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

Chair Laura Maffei called the meeting to order at 9:02 a.m.

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

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

Department of Geology and Mineral Industries (DOGAMI) staff in attendance:
- Brad Avy, Director/State Geologist
- Lori Calarruda, Recording Secretary/Executive Assistant
- Dania Ballard, Chief Financial Officer (CFO)
- Sarah Lewis, MLRR Program Manager
- Bob Houston, Interim GS&S Program Manager and Legislative Coordinator
- Connor Anderson, Chief Information Officer (CIO)

Others in attendance:
- John Terpening, Legislative Fiscal Office (LFO)
- Renee Klein, DAS Office of the Chief Financial Officer (CFO)
- Diane Lloyd, Department of Justice (DOJ)
- ReNeea Lofton, DOGAMI staff on own time as a public citizen
- Nancy Calhoun, DOGAMI staff on own time as a public citizen

3) **Financial Update:**

Dania Ballard, Chief Financial Officer, provided a financial update to the Board.

Ballard stated the second-year budget request was approved at an Emergency Board (E-Board) meeting held on June 5, 2020. The original budget ask was for $3,104,928, but with COVID-19 related reductions of $240,535 the final budget approval was for $2,864,393. The reductions include one full-time position, the Chief Information Officer (CIO), a reduction of the Public Affairs Specialist (publications) to a half time position, some services and supplies, and the closure of the Newport and Baker City offices with staff being assigned to work remotely. Ballard said the first-year budget was $2,534,180.

Chair Maffei asked if there were any surprises to what the Legislature approved as to what was expected. Avy responded it is difficult to take cuts in any form, especially the two individuals affected, but one good thing is the GS&S Program Manager position was retained from the second-year budget proposal. Ballard said there was a reduction list that was made public and the actual cuts were a little different with the physical closure of the Newport and Baker City offices, while
retaining the staff. These efforts are being done in an attempt to retain more Agency staff members.

Avy said during the E-Board concern was voiced about closing the Baker City office located in the county courthouse. It is rent free, but charges for utilities and internet are about $12,000 per year. There is interest from the county to retain the public accessibility of the DOGAMI staff member and there’s a possibility the county might cover the full cost.

Kozlowski asked if there are any concerns from staff in those offices and are they currently working remotely, particularly Newport. Ballard said the Agency is currently in the midst of shutting down the Newport office effective June 30, 2020. She said employees are working from home and staff are not happy with the closure of the office. Chair Maffei asked if the concern was related to it being more conducive to doing the work in the office. Ballard stated the office is bigger than their home environments, but they have been adapting to working at home. There is currently no option for having a rent and utility free office. Avy stated when the original DAS reduction list came out, it did not contain office facilities, and the Leadership Team was asked why office closures were not listed ahead of staff. Ashford said these are tough decisions.

Briefing: **No Board Action Required.**

4) **Preliminary 21-23 Agency Request Budget (ARB) Discussion:**

Dania Ballard, Chief Financial Officer, reviewed the preliminary 2021-23 Biennium Agency Request Budget (ARB) for DOGAMI with the Board.

Ballard said the Agency is currently in planning mode for the 2021-23 Agency Request Budget. The list of Policy Option Packages (POPs) are ideas and funding concepts above the normal rolling forward budget of routine activity. The current ask is for the following items: IT computer and server replacement - $196,000; General Fund match for grants and grant development - $400,000; Position cleanup to align the actual budgeted position to the responsibility being performed - $0; Proposed MLRR Fee Increase - $1.56 million; and MLRR E-Permitting project - $1,184,177 that is anticipated for FY 2021-2029.

Jeremiah asked what the difference is between the current ask for IT expenses and what the $85,000 was for before, which her understanding was for basically hooking into State servers. She wants to understand the holistic cost for IT services; the subscriber fee; and what DOGAMI provides within its budget; and also wants to make sure the IT costs are sustainable every year. Ballard said for the computer replacement for regular use computers, the second-year budget was adjusted to match what the actual spend is. She explained that the previous budgets did not contain the costs associated with a normal replacement cycle, but because the Agency is still in corrective mode, the budget rolling forward does not include that amount either. It is on her agenda to get corrected in the future and this POP is the first step in getting the cycle started. Jeremiah emphasized her position on the importance of having and maintaining top of the line equipment being critical for the Agency due to the technology it uses for maps and the need for public access.

