

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

Teleconference Meeting

June 12, 2015

8:30 am-10:30 am

1) Call to Order: (Larry Givens, Board Chair)

Chair Larry Givens called the meeting to order at 8:35 a.m.

2) Introductions: (Larry Givens, Board Chair and staff)

Chair Givens, Vice Chair Lisa Phipps, and Board Members Dennis Luke and Laura Maffei were in attendance.

DOGAMI Staff in attendance:

Ian Madin, Interim State Geologist

Traci Cooper, Interim Assistant Director, Member of DAS review team.

Richard Riggs, Assistant Director for the Mineral Land Regulation & Reclamation Program

Derrick Moten, Chief Financial Officer

Ali Ryan, Earth Science Information Officer

Jonathan Allan, Coastal Geomorphologist

Alyssa Pratt, Office Specialist

Others in attendance:

Lauri Aunan, Governor's Office

Vicki Jorgensen, DOGAMI Human Resources

Larry Knudsen, Assistant Attorney General

Enrique Sama, Department of Administrative Services

1 **3) Approval of Minutes of May 15, 2015 Meeting:** (Board) *Action Item*

2 **Motion: Luke moved to approve the minutes. Maffei seconded. Motion carried.**

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4 **4) Agency Financial Review, 2015-2017 Budget:** (Traci Cooper, DAS Review Team)

5 **a. Preliminary Findings of Financial Review:** *Update Item*

6 Phipps requested to skip to agenda Item 5b to introduce Traci Cooper as the
7 newly appointed interim Assistant Director. Chair Givens approved the change.

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9 Following her introduction, Cooper presented the preliminary findings of the
10 DAS review. Board members discussed the findings, noting that though they had
11 been kept informed as the review progressed, questions remained about how
12 the Agency came to be in this situation. Cooper noted multiple factors
13 contributing to the current situation, including loss of institutional knowledge,

14 high turnover, increased complexity and volume of lidar projects, and the
15 Agency's reliance on external revenue sources.

16 The DAS Review team's observations and considerations included:

- 17 • Ensuring that the Agency has a clear separation of the bond funds,
18 MLRR and Seismic, in the accounting structure. The result will be
19 better reporting on status of those funds.
- 20 • Setting up a new accounting and budget structure to capture all
21 the complexities of the Agency.
- 22 • Working with DAS to bring additional expertise to this transitional
23 period and generate a new accounting structure and processes.
24 This is underway.
- 25 • Adding DAS oversight of the Agency's financial operations while
26 retaining the Governing Board as the governing body of the
27 Agency. Cooper stated that it is not uncommon for DAS Shared
28 Client Services to serve small boards and commissions.
- 29 • Considering cost savings. With upcoming lease renewals, the
30 Agency will be looking into new office spaces that would better
31 serve staff and reduce our space footprint.
- 32 • Using a SPOTS card program that helps with smaller purchases up
33 to \$10,000 and kicks back a rebate of 1.75% based on usage to the
34 state. If managed well, it can really help the Agency.

35
36 Board members noted that the Draft Financial Review document contained
37 comments regarding the skills and abilities of staff that assumed roles their
38 duties shifted. Comments should not be written to reflect poorly on individuals
39 working to get jobs done, but rather on management.

40 Cooper recognized concerns, and said that the Agency's issues did not occur
41 overnight, and that the DAS team reviewed several years of operations and the
42 findings reflect observations over time.

43 Luke stated for the record that the Agency does have staff, whether interim or
44 permanent, that acknowledged these problems that needed to be fixed, and
45 stepped in and requested more information. Those staff members need to be
46 commended.

47 The Board further noted that the review should state that it is on past history
48 and does not reflect on current staff.

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50 The Board discussed the Nature of the Northwest store, which is no longer self-
51 sustaining due to location and other factors. The legislature has determined that
52 the store will be closed and directed the Agency to have to have a strategic and
53 operational conversation about marketing their assets and products, and to
54 determine how they will distribute publications to the public.

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b. Revised Agency Budget for 2015-2017: Update Item

57 Despite the circumstances, the Agency budget outcome was largely positive.
58 The 2015-2017 Legislative Fiscal Office recommended numbers show a general
59 fund increase, with a recommended \$4.1 million general fund allocation; the
60 2015-2017 approved budget was \$2.5 million. The revised budget includes:

- 61 • \$770,000 as match for the 3DEP grant.
- 62 • \$557,000 in new general fund to support position stability. The funding
63 will support the continuation of current limited duration staff and make
64 permanent a limited duration mapping coordinator position. This marks a
65 shift away from federal funds, with the understanding that those funds
66 are volatile. Anything coming from the federal government is recorded as
67 federal funds. The Bureau of Land Management grants were in the past
68 recorded as other funds even though funds came from the federal
69 government. This skewed how much the Agency was dependent on
70 federal funds. This has been corrected and now all direct federal awards
71 will be reported as direct federal funds. All other funding will be recorded
72 as other funds. There is still work to be done to better understand the
73 Agency's revenue stream and how to design it to bring more support for
74 staffing.
- 75 • The establishment of a permanent full time operations policy analysis to
76 serve as a Grants Coordinator.
- 77 • Separation of the Mineral Land Regulation and Reclamation (MLRR)
78 program. This will provide visibility and transparency.
- 79 • Additional revenue associated with a new fee bill for MLRR. The bill,
80 which raises fees and adds fee requirements for operators mining less
81 than 5,000 cubic yards, is projected to generate 25 percent more revenue
82 in the course of the next biennium.
- 83
- 84 • Three budget notes:
 - 85 1 Requires a report back to the legislative body in February on the
86 Agency's operations and finances. This includes reviewing the
87 Agency's organizational infrastructure, core operations, program
88 priorities, funding sources, cash flow and indirect rates. Cooper
89 will be focusing on this budget note.
 - 90 2 Requires a review of information technology infrastructure. The
91 Agency will be working with the office of the chief information
92 officer on a comprehensive assessment.
 - 93 3 Directs the Agency to make all our existing mineral resource data
94 available; the language mirrors HB 3809 and ensures Agency
95 action on this item regardless of whether the bill passes. The
96 Board expressed concern that the Agency should be cautious
97 about the extent to which users and stakeholders dictate policies.

98 The Agency budget passed out of the subcommittee this week and now
99 moves to the full committee. No date is currently scheduled.

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5) **Staffing:** (Board; Ian Madin, Interim Director; Lauri Aunan, GNRO; Vicki Jorgensen, DOGAMI Human Resources)

a. Discussion of recruitment process for the permanent State

Geologist position and GS& S Assistant Director: *Update Item*

Aunan recapped previous discussions of the recruitment for the Executive Director position. The focus of today, she said, will be to review the draft documents and discuss the process and timeline for finalizing the documents. Enrique Sama, DAS recruiter, walked the Board through changes to the position description (PD) of the Executive Director & State Geologist. Most of the edits from the previous PD have been within administration responsibilities, specifically bolstering the executive director's responsibilities of managing the Agency and the weight of time the individual would spend performing those tasks. None of the science components of the PD have been modified. Phipps suggested several edits to the draft document, including adding content specifying the current situation of the Agency and the role the individual will need to play.

The Board asked for additional information on what minimum qualifications are statutory, and on possibilities and implications for waiving statewide minimum qualification for this level of position.

Board members will provide comments on the drafts by June 22. Public review and comment will occur before a decision is made on the documents during the July 24 board meeting. After approval of the documents, the recruitment will be launched and posted for 30 days. Then a screening period occurs for approximately 15 days. At the end of that period the Board will receive a list of candidates to be reviewed. Interviews and reference checking will follow. The process will also include an interview with the Governor before the Board makes a vote.

Madin noted that the Assistant Director recruitment process is on hold until the Executive Director is appointed. Cooper is occupying the position until February 2016. Madin stated that the Agency is delaying filling other vacancies for 3-4 months until we have confidence that the Agency's financial circumstances will support additional staff.

Board members noted that an unexpected consequence of the Agency's financial situation is the loss of four important members of the organization. Some have been with the Agency for years, some who have just started their careers. All should be recognized for their work. Cooper added that these staff members have been instrumental in helping the DAS team clarify the financial status of the Agency. They are doing what they can to find other opportunities for these staff members.

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The Board would like to make some formal recognition to the staff at the July meeting as an agenda item.

Luke moved to have staff work with the Board Chair to draft a letter thanking the staff that will be leaving for the efforts and commend them for their work. The letter is to be signed by the chair on the behalf of the Board. Maffei seconded. Motion carried.

b. Introduction of Traci Cooper, temporary Assistant Director:
Update Item

Madin introduced Traci Cooper to the Board. Madin expressed his optimism about the tough task ahead of transitioning the Agency’s financial situation with Cooper agreeing to take on the position of interim Assistant Director of GS&S program through February 2016. The mechanics of how she will occupy the position has not been completely worked out. However, because of her role with the DAS review team, Cooper has extensive knowledge of the Agency’s current financial situation which will help with transition. Cooper shared more information about her background of almost 20 years with the state, highlighting her extensive knowledge of accounting and budget systems and their processes. She has been a CFO for two agencies and a budget administrator for DHS. Traci said that her intention is get things back to the good and wants to look at how to strategically get things back on track.

6) Regulatory Issues: (Richard Riggs, Assistant Director for Mineral Land Regulation and Reclamation): *Update Item*

a. Contested Case Hearing Request: *Update Item*

Riggs updated the Board a request for a contested case hearing for a mine site in West Salem, Polk County. The operator has been operating as a limited exempt site for many years; staff had noted on several inspection reports that the operator was encroaching the boundary and possibly outside the boundary. In March 2015 it was noted by staff that the operator was far outside of the exempt site and a notice of violation was issued. MLRR suggested the operator obtain an operating permit to cover the area that was disturbed outside of the exempt site. The operator responded by sending a request for a contested case hearing. There is a possibility that this will proceed to a contested case hearing. Knudsen is currently working with the other parties’ attorney to see if an appropriate settlement can be reached.

7) Legislative update: (Ian Madin, Interim Director; Richard Riggs, Assistant Director for MLRR): *Update Item*

a. Status of bills that affect the Agency: *Update Item*

Bills the Agency is currently monitoring include:

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- HB 3089: The bill has had several amendments. Originally it instructed the Agency to produce a mineral resource assessment for the entire state except for the Willamette Valley by September 2016. This was a broad charge, which might include a dozen commodities, and a substantial task that would be multiyear project. DOGAMI provided a Fiscal Impact Statement with a list of options. The amendments resulted in language requiring DOGAMI to publish existing mineral resource information and conduct a mineral resource potential review in Southern and Eastern Oregon counties. The purpose of the review will be to determine which mineral commodities are worth additional study. This would provide an opportunity to close the knowledge gap and bring the possibility of mines that would produce economic activity. DOGAMI would come back with a detailed work plan and budget estimates for how to proceed with studies of the selected commodities for future biennia; this is due September 2016. Relatively limited resources are attached; Madin estimates 3 months of staff time to complete the project. This would also get the Agency involved in doing mineral resource assessments once again, and will not hopefully be a significant fiscal impact at this time and potentially lead to additional support in future biennia.
 - HB 3412: The landslide hazard bill is in Ways and Means. The Agency provided a substantial Fiscal Impact statement, estimating three biennia, costing around \$800,000 per year.
 - HB 3415: The reviews of hydraulic fracturing regulations went to the Natural Resources Ways and Means Subcommittee, but has been set aside.
 - HB 3447, SB94: Tsunami bills are still in Ways and Means. The Agency did provide a Fiscal Impact Statement.
 - HB 2633: The bill directs Department of Land Conservation and Development (DLCD) to develop program to provide guidance to local governments and special districts regarding planning for natural disasters. This bill was thought to have died but it has returned. The Agency was asked to provide a revised Fiscal Impact Statement and requested to approximate the amount of time DLCD would need to work with the Agency. DLCD could not estimate the amount of time they would need to collaborate with DOGAMI since they do not have a clear idea of the program they would have to do. The LFO allowed the Agency to submit an indeterminate Fiscal Impact Statement, also acknowledging that DLCD can always contract with the Agency for consultations.
 - SB 361: The bill requires local land use authorities to communicate with DOGAMI on all land use issues related to proposed mining areas. It has passed the House and the Senate. The bill was a result of mining operations occurring on a site that had been dormant for a long period of time. It requires affirmative communications between MLRR and local

232 land use authorities. It does not have an impact on how MLRR is currently
233 doing business, but will change how communications with local authority
234 occur.
235 - HB 3463 is the MLRR fee bill previously discussed. This had been
236 previously discussed during agenda item 4b.
237 - HB 5412 is DOGAMI's 2015-2017 budget bill. Previously discussed in
238 agenda item 4b.
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240 **8) Public Comment**

241 Jonathan Allan, DOGAMI staff representative, encouraged the Board to allow staff
242 to provide some input on candidates for the Agency Director as part of the
243 recruitment process, either in a formal letter or in person.
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246 **9) Adjourn**

247 Chair Givens adjourned at 11 a.m.
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250 **Action Items:**

- 251 1. Madin will notify Chair Givens of the date of the next Agency budget
252 hearing.
- 253 2. Madin will work with the Board Chair to prepare a letter recognizing the
254 staff members who will be leaving. The Chair will sign on the behalf of the
255 Board.
- 256 3. The Board will review the Executive Director and State Geologist position
257 description and recruitment flyer and provide comments to Vicki Jorgensen
258 and Enrique Sama by June 22nd.
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261 APPROVED:
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265 Larry Givens, Chair

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265 Lisa Phipps, Vice Chair

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269 Laura Maffei

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269 Dennis Luke
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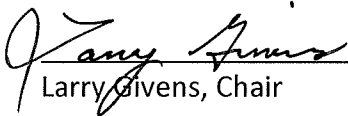
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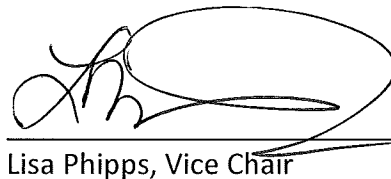
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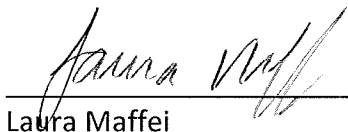
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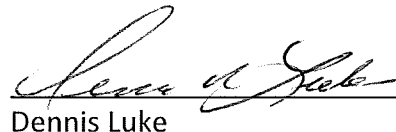
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