

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

Tuesday, June 23, 2020

9:00 a.m.

Teleconference Public Meeting Agenda

**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

**1 3) Financial Update:**

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

3

4 Ballard stated the second-year budget request was approved at an Emergency Board (E-Board)  
5 meeting held on June 5, 2020. The original budget ask was for \$3,104,928, but with COVID-19 related  
6 reductions of \$240,535 the final budget approval was for \$2,864,393. The reductions include one  
7 full-time position, the Chief Information Officer (CIO), a reduction of the Public Affairs Specialist  
8 (publications) to a half time position, some services and supplies, and the closure of the Newport and  
9 Baker City offices with staff being assigned to work remotely. Ballard said the first-year budget was  
10 \$2,534,180.

11

12 Chair Maffei asked if there were any surprises to what the Legislature approved as to what was  
13 expected. Avy responded it is difficult to take cuts in any form, especially the two individuals  
14 affected, but one good thing is the GS&S Program Manager position was retained from the second-  
15 year budget proposal. Ballard said there was a reduction list that was made public and the actual  
16 cuts were a little different with the physical closure of the Newport and Baker City offices, while

17 retaining the staff. These efforts are being done in an attempt to retain more Agency staff members.  
18 Avy said during the E-Board concern was voiced about closing the Baker City office located in the  
19 county courthouse. It is rent free, but charges for utilities and internet are about \$12,000 per year.  
20 There is interest from the county to retain the public accessibility of the DOGAMI staff member and  
21 there's a possibility the county might cover the full cost.

22  
23 Kozlowski asked if there are any concerns from staff in those offices and are they currently working  
24 remotely, particularly Newport. Ballard said the Agency is currently in the midst of shutting down the  
25 Newport office effective June 30, 2020. She said employees are working from home and staff are not  
26 happy with the closure of the office. Chair Maffei asked if the concern was related to it being more  
27 conducive to doing the work in the office. Ballard stated the office is bigger than their home  
28 environments, but they have been adapting to working at home. There is currently no option for  
29 having a rent and utility free office. Avy stated when the original DAS reduction list came out, it did  
30 not contain office facilities, and the Leadership Team was asked why office closures were not listed  
31 ahead of staff. Ashford said these are tough decisions.

32  
33 Briefing: **No Board Action Required.**

34  
35 **4) Preliminary 21-23 Agency Request Budget (ARB) Discussion:**

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

38  
39 Ballard said the Agency is currently in planning mode for the 2021-23 Agency Request Budget. The  
40 list of Policy Option Packages (POPs) are ideas and funding concepts above the normal rolling forward  
41 budget of routine activity. The current ask is for the following items: IT computer and server  
42 replacement - \$196,000; General Fund match for grants and grant development - \$400,000; Position  
43 cleanup to align the actual budgeted position to the responsibility being performed - \$0; Proposed  
44 MLRR Fee Increase - \$1.56 million; and MLRR E-Permitting project - \$1,184,177 that is anticipated for  
45 FY 2021-2029.

46  
47 Jeremiah asked what the difference is between the current ask for IT expenses and what the \$85,000  
48 was for before, which her understanding was for basically hooking into State servers. She wants to  
49 understand the holistic cost for IT services; the subscriber fee; and what DOGAMI provides within its  
50 budget; and also wants to make sure the IT costs are sustainable every year. Ballard said for the  
51 computer replacement for regular use computers, the second-year budget was adjusted to match  
52 what the actual spend is. She explained that the previous budgets did not contain the costs  
53 associated with a normal replacement cycle, but because the Agency is still in corrective mode, the  
54 budget rolling forward does not include that amount either. It is on her agenda to get corrected in  
55 the future and this POP is the first step in getting the cycle started. Jeremiah emphasized her  
56 position on the importance of having and maintaining top of the line equipment being critical for the  
57 Agency due to the technology it uses for maps and the need for public access.

58  
59 Ballard then asked Connor Anderson, Chief Information Officer (CIO), to provide more details on the  
60 servers. Anderson explained there originally was money designated for server and hardware  
61 replacements, but they were put on hold due to the Agency's financial issues which caused the  
62 technology deficit. Ballard clarified that since the first-year budget was estimated low for services

63 and supplies, the Agency went through spending freezes to pay for items that had to be paid, like  
64 rent.

65  
66 Anderson explained in 2016 DOGAMI went through an IT operations assessment/analysis that  
67 resulted in his position being created and an IT alignment plan being put into place. That plan was to  
68 get DOGAMI out of owning and operating really important parts of IT infrastructure like servers,  
69 networks, and email systems that require capital expenditures. The State offers those services and  
70 by moving to those services platforms, it frees up IT staff to work on core mission activities. It also  
71 turns those expenses into ongoing operational costs, that turn into the current service level budget  
72 and are moved forward each biennium to maintain a stable operation.

73  
74 Ballard emphasized the POP line items listed were the ideas the Board settled on from the last  
75 meeting for planning Biennium 2021-23. She stated the draft narrative the Board received is the  
76 justification for what is going to be submitted with the budget to support the ask of the Agency. The  
77 POPs are asks for funding, and before they make it to legislature, it is possible that all, some, or none  
78 could be approved.

79  
80 Ballard provided the timeline for budget planning and processing. In March and April, the Agency  
81 went through the current service level budget, added some inflationary amounts, and identified any  
82 needs above that, which requires further discussion with DAS and possibly a POP. She explained the  
83 current service level budget is adjusted and moved forward for review. An exercise of expected  
84 revenue projections is done to determine the Agency's Request Budget (ARB). In May and June, the  
85 Legislative Concepts (LCs) are considered, reviewed and sent to DAS. In July, the Board will see a  
86 draft of the ARB and after approval, the ARB is submitted to DAS for adjustments. After DAS reviews  
87 and approves it, and once it is approved by the Governor's Office, it is then submitted as the  
88 Governor's Recommended Budget (GRB) for consideration by the Legislature during session. The  
89 upcoming session is scheduled for January thru June of 2021. Once it has been finalized, it becomes a  
90 Legislatively Adopted Budget (LAB), that becomes effective July 1, 2021.

91  
92 Chair Maffei wanted to verify the Board will be able to review and approve the ARB at the July  
93 meeting, and that they will have input to ensure they are doing their job due to the past financial  
94 issues. Avy said the Special Board meetings this spring have been to engage the Board in preliminary  
95 discussions. The draft package will be sent to the Board a week before the next Board meeting for  
96 review during the meeting to answer any questions. If the Board needs additional time to review, an  
97 additional special meeting will be scheduled for the necessary approval. Maffei stated in the past  
98 there have not been as many preparatory meetings and she views it as a positive step for the Board  
99 to reach an approval. Ashford agreed and said he felt the Board is pretty informed on where the  
100 Agency is with the budget and is comfortable with where they are in the process.

101  
102 Ballard went through the list of Policy Option Packages and provided a brief overview.

103  
104 IT computer and server replacement:

105 The IT server and computer equipment for \$196,000, is to replace personal computers and server  
106 equipment that is at or nearing end of life and not supported by the current service level budget.  
107 Given the type of work DOGAMI does, it is important and necessary for the Agency.

108  
109 General Fund match for grants and grant development:

110 The amount of \$400,000 is to support General Fund match to seek, develop, and leverage Federal  
111 Fund and Other Fund grants supportive of the Agency's mission, goals and objectives. Ballard  
112 explained the Agency currently has two grants with General Fund match associated to them. The  
113 first is STATEMAP with 50% match, and the second is a landslide project with 25% match. The Agency  
114 does not have any grants or projects that are solely General Fund based. This POP is to use General  
115 Fund for match to leverage against other Federal Fund and Other Fund grants, and to go after new  
116 opportunities that align with the Agency's mission.

117  
118 Chair Maffei asked if this is additional General Fund match that is not already in the budget. Ballard  
119 explained there are positions partially supported by General Fund money (for example, STATEMAP).  
120 However, due to the past over-spend behavior of the Agency, there likely was no General Fund  
121 match to begin with for other matched projects in the past.

122  
123 Chair Maffei asked if there are currently grants that require General Fund match. Ballard used  
124 STATEMAP as an example. It is a core piece of business for the Agency since 1992 that requires 50%  
125 match, and the indirect cost recovery is capped at 18%, while the Agency's current rate is 26%;  
126 therefore, it requires more General Fund spend. This is a national competitive grant/program core to  
127 the mission of DOGAMI, so it is pursued each year. The other active grant is the landslide grant that  
128 has 25% match. Maffei asked to clarify if this POP is intended to allow the Agency to seek other  
129 grants that require General Fund match, as well as support grant proposal writing. Ballard answered  
130 yes, she has also been approached about FEMA grants that do not allow for indirects and this would  
131 permit the Agency to consider them.

132  
133 Ashford asked if these costs were already in the budget or is this the first time this has been formally  
134 asked for. Avy said there are grants that have been built into the budget (e.g., STATEMAP) but this is  
135 the first time asking for General Fund for grant proposal development and for grants that require  
136 match. Avy stated the leadership team currently does not accept grant proposals that require match  
137 or does not fully compensate for indirect costs. This POP will allow the Agency to increase the grant  
138 pool. Ashford said he understood.

139  
140 Position Clean up:

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

145  
146 Proposed Fee increase:

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

151  
152 E-Permitting:

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

154  
155 Board Action: No Board action was required.

156  
157  
158  
159  
160  
161  
162  
163  
164  
165  
166  
167  
168  
169  
170  
171  
172  
173  
174  
175  
176  
177  
178  
179  
180  
181  
182  
183  
184  
185  
186  
187  
188  
189  
190  
191  
192  
193  
194  
195  
196  
197  
198

**5) MLRR Fee Increase – Next Steps:**

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.

- 199           • Any reductions of staff (either positions or overall hours) in this small program of 11 staff will  
200           necessitate a reduction or loss of services to the public and regulated community.
- 201           • In the absence of a fee increase, these adjustments to expenditures should be considered by  
202           late summer; delaying the adjustments will require deeper cuts to the program to maintain  
203           operations.

204

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

210

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

220

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

226

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

236

237           Board Action: No Board action was required.

238

239           **6) July Board Meeting Agenda Discussion:**

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

242

243           Chair Maffei said it will more than likely need to be held by phone and the Agency and Board should  
244           not count on an in-person meeting. Maffei asked about the possibility of having a video conference.

245 Ashford offered to set up a Zoom meeting through OSU, but would prefer a shorter meeting and  
246 suggested having a discussion on how to work effectively remotely with the possibility of not actually  
247 meeting in person until next year. Maffei said she would like to take Ashford up on the offer. She  
248 went through the proposed list and identified the items to be presented at the next meeting as:

249

250 1) Proposed Agency Request Budget

251 2) Agency 6-Year Strategic Plan (2022-2028)

252 3) Grant Budget Monitoring Tool

253 4) Project Pipeline Approval Process

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

255

256 Special Board meeting (tentative) – Agency Request Budget: Tuesday, July 28, 2020 - 8:30 a.m. -  
257 10:30 a.m.

258

259 Maffei said no need to approve agenda items.

260

261 **7) Public Comment:**

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

264

265 **8) Board Adjourn:**

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

267

268 APPROVED

269

270

271

272

273

  
\_\_\_\_\_  
Laura Maffei, Chair