Ballard then asked Connor Anderson, Chief Information Officer (CIO), to provide more details on the servers. Anderson explained there originally was money designated for server and hardware replacements, but they were put on hold due to the Agency’s financial issues which caused the technology deficit. Ballard clarified that since the first-year budget was estimated low for services
and supplies, the Agency went through spending freezes to pay for items that had to be paid, like rent.

Anderson explained in 2016 DOGAMI went through an IT operations assessment/analysis that resulted in his position being created and an IT alignment plan being put into place. That plan was to get DOGAMI out of owning and operating really important parts of IT infrastructure like servers, networks, and email systems that require capital expenditures. The State offers those services and by moving to those services platforms, it frees up IT staff to work on core mission activities. It also turns those expenses into ongoing operational costs, that turn into the current service level budget and are moved forward each biennium to maintain a stable operation.

Ballard emphasized the POP line items listed were the ideas the Board settled on from the last meeting for planning Biennium 2021-23. She stated the draft narrative the Board received is the justification for what is going to be submitted with the budget to support the ask of the Agency. The POPs are asks for funding, and before they make it to legislature, it is possible that all, some, or none could be approved.

Ballard provided the timeline for budget planning and processing. In March and April, the Agency went through the current service level budget, added some inflationary amounts, and identified any needs above that, which requires further discussion with DAS and possibly a POP. She explained the current service level budget is adjusted and moved forward for review. An exercise of expected revenue projections is done to determine the Agency’s Request Budget (ARB). In May and June, the Legislative Concepts (LCs) are considered, reviewed and sent to DAS. In July, the Board will see a draft of the ARB and after approval, the ARB is submitted to DAS for adjustments. After DAS reviews and approves it, and once it is approved by the Governor’s Office, it is then submitted as the Governor’s Recommended Budget (GRB) for consideration by the Legislature during session. The upcoming session is scheduled for January thru June of 2021. Once it has been finalized, it becomes a Legislatively Adopted Budget (LAB), that becomes effective July 1, 2021.

Chair Maffei wanted to verify the Board will be able to review and approve the ARB at the July meeting, and that they will have input to ensure they are doing their job due to the past financial issues. Avy said the Special Board meetings this spring have been to engage the Board in preliminary discussions. The draft package will be sent to the Board a week before the next Board meeting for review during the meeting to answer any questions. If the Board needs additional time to review, an additional special meeting will be scheduled for the necessary approval. Maffei stated in the past there have not been as many preparatory meetings and she views it as a positive step for the Board to reach an approval. Ashford agreed and said he felt the Board is pretty informed on where the Agency is with the budget and is comfortable with where they are in the process.

Ballard went through the list of Policy Option Packages and provided a brief overview.

**IT computer and server replacement:**

The IT server and computer equipment for $196,000, is to replace personal computers and server equipment that is at or nearing end of life and not supported by the current service level budget. Given the type of work DOGAMI does, it is important and necessary for the Agency.
The amount of $400,000 is to support General Fund match to seek, develop, and leverage Federal Fund and Other Fund grants supportive of the Agency’s mission, goals and objectives. Ballard explained the Agency currently has two grants with General Fund match associated to them. The first is STATEMAP with 50% match, and the second is a landslide project with 25% match. The Agency does not have any grants or projects that are solely General Fund based. This POP is to use General Fund for match to leverage against other Federal Fund and Other Fund grants, and to go after new opportunities that align with the Agency’s mission.

Chair Maffei asked if this is additional General Fund match that is not already in the budget. Ballard explained there are positions partially supported by General Fund money (for example, STATEMAP). However, due to the past over-spend behavior of the Agency, there likely was no General Fund match to begin with for other matched projects in the past.

Chair Maffei asked if there are currently grants that require General Fund match. Ballard used STATEMAP as an example. It is a core piece of business for the Agency since 1992 that requires 50% match, and the indirect cost recovery is capped at 18%, while the Agency’s current rate is 26%; therefore, it requires more General Fund spend. This is a national competitive grant/program core to the mission of DOGAMI, so it is pursued each year. The other active grant is the landslide grant that has 25% match. Maffei asked to clarify if this POP is intended to allow the Agency to seek other grants that require General Fund match, as well as support grant proposal writing. Ballard answered yes, she has also been approached about FEMA grants that do not allow for indirects and this would permit the Agency to consider them.

Ashford asked if these costs were already in the budget or is this the first time this has been formally asked for. Avy said there are grants that have been built into the budget (e.g., STATEMAP) but this is the first time asking for General Fund for grant proposal development and for grants that require match. Avy stated the leadership team currently does not accept grant proposals that require match or does not fully compensate for indirect costs. This POP will allow the Agency to increase the grant pool. Ashford said he understood.

**Position Clean up:**

The position alignment POP is an administrative effort to clean up a work-out-of-class position to match up the staff classification with budget classification. It changes it from a non-exempt to an exempt position because it requires higher skill level and flexible hours to meet Agency needs. There is not a cost impact with this request.

**Proposed Fee increase:**

The MLRR fee increase is being run on two different sets of tracks to get this done. Ballard explained the program’s expenditures are higher than the revenue coming in to support it. Without the fee increase, the program will run out of funds in mid to late winter or early spring. If this fee increase is passed in a Special Session for this biennium, this POP will be pulled from the 2021-23 ARB.

**E-Permitting:**

The E-Permitting ask for $1,184,177 is to implement a program between AY 2021 and 2029.

Board Action: No Board action was required.
Bob Houston, Interim GS&S Program Manager and Legislative Coordinator and Sarah Lewis, MLRR Program Manager, reviewed the next steps for the MLRR fee increase.

Houston said the proposed fee increase did not get a floor vote during the 2020 Short Session. There is a Special Session starting June 24, 2020 but is specifically for police accountability and COVID-19 related issues. There is a possibility of another Special Session in late July for budget-related topics and this would be the next opportunity to move the fee increase. The fee increase that could be moved in the potential upcoming Special Session would be the same as was passed with amendments in the Joint Ways and Means Committee during the 2020 Short Session.

Houston went through the potential Special Session requirements. He said the proposed fee increase still represents a collaborative agreement with the aggregate, geothermal and oil and gas industries. Due to the short timeframe, it must be a “clean” bill with all issues resolved, and the Agency and the stakeholders need to demonstrate this to the legislators. He said there are challenges and the Agency should anticipate difficulties moving a fee increase during this economic downturn. Without a fee increase with an effective date of January 1, 2021, the MLRR program will need to begin layoffs by late summer to early fall to avoid a cash shortfall at the end of the biennium.

Houston introduced Sarah Lewis, MLRR Program Manager to provide more context. Lewis discussed what the lack of the fee increase would mean to the program and its operation.

- Revenue brought in to MLRR by permit and renewal fees is no longer adequate to cover the operational costs of the program.
- This negative offset reduces the “reserve” that the program carries from month to month, and year to year. Current budget projections show that the reserve funds will be depleted in February 2021.
- Continued operation at current service levels is contingent on having a fee increase in place for January 2021.
- Without that increase on the horizon, MLRR must consider changes to operations to slow the use of reserve funds and bring expenditures into alignment with revenue.
- Budget projections suggest that a reduction of $20,000/month will maintain the reserve fund and result in a small, but positive, ending balance for Fiscal Year 2021.
- If you imagine the MLRR budget as a pie cut into six pieces, one of those pieces is services and supplies, the remaining five pieces represent personnel costs in the form of salary & OPE.
- To achieve a reduction of $20,000/month, the program would need to cut one piece of pie. MLRR can make small changes to services and supplies ($2,000/month); the remaining amount would need to come from personnel cuts.
- A salary reduction of that magnitude is equivalent to the cost of two full-time positions. We are currently exploring other options that may mitigate the need to lay off staff, including an overall reduction in operating hours for the program. For example, closing on one day of the week.
• Any reductions of staff (either positions or overall hours) in this small program of 11 staff will necessitate a reduction or loss of services to the public and regulated community.

• In the absence of a fee increase, these adjustments to expenditures should be considered by late summer; delaying the adjustments will require deeper cuts to the program to maintain operations.

Lewis stated this is a bit of a grim picture for the program. Chair Maffei asked what are the chances of the fee bill being passed. Houston answered there are definitely serious challenges. There is also a need for a vehicle to move the bill forward and he is working with the Governor’s Office. He said the challenge becomes even greater during the 2021 Regular Session due to the projected economic reduction of revenue for the State.

Kozlowski asked if the support of the stakeholders is still there, and if the Agency has reached out to them to indicate the dire need for the increase and the impact it would have on them in terms of services if it does not go through. Houston said they have reached out to stakeholders and are hearing there is still broad support for the concept. A group representing low-volume mining operations still would like to amend the Exclusion Certificate requirements. He said the Agency should anticipate that attempt. Kozlowski asked how likely this will surface. Houston said at least 80 to 95 percent. Kozlowski asked if there is a way to mitigate this. Houston answered they are reaching out to them to have a full discussion on the need for the fee increase and the need for a “clean” bill by resolving all issues.

Houston stated the 2021 Regular Session is another opportunity to move the fee increase. If the fee increase is not approved in the Special Session, the Agency will move forward with the Legislative Concepts for the fee increase and the E-Permitting placeholder will be removed from the ARB. Based on the May revenue forecast, there is a $4 billion deficit and a significant hit is expected for the next several biennia due to COVID-19.

Chair Maffei stated this is frustrating with all the hard work the Agency has put into bring the financials around and the circumstances being out of the Agency’s control. She asked if there is any positive news. Kozlowski said she feels the good news is the staff has put into process a way to analyze and understand where the Agency is. Houston explained the staff’s response to transitioning to working from home in one day, and having the ability to focus on projects. The Leadership Team has been moving with a sense of urgency to address issues and challenges as they crop up. The ability to operate as a team across the Agency is the positive take away. Avy said the GS&S Program Manager was approved and it is moving forward with recruitment in the next week or two. Maffei said that is a bright spot in all the budget concerns.

Board Action: No Board action was required.

6) July Board Meeting Agenda Discussion:

Currently the next DOGAMI Board meeting is scheduled for Monday, July 13, 2020 in Portland. She confirmed this date is still acceptable for the Board.

Chair Maffei said it will more than likely need to be held by phone and the Agency and Board should not count on an in-person meeting. Maffei asked about the possibility of having a video conference.
Ashford offered to set up a Zoom meeting through OSU, but would prefer a shorter meeting and suggested having a discussion on how to work effectively remotely with the possibility of not actually meeting in person until next year. Maffei said she would like to take Ashford up on the offer. She went through the proposed list and identified the items to be presented at the next meeting as:

1) Proposed Agency Request Budget
2) Agency 6-Year Strategic Plan (2022-2028)
3) Grant Budget Monitoring Tool
4) Project Pipeline Approval Process

The meeting will be limited to 8:30 a.m. - 1:00 p.m.

Special Board meeting (tentative) – Agency Request Budget: Tuesday, July 28, 2020 - 8:30 a.m. - 10:30 a.m.

Maffei said no need to approve agenda items.

7) Public Comment:

Only written comments received prior to or by 11:00 a.m. on the day of the meeting were to be accepted. Chair Maffei asked for any written public comments. No public comments.

8) Board Adjourn:

At the conclusion of the public comment period, Chair Maffei adjourned the meeting at 10:32 a.m.

APPROVED

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Laura Maffei, Chair