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

Opening statement: Chair Maffei started the meeting off with opening statements/introductory remarks to set the tone of the meeting based on what has happened with the Agency due to the budget shortfall and associated budget bill which has caused a lot of attention for DOGAMI. She stated she had been having conversations with Directory Avy, Sherry Carter and fellow Board members over the last few weeks. The Board members are asking what they can do to help support the Agency and its mission. Maffei said based on statute the Board is limited to what they can do, but they can set policy, hire/fire the State Geologist, approve the budget, accept federal funding in
the form of grants, and review the Director. She emphasized the Board does have the ability to set policy for the Agency and felt there would be significant discussions during the meeting with regards to the direction of the Agency. She stressed that DOGAMI needs to show improvement over the next 6-8 months to keep the Agency viable.

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

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

3) Review Minutes of March 18, 2019:

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

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

4) Legislative Update:

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

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

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

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

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

HB 3309 is the Tsunami Inundation Line/Onsite Construction bill that changes DOGAMI’s regulatory role for the tsunami inundation line and zone, which opens the door for adoption of the new ASCE 7-16 *(Minimum Design Loads and Associated Criteria for Buildings and Other Structures)* building codes for constructing buildings within the tsunami inundation zone.
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 the 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.
Ashford asked if the 100% goal is expected. Houston said the goal is for the total biennium, with 50% inspected in the first year and the remaining 50% the second year. Director Avy said there was a conscious decision to not do as many inspections to get the applications caught up; things have improved so an increase in inspections is expected next biennium. There was also a Policy Option Package (POP) for additional staff to help raise this number as well. [The POP did not advance to the final budget.]

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

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

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

Avy said in years past to meet the KPM, the inspections were closer to a drive by, which makes the Agency’s numbers look better, but does not meet the underlying objective. The lower number causes the Agency to take more heat, but it is reflective of a more effective approach. Ashford asked if the KPM should be assessed and modified to ensure it is the right KPM for the work the Agency is doing to meet the needs of our stakeholders. Maffei said the Board should discuss this in more detail at a later date. Teeman asked a question about the permit changes and the types that are occurring. Lewis said she would speak to those during her section. KPM 1 (Hazard and Risk Assessment Completion), KPM 2 (Detailed Geologic Map Completion), KPM 5 (Customer Service), and KPM 6 (Governance), an annual assessment by the Board based on a set of 15 best practice criteria, are scheduled to be completed at the next Governing Board meeting scheduled in the fall of 2019.

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

6) Rule Writing:

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

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

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

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

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


7) Review New Process of Evaluation for Director:

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

Carter explained that a survey software tool is used by DAS and she will collect the data and consolidate it, then provides it to the Board during an Executive Session. The documentation then
becomes supporting documentation for the evaluation however, it is not necessarily included as part of the formal evaluation. She encouraged the Board to consider this holistic approach for the evaluation.

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

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

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

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

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

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

Break
8) Financial Report:

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

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

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

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

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

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

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

Jeremiah asked when that started and when the Agency was cut off from drawing funds. Kenny thought it was April since it was before he started. He said there are other federal grants that are delinquent but those will be done. Maffei explained the grant process of quarterly reporting.
Ashford asked how far the Agency has to be behind to have it frozen. Pratt answered it is about one report and explained the different types of reporting required for financial and performance on the tasks. Maffei asked how many FEMA grants the Agency has. Kenny replied there are at least 10 FEMA grants.

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

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

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

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

Teeman asked if the indirect and multiple indirect rates are based on a multiple year projects and when the grants are awarded. Kenny answered yes and explained briefly there are separate different indirect rates for the MLRR and lidar programs. Teeman asked if this was a multiple yearly federally negotiated indirect cost rate proposal. Kenny answered yes, the Agency is doing the right thing for the right reasons, but it is very complex. Kenny also stated that two financial people were not enough to handle the amount of grants and complexity of them. He said the current workload is huge due to the financial backlog and they are trying to get things caught up. They are in a hole trying to dig out. Unfortunately, being in a hole creates problems that makes the hole deeper.
Kenny said DAS processed DOGAMI’s payroll for the last two months, but it has not been allocated appropriately because the Agency ran out of General Fund and they will not know where the Agency is financially until the bill has been signed by the Governor. Jeremiah asked if there is a conceptual budget model that can be built based on the assumption the Governor will sign the bill. Kenny answered that though such a model was possible, he believes he did his best at the budget projections initially and greater priorities now demand his attention. Ballard explained that DAS actually paid the payroll and it is still showing under DAS, once DOGAMI gets the money, they will need to be paid back. Kenny and Ballard prepared the projections based on what DAS told them the payroll was. Jeremiah stated it upsets her that the Agency does not know where it is at financially and that it cannot operate this way. Maffei said payroll is not just a number, because some of it is put on grants and some on General Fund. Kenny said once the budget is approved, he and Ballard will get to work on it and establish a process.

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

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

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

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

Kenny discussed the workload and the amount that still needs to be done. He gave kudos to Opal at DAS for all her assistance, stating there are systems that are great, but more systems need to be developed. Kozlowski asked if the Agency has the resources they need to complete it. Ballard answered they will eventually have the staff and DAS will be helping with workload activities to clean up.
Maffeì asked if the $650,000 is sufficient to cover the outstanding charges. Ballard believes so then added that Kenny is identifying costs that can be reclassified and charged to federal grants to free up General Fund. Teeman asked about the PI and Business Office coordination. Ballard said she has been meeting with project managers and learning what reports they need to ensure they have the information to keep projects on track. She said the meetings will be taking place monthly and she and Avy will be meeting weekly to discuss the ones that may need to be looked at more closely. She also mentioned that going forward DOGAMI, DAS and LFO will be determining what financial reporting needs to be done monthly. Kozlowski said it looks like Ballard is setting up a partnership with the staff going forward. Ballard replied she is working on the financial portion and they will also need to look at other tools for moving forward with projects to be successful. Kenny stated he believed the one-year budget could present a problem with recruiting for the financial positions, but they are looking at other options as well.

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

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

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

Ballard explained the Budget Note requirements. The Legislature gave DOGAMI a one-year budget through June 30, 2020 and in February it will determine the Agency’s future. DOGAMI is required to do monthly financial reporting with DAS and LFO regarding the budget to actual and projections, and the project and grant status. The Strategic Plan will be prepared by the Governor’s Office and DAS, evaluating the long-term viability and structure of DOGAMI’s future. Eliminated are three Natural Resource Specialists (NRS) and two vacant positions, which are the Communications Director and an NRS; adding two additional Business Office positions to build capacity, a Grant Accountant and Contract Specialist; and reclassifying the Financial Analyst (FA) to a higher level. In addition, DOGAMI will do an evaluation/review of the projected revenue and expenses, and appropriate cost recovery for MLRR.
Ballard stated the fiscal year ended June 30, but the closeout process will go into mid-August. Once SB 5511 is signed and the money in the account, the backlog of bills can be paid, and the year-end close process can proceed. Currently there is only Ballard and Kenny in the Business Office and they are working on the overspend-risk grants to determine what needs to take place to keep them from going overbudget. Staff layoffs need to occur before the new positions can be filled due to overlap of funding, so DOGAMI is looking at temporary assistance to get caught up.

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

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

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

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

Ashford reiterated the Board would like more information on the grants including a summary that contains award amount, budget, percent spent, percent complete, and status (especially if it is in a red or orange category), and why and what actions are being taken to get it back on track. Ashford asked if grant proposals are still being submitted. Pratt answered yes, that she and Ballard have been reviewing them in detail and they are then taken to the Leadership Team for final approval to move forward. Avy stated if it is a federal and competitive grant it needs to go to the Legislature for approval before the Agency applies.
Kozlowski said she understands why it was done but is concerned about the Strategic Plan being completed by DAS and the Governor’s Office. She feels some anger is being directed at DOGAMI, but she would like to have the Board involved in the process for them to have input into it and right sizing the Agency. The Board is being proactive in clarifying what is being done to deal with the problem, they are taking it very seriously and they want to right size it as well. Avy said they will be meeting with DAS and LFO on a monthly basis for budget tracking and will make clear the Board’s interest in development of the strategic plan.

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

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

9) **Public Comment:**

Chair Maffei asked for public comment. No public comments.

Break

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

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

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

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

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

Jones stated there have been a variety of dates and timeframes given to DOGAMI over the years that the company would bring a consolidated permit application to the State to be considered. All those dates have slipped and were milestones that meant each engaged state agency ramped up in staffing and expertise. For DOGAMI, it has meant each one of these dates has meant mastering the
complexity that exists in statute and rule and all the requirements. The most recent target given to DOGAMI was July 1, 2019. It is apparent that it will slip as well.

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

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

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

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

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

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

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

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

Sarah Lewis, MLRR Program Manager, stated that since DOGAMI has not paid DEQ, Randy Jones’ rotation with DOGAMI ended as of July 1, 2019. He has gone back to DEQ but will still be working on Calico in the future. She thanked Jones for his service to DOGAMI since November 2017. DEQ is
allowing DOGAMI to call on Randy periodically to help with project transition and quarterly reporting. Jones stated because Calico/Grassy Mountain is still a regional solutions project and an economic development project, he will continue working on the project representing DEQ.

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

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

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

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

Lewis explained DOGAMI’s approach and revisions to indirect charges.

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

Ashford asked if the costs that were reviewed were a small percentage difference of the amount. Lewis said yes, it was a very small amount. She said tying the project management more closely with the invoicing addressed some of those concerns. Jeremiah said to be mindful that even if it is a few percent, it is still a few percent and should not matter, that a reverse expectation of enforcement of their compliance or obligation would have been to the letter of the law. Lewis said it was ultimately an increase not a decrease they ended up billing them. Kozlowski said it is important that the Agency is confident in the quality of their numbers.
Briefing: **No Board Action Required.**

11) **MLRR Update:**

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

Please note, included in this packet are the ENGAGe Summer and Civil Penalties newsletters being sent out and can also be found online: [https://www.oregongeology.org/mlrr/engage.htm](https://www.oregongeology.org/mlrr/engage.htm)

Lewis said that HB 3309, the Tsunami bill, included language that removed construction sites from the definition of surface mining, provided they are not selling material into the open market. It is clean language and will help the Agency focus on inspecting and permitting aggregate mining operations. One operation this directly pertains to is the Jordan Cove terminal and pipeline project.

The change in statute means DOGAMI will no longer have authority to permit their construction activities and those activities are regulated by other permits and processes. DOGAMI would still permit any activities related to the project that fall under the definition of surface mining. Maffei asked how much time has been spent on the project. Lewis said it is about 60 hours, plus some legal, that will not be able to be recovered because a permit application was not submitted. Lewis said part of the overhead of running the mining program is you do not get paid until you have an application in hand.

**Permit Status Summary**

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

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

Lewis reviewed the detailed list of permits. A map was included with the information of where MLRR has been active and she will update the map each quarter with new activities. The application process has become tighter in the last two quarters and the average time has been taking 8.5 months, which is less time than the typical 1 year. This means there will be more time for inspections, but those inspections will trigger more paperwork.
Lewis discussed Civil Penalties and her expectations of being able to report how many are late payments and getting the permission to go forward with action on them. Lewis briefly discussed the seasonal newsletter that was included in the Board Packet.

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

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

Briefing: No Board Action Required.

12) GS&S Update:

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

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

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

Pratt said when LFO was requesting reporting about what FTEs does DOGAMI have covered in project work moving forward, reports could not be pulled easily. This goes back to the fact that the Agency needs infrastructure to build out these robust tools. GS&S will then actually be able to say it does not need to continue going out for grants and adding additional workload (it is covered for staff or there is too much work), which is what staff are vocalizing. Should we recruit staff for a special project—Pratt cannot make that decision at the moment as a Program Manager.
Pratt said they are waiting until they understand what is going to happen with the budget and all consequences that could play out for several months, before they are able to respond and meet their deliverables and commitments. That is the reality of the situation and the heavy lift. They are aware of the body of work; the supervisors are outstanding in trying to troubleshoot this. In the last few months they have been able to and have had to back off on specific supervisory work trying to save General Fund by doing project work. There is still going to be a need for morale and trust building; staff need to be able to trust the financials and information that they are getting. The team has been responsive and making adjustments. Pratt believes her team is ready to stand up and do what needs to be done, but they are all human, all are being influenced by their stressors and the uncertainty and insecurity about their livelihood. She stated, “these are our colleagues, our friends, and they are also our subject matter experts”.

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

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

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

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

Pratt has been meeting with CFO Ballard with a morning huddle every day to review priorities because there are proposals still going out. She has seen great communication happening between them and project managers, which she hopes will continue resulting in smoother business practices.
and having collaborative conversations. Pratt said the practice of making time to have these meetings is extremely important.

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

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

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

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

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

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

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

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

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

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

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

Kozlowski said culture change is difficult. There needs to be a balance and not one person is at fault,
but all people need to work together to make this work going forward.
Pratt provided a project update regarding five new projects (since March) because staff is going forward with business (there are six more proposals they are working on). Three publications have been released and two more are on hold. Some of these are legacy projects.

**New Projects:**

- **Geological Mapping of the Walla Walla Subbasin:**
  - OWRD $211,603 (no match)
  - Contributes to KPM 2

- **USGS STATEMAP: Geological Mapping of Burns, Butte and Badger Lake Quadrangles:**
  - USGS & DOGAMI $296,120 = $148,060 (Federal Grant) and $148,060 (General Fund Match)
  - Contributes to KPM 2

- **Natural Hazard Mitigation Plan Updates for Grant and Baker County:**
  - DLCD $34,000 (no match)
  - Contributes to KPM 1

- **Natural Hazard Mitigation Plan Publications Assistance, Baker, Grant and Clatsop Counties:**
  - DLCD $10,110 (no match)
  - Contributes to KPM 1

- **Coastal Hospital Preparedness:**
  - OHA $97,309 (no match)

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

13) **Director’s Report:**

Director Avy presented his Director’s Report on the following:

**What Happened**

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

Avy said he has had conversations with staff where there is a great deal of frustration about being under the gun to go out and raise the money to keep their jobs and now after all that hard work, the very projects you raise the money for have become a problem and a negative reflection on your work. This is a significant morale issue. Avy said some staff sentiment is that General Fund should be
spent differently to cover grant overbudgets. In effect Agency leadership would then be preempted in its decision-making role (by individual project decisions) about where to spend General Fund dollars for the best agency-wide return.

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

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

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

**Tsunami Line Working Group/HB 3309**

Avy said there were three tsunami line working group meetings with Board member Kozlowski attending two of them. He believes the Board’s letter to the Governor’s Office and formation of the working group helped encourage the Legislature to generate HB 3309. He said some media reports do not fully represent the value of the bill and characterize it as an abandonment of protection of the public. The underlying story is that with removal of the authority for DOGAMI, a hurdle has been removed for the ASCE 7-16 tsunami building code standards to be adopted in Oregon as another path forward. He also stated the bill has, in some reports, been conflated with the Agency’s current budget challenges, which is coincidence in time.
Kozlowski asked if ASCE 7-16 will be moving forward. Amira Streeter, Governor’s Office, said the next step is to ensure there is a partnership between DOGAMI, DLCD and Department of Building Codes to make sure those standards get adopted. She said she believed the timeline is the final version of the ASCE 7-16 standards will be done in October with the ability to adopt them at that point; HB 3309 does not go into effect until January 2020, so there will be some sort of policy in place to ensure the coastal communities are resilient. Kozlowski asked if Director Cameron Smith is supportive of ASCE 7. Streeter replied yes.

Briefing: No Board Action Required.

14) Public Comment:

Chair Maffei asked for public comment.

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

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

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

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

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

New Dates:

September 9, 2019 – Portland, OR
December 9, 2019 – Portland, OR

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

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

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

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

16) Board Adjourn:

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

APPROVED

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.

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.