit regulation of Coal Bed Methane.

Lynch outlined the bill process, and the fee structure being set up in the bill. He also said they are trying to strengthen environmental protection by moving the reclamation plan to the permitting stage, instead of after mining. Technical terminology needs to be refined in the legislation. Lynch believes the bill is probable, and will try to expedite it as soon as possible. The aggregate industry is subsidizing oil & gas permitting and regulation at this time, and this is an effort to clean up the statutes and develop a modern regulatory model.

SB 149 - Draft Dash One Amendments. Key points: Streamlining the language of the bill and strengthening the exemption clause so MLRR can get rid of flagrant abuses. An objection that the League of Women voters had about some of the language in the bill, specifically, language about leaving abandoned mine sites open that still have mining potential, was changed to allow the site to remain open for up to one year. The Farm Bureau had concerns about ground water language in the bill, so the agency responded to their concerns and the Farm Bureau is satisfied with the changes.

Knudsen outlined some of the criminal penalties in the bill, giving the reasons behind the $10,000 fine. The bill will also give the agency greater authority to penalize for mining outside of excavation boundaries such as buffers and setbacks.
Lynch said that the Association of Oregon Counties had concerns about some of the language, but he clarified the meaning for them and they are satisfied. At this point, all stakeholders are on board with the bill. Knudsen will finalize the Dash One Amendments to be submitted to the Senate Energy and Environment committee.

(6) Report of the State Geologist:
McConnell noted that Board members should be receiving a weekly legislative tracking sheet by email. The agency is working with LFO and the legislative subcommittee to set up a sub-account for MLRR so that there will be money enough to run the aggregate program for somewhere between 3 and 6 months; between $300k and $500k. There were many letters supporting several of the agency’s programs, and letters from the Joint Emergency Preparedness Committee advocating the Tsunami Inundation Mapping acceleration program and some emergency preparedness work.

a. State of the Agency:
McConnell handed out a memo summarizing the state of the agency, including primary project grant approvals, project milestones, publications and database completions, agency synergy, and Congressional bill tracking. She noted that for Statemap 2007 we will receive money, but are not sure how much yet. The agency will be collecting 2300 square miles of LIDAR data, representing nearly $1 million in data collection funds, leveraged from about $50,000 in DOGAMI funds and staff time. She handed out a sheet showing the areas where LIDAR will be collected, the partners involved, and the funding. She said that Ian Madin, Don Lewis, and the technical mapping team have all been doing an outstanding job on the LIDAR project. Klamath Basin geologic mapping has been delayed due to a staff medical issue, but the staff member is now back and we are confident we will get the project finished sometime this spring.

McConnell and Lynch have been testifying in committees and visiting with legislators.

DOGAMI Management and Staff met with the State Geologist and Deputy State Geologist of Washington and discussed mutual issues. The meeting was quite fruitful and she hopes to have more of those one-on-one meetings in the future.

Met with Samuel Johnson, Program Manager for USGS Marine & Coastal program, and discussed how both agencies are in competition for similar projects on coastal issues.

Agency Synergy: Both programs met with BLM and the Forest Service and discussed a variety of cooperative issues, mapping, LIDAR, project coordination, etc.

There has been internal conversation regarding updating aggregate resource and production publications and how to help the state have a productive discussion on the policy of aggregate, agriculture, resources and economics. Met with other natural resource agencies and the Governor’s Office about this issue; the GO was receptive and are working on a policy paper.

Agency is tracking several Congressional bills, similar to bills tracked for the past four years. National Geologic Mapping Reauthorization Act has been re-introduced and is out of the Senate Subcommittee already. Tsunami Hazard bill passed in the last Congress. Ice Age Floods National trail bill has been reintroduced.

b. Agency Strategic Plan review process:
The current Agency Strategic Plan runs to 2009. Board and staff should begin the process of getting a new Strategic Plan in place. We could consider using the last two Governing Board meetings of this year to collect public input on the Strategic Plan. McConnell suggests completing the draft in mid-2008 so it will be ready to go in 2009.
Macnab suggested coordinating the timeline so that the Strategic Plan process is finished before the budget process begins. The question was brought forth as to whether the current Strategic Plan should be revised or a new one should be drafted. The missions and goals will remain the same, but the question is if the strategy to accomplish them will remain the same or not. The Board decided to refresh their memories of the current plan and discuss this issue at the next meeting.

The Board believes that public input will be an important component of the process. Regional public meetings were suggested, to include targeted industry groups, stakeholders, other public agencies, etc. to provide input as to what they believe the important issues are for agency. Aggregate producers, DEQ, Water Resources, League of Oregon Cities, the counties, and neighborhood associations were also suggested as potential outreach targets. Don Lewis cautioned that it is important to find a balance of inputs, so that the needs of all the agency's customers are met. We can provide a list of who we think our various customers are and send notices to them about the public meetings. McConnell will draft a process and timeline before the next meeting.

c. Natural Resource Policy Issues Update:

Climate Change: Governor's task group; the agency was not at the table, but there were no state agencies at the table. The agency did testify for them about coastal erosion and sea level change, making recommendations and telling them about some of the data we've collected. As there are more changes in the climate, there will be more issues arising that will need good geologic information.

McConnell discussed a memo from Water Resources regarding meeting future water supply needs. The project will try to assess future water needs, inventory potential storage sites, and analyze conservation opportunities in relation to climate change. McConnell sees an opportunity to help Water Resources push the project forward and supply them with basic geologic data they will need.

She also discussed a memo from the Governor's Office about the Oregon Coast Coho conservation plan in which the Governor thanks various agencies for the help they provided in pushing this plan forward and getting the fish off of the endangered species list.

McConnell explained Executive Order 07-02: Office of Rural Policy and Rural Policy Advisory Committee, which lays out geographic definitions of rural areas and the responsibilities of the office. McConnell suggested that she invite the Director of the Office of Rural Policy to visit the Board to explain Rural Policy to the Board and discuss what the agency could offer his Office. She thought it could be good training for the Board as well to hear his thoughts on the economic development of rural Oregon. Haagensen thinks that since the agency is not included in the Advisory Committee that it is obvious to him that whoever put the committee together does not know what the agency does, and that a meeting could be used as an opportunity to educate the director about the agency. McConnell will distribute copies of the Executive Order to the Board.

d. Sundance Rock Contested Case Update:

McConnell outlined where the case stands. The proposed order has been issued, Sundance withdrew its exceptions to the proposed order based on a stipulation, and the stipulated order was signed. There is now a disagreement between the attorney for Sundance, Mr. Stark, and the DOJ office on whether the stipulation prevents the Board from finalizing the proposed order. Our AAG says withdrawal of the exceptions allows that to happen in the normal course and nothing in the stipulation prevents it. Mr. Stark says he thought no final order would ensue which would leave the proposed order in limbo. We are trying to work this out with Mr. Stark and have the matter back before the Board at the next Board meeting. Mr. Stark doesn't want the order to become final.
because it might affect the other litigation. However, things are progressing in a positive manner.

(7) **Regulatory Issues:**
Gary Lynch presented a very brief update: Rock & Ready is now in compliance. The number of inspections is going back up and the program should be on 1500 inspections for the biennium. Howard Quarry is still under the limited use exemption.

(8) **SB 2 Project Update:**
Don Lewis gave a brief presentation outlining the timetable for the project. We should have a draft report in March. We are hoping to compress the final push into a shorter time period to accelerate completion of the project by mid-April and get the report to the legislature while they are still in session. There is a meeting March 2nd with the steering committee to alert them to what is coming and to get their ideas of what impact this report may have on their agencies. The agency needs to prepare for the complaints and criticisms that will inevitably follow the release of the report.

The main problem we foresee is that there is no grant program group to hand the report to, so we may issue this report and it will just sit on a shelf. Also, the amount of work that has gone into what will become a very simplified report and database will not be realized. Another major frustration is that the report will spur questions about the grant program that we cannot answer, such as are there matching funds required, and can those requirements be waived. Since we are the only entity associated with the report at this point, we will be getting the questions. We are concerned that we may be swamped with requests for information, but have a lack of support on how to deal with inquiries. We will be meeting with Senator Courtney to discuss this issue and he is also invited to the March 2nd meeting.

Haagensen is concerned because we have carried out the responsibilities the legislature has assigned to us, but when we report back to the legislature, we won't have a role past that point. We know we will get a lot of questions, but we don't have any direction on how to respond, and we shouldn't be put in the position to presume to know what the legislature wants to do next. The next steps are important, but the legislature and Governor have not yet decided what to do. We also do not have any direction from the Governor's Office on how they would like the report released.

McConnell is hoping to present the report to the Joint Committee on Emergency Preparedness and Ocean Policy. Lewis noted that the big stakeholder is the Department of Education, and they are aware that the report is coming out, but they specifically asked the agency to not contact any school district. The agency is planning to have a Press Conference announcing the release. James Roddey will prepare a campaign packet for the media, school districts, school boards, and other involved agencies.

(9) **Setting of time and place of next Board meeting:**
The next Board meeting will be in either Hermiston or Boardman on either Friday, May 4th or Saturday, May 5th. Details to be determined. Ideas include having a no-host dinner the night before, with a presentation by a city or county agency to spur dialogue; having a field trip on either Friday or Saturday; having a Friday evening meeting or Saturday morning meeting.

**Action needed: (with no order of priority)**
1. Time and place for next Board meeting need to be finalized. Complete.
2. All material from the morning work session will be sent to Dawn Farr at LFO after revisions are approved. After next meeting.
3. Board will report on KPMs by August for Don Lewis to include in his September report. Ongoing.
4. McConnell will synthesize a "defined process" for hiring a director for the Performance Measures and send it to the Board. Complete.
5. McConnell will refine the process for the Board KPMs and distribute to the Board. Complete.
6. Knudsen will investigate whether the Board is directly responsible for contracts and agreements or if they are able to delegate responsibility to someone in the agency. He will report his findings to McConnell, who will pass the information to the Board. Complete.
7. McConnell will draft a timeline for the Strategic Plan revision process in conjunction with the budget process. The Board will refresh themselves with the current Strategic Plan and discuss whether to revise it or draft a new one at the next meeting. Ongoing.
8. Board and Staff will try to identify a list of various customers, communities, agencies, and stakeholders to contact regarding public feedback about our next Strategic Plan. Ongoing.
9. Copies of Executive Order 07-02 regarding Rural Policy will be sent to the Board: Complete.
10. McConnell will invite the Director of the Office of Rural Policy to speak to the Board. McConnell will report to Board at meeting.
11. All copies of materials used/handed out at the March 2nd SB2 meeting will be distributed to the Board. Complete
12. Roddey will craft a campaign packet for school boards, districts, media, etc. regarding the SB2 report. Ongoing

(10) Additional Public Comment:
McConnell presented an article faxed to the agency from Geoff Garcia, a geologist from Merlin, regarding mining in Canada.

There was no additional public comment.

(11) Adjourn:
Meeting was adjourned at 3:15 pm.

APPROVED:

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Don Haagensen, Chair                          Steve Macnab, Vice Chair

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Barbara Seymour                          Vera Simonton