

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

January 5, 2015  
8:30 a.m.

Association of Oregon Counties, Room 113  
1201 Court St. NE, Salem OR

- 1) **Call to Order:** (Larry Givens, Board Chair)  
Chair Givens called the meeting to order at 8:40 a.m.
  
- 2) **Introductions:** (Larry Givens, Board Chair and staff)  
Board Chair Larry Givens and Board members Lisa Phipps, Dennis Luke and Laura Maffei were present.

DOGAMI Staff in attendance:

Vicki S. McConnell, State Geologist

Andree Pollock, Assistant Director for Geologic Survey & Services Program

Gary Lynch, Assistant Director for the Mineral Land Regulation & Reclamation Program

Ian Madin, Chief Scientist

Bob Houston, Energy Resources Geologist

Ali Ryan, Earth Science Information Officer

George Priest, Geologist

Larry Knudsen, Assistant Attorney General, DOJ

Others:

Richard Whitman, Governor's Office

Laurie Aunan, Governor's Office

Michael Jordan, Oregon Chief Operating Officer

Robert Underwood, DAS Chief Operations Office

Tim Marshall, Knife River Corporation – NW

Travis Miller, Chief Financial Office

Ivan Gall, Oregon Water Resources Department

Darrick Boschmann, Oregon Water Resources Department

Enrique Sama, DAS HR Executive Recruiter

Jon Terpening, Legislative Fiscal Office

Jim Rue, Director of the Department of Land Conservation and Development

Abbie Fisher, Galt Foundation (taking meeting minutes)

1 **3) Approval of Minutes of September 5, 2014 Portland OR Meeting: (Board) *Action***  
2 *Item*

3 Phipps requested it be noted on record that there was extensive discussion and  
4 concerns raised that are not captured in the minutes regarding the temporary clean  
5 fill rule item, but did not request a revision of the minutes.

6 **Motion: Luke moved to approve minutes as distributed. Givens seconded. Motion**  
7 **carried.**

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9 **4) Board Business:**

10 a. **Update on Board member nominations:** *Information Item*

11 McConnell has been working with the Governor's Natural Resource Office to identify  
12 new board candidates for Southern Oregon Board seat. Chair Givens and McConnell  
13 have interviewed a potential candidate and put her name forward to the Governors  
14 Natural Resource Office for consideration; they will determine whether to submit to  
15 the Governor with a recommendation for nomination.

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17 b. **Election of Board Chair and Vice-chair:** *Action Item*

18 Givens noted that a Board Chair and Vice-chair need to be elected, as this is the first  
19 meeting of 2015.

20 **Motion: Luke moved that Givens be elected as Chair and Phipps as Vice-chair.**  
21 **Maffei seconded. Motion carried.**

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23 c. **Board bids farewell to Assistant Director Gary Lynch:** *Information*  
24 *Item*

25 McConnell noted that Lynch is retiring at the end of the month, making this his last  
26 official board meeting. The Board presented Lynch with a plaque that reads, "In  
27 Appreciation: Awarded to Gary Lynch for leading the Mineral Land Regulation and  
28 Reclamation program with patience and insight for 27 years."

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30 d. **Director McConnell resignation:** *Information Item*

31 McConnell presented her official resignation letter as Oregon State Geologist and  
32 the Executive Director for DOGAMI. She offered to continue with DOGAMI until  
33 February 28.

34 **Motion: Phipps moved to accept McConnell's resignation. Givens seconded.**  
35 **Motion carried.**

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37 McConnell noted that it is the responsibility of the Board, along with the Governor,  
38 to appoint a State Geologist. Knudsen and Sama gave the Board an overview of the  
39 materials, including preferred criteria and a recruitment schedule, that need to be  
40 drafted, discussed during a public meeting with comment opportunities, and  
41 formally adopted by the Board. The position description also needs to be updated,  
42 and an interim State Geologist appointed. McConnell will work with Sama to provide  
43 examples of preferred criteria and recruiting timelines for the next Governing Board  
44 meeting, and provide a draft position description as a starting place as well. Knudsen

45 notes that there is a statute that sets basic requirements for the State Geologist; the  
46 Board will need to align with those as well. Sama and Knudsen will guide the Board  
47 throughout the process, in consultation with the Governor’s team.

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49 **5) State of the Agency:** (Vicki S. McConnell, State Geologist)

50 a. **Update of Agency activity by State Geologist:** *Update Item*

51 McConnell summarized recent Agency activities, including recent project and grant  
52 awards, completed projects, Race the Wave tsunami evacuation run in Cannon  
53 Beach, Earth Science Week/Geologic Map Day products, the letter of concern  
54 regarding proposed Oregon State University building at the Hatfield Marine Science  
55 Center, and staff changes. She also reviewed the Oregon Resilience Plan Task Force  
56 recommendations submitted to the Governor and the Legislature in October 2014.

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58 b. **Financial Report for Agency activity:** *Information Item*

59 McConnell reported that the Agency is tracking finances closely and has initiated  
60 several actions to reduce expenses for this biennium. The Agency has not and will  
61 not achieve the revenue forecast of two years ago. Both the GS&S and MLRR  
62 programs are on track to finish in the black. However, ending fund balances will be  
63 diminished due to reductions in expected federal funding revenues and a  
64 fundamental change in how the Agency allocates indirect cost.

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66 c. **Final 2015 – 2021 DOGAMI Strategic Plan: Action Item** **NOTE: The**  
67 **Board will accept public comment on this agenda item only previous**  
68 **to any action taken by the Board.**

69 The Board and the agency have conducted a yearlong review and revision of the 6-  
70 year strategic plan. McConnell said the Agency has completed outreach on the draft  
71 plan with our stakeholders, the public and cooperating partners. Their comments  
72 and input have been incorporated into this final draft. The agency will use the plan  
73 to set agendas for upcoming projects and work, project initiatives and will begin to  
74 review of performance measures that may need to be better aligned with the plan.  
75 The board discussed whether the document reflected more of a strategic framework  
76 than a full strategic plan, and directed staff to revise the title of the document to  
77 2015-2021 Strategic Framework, and add language indicating how the framework  
78 will be used to guide Agency work.

79 **Motion: Luke moved to approve the 2015 – 2021 Strategic Framework as**  
80 **presented and direct staff to make recommended changes. Phipps seconded.**  
81 **Motion carried.**

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83 **6) Break.**

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85 **7) Regulatory Issues:** (Gary Lynch, Mineral Land Regulation and Reclamation  
86 Program)

87 a. **Status of rulemaking for aggregate, oil and gas, geothermal laws.**

88 The agency is requesting the Board review, amend and consider for

89 adoption permanent rules for clean fill (632.030.0025): *Update and*  
90 *Action Item*

91 Givens noted for the record that public comment on this item was taken previously,  
92 and no comment will be taken today. Bob Houston, DOGAMI energy resources  
93 geologist, summarized the rule making process the Agency has undertaken in order  
94 to put permanent rules before the Board for consideration. He noted that the  
95 permanent rule would replace the temporary rules the Board adopted during the  
96 September 5, 2014 Board meeting in Portland; if the temporary rules are not  
97 replaced by permanent rule before March 10, 2015 the rule language reverts back to  
98 the old language. Two written comments were received and are in the Board's  
99 packet. All questions and comments were reviewed by DOGAMI and the  
100 Department of Environmental Quality (DEQ) and have been addressed. The Agency  
101 is asking the Board to adopt the permanent rules; at which time the rules will be  
102 filed with the Secretary of State and Legislative Counsel.

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104 The Board discussed the permanent rule. Phipps noted that her previously stated  
105 concerns, particularly regarding long-term land-use changes and environmental  
106 considerations, have not been addressed through this rulemaking process, but noted  
107 that they may not be able to be addressed in this particular process. Houston said  
108 that those concerns have been discussed with DEQ, and additional vetting of those  
109 issues will occur through development of a memorandum of agreement (MOA). That  
110 MOA will formally outline how the two agencies work together on this issue,  
111 including process, formal communication, responsibilities, and so forth. The Agency  
112 is considering a draft of the MOA currently; that document needs to be finalized.

113 **Motion: Luke moved to amend OAR 632.030.0025 as set out in Attachment H of**  
114 **the Staff Report. Maffei seconded. Motion carried.**

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117 **b. Summary of operational and enforcement activities for mining and**  
118 **oil and gas and geothermal regulatory programs: *Update Item***

119 Houston presented an overview of current oil and gas and geothermal activities,  
120 including:

- 121 • There are no current enforcement actions for the oil and gas or geothermal  
122 regulatory programs.
- 123 • The Neal Hot Springs geothermal field is the state's second geothermal  
124 production plant and is up and running, with four production wells and 11  
125 injection wells. The power plant onsite has been operational since 2012. The  
126 field is not at capacity, but no current plans to expand, as expansion depends  
127 on market demand.
- 128 • Two other current geothermal projects are the Newbury Volcano project, an  
129 enhanced geothermal project where new technologies for introducing water  
130 are being explored; and Glass Buttes, where one prospect hole has been  
131 drilled and further testing is planned.

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- Oil and gas is seeing some minor activity, Houston said, including work-overs and new drilling of wells. McConnell said that while there is a considerable amount of leases being purchased in Malheur County, there are no exploration permits before the Agency currently – and any exploratory or development wells would require a permit.
  - McConnell noted that permit fee structure for oil and gas and geothermal was explored in 2005. Programs do not cover their costs currently, and staff will at some point be bringing back recommendations for changes.

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c. **Update on Grassy Mountain/Calico Resources Inc. Notice of Intent to apply for chemical process mining permit activity:** *Update Item*

143 Permitting process activity is increasing, Lynch reported. A Project Coordinating Committee meeting was held November 12th 2014 in Ontario and a Technical Review Team meeting was held November 19th 2014 in Salem. The core project team also regularly meets to define and refine the different components of the application process, including specifics such as environmental evaluation, alternative analysis and socio-economic impact.

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150 **8) Discussion on the Governor’s Recommended Budget 2015 – 2017:** (Vicki S. McConnell, State Geologist and invited guest)

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a. **Director McConnell will present an overview of the Governor’s Recommended Budget and details of the DOGAMI section:** *Information Item*

155 The Agency Request Budget that the board approved was submitted to DAS on August 1, 2014. The DAS analyst’s recommendations were distributed to agencies in mid-August, and agencies were allowed to appeal those recommendations. The Agency’s appeal resulted in significant revision and those changes are reflected in the Governor’s Recommended Budget; those changes are outlined in a memo from Oregon’s Chief Financial Officer.

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b. **DOGAMI and the Governing Board are tasked in the Governor’s Recommended Budget with developing plans for alternative funding or agency structure in FY2016:** *Information Item*

165 Richard Whitman, the Governor’s Natural Resource Office Director, was in attendance to discuss the Governor’s Recommended Budget, as well as the Agency Director Transition. Whitman introduced Laurie Aunan, who is on rotation in the Governor’s office for six months and will be the Agency’s main contact, particularly through the Legislative Session. Whitman notes that the recommendation for a one-year budget was developed as a result of long-term discussions in the Governor’s office, and with McConnell, regarding how to create a sustainable foundation for the work of the Agency, in terms of both fiscal support and maintaining staff expertise. He noted that the Agency has more and more been pushed toward a project focus, as general fund support declined, and the staff has had to be entrepreneurial in order to keep the Agency going. It’s clear, he said, that the model is not sustainable.

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176 What's been recommended is a one-year budget accompanied by a thoughtful  
177 process to examine potential appropriate models, Whitman said; there are no  
178 preconceived ideas of what that that might look like. He noted that the Governor  
179 believes the agency functions are critical for the state – key pieces of work the state  
180 needs to do. This process will be a one-year, open, transparent discussion on the  
181 best ways of keeping operations going. He acknowledged that the Agency will need  
182 help from DAS, the Governor's office, and the Legislature throughout the process.  
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184 The Board and Whitman discussed the upcoming process, including:

- 185 • Ensuring the critical functions of the Agency continue. Board members noted  
186 that providing geologic hazard information to communities, impacts of  
187 Agency work on economic development, and other functions are important  
188 to the state. Whitman said the process is an opportunity to discuss all these  
189 related pieces fit together, and how to integrate them.
- 190 • Agency stability. Board members expressed concern about the one-year  
191 budget creating a sense of instability for the second year. Whitman noted  
192 that the second-year funding does still need to be set aside. Board members  
193 emphasized identifying a stable source of funding as necessary for the long-  
194 term. Whitman said the committee will be taking a thorough look at  
195 operations in a deliberate, crafted process and making recommendations on  
196 stabilization.  
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198 McConnell outlined the Agency's Policy Option Packages (POPs). Phipps noted that  
199 though it's been said there are no predetermined outcomes to the directive to  
200 create a plan for stabilizing funding and reorganization, there is definite language in  
201 the one year funding POP. Creating consistent and clear messages about the  
202 planning process will be important, she said, and asked that the one-page budget  
203 summary be revised to indicate all options will be explored.  
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205 c. **Richard Whitman and the Board will discuss recruitment for**  
206 **DOGAMI Executive Director and State Geologist: *Information Item***

207 Whitman said both he and the Governor are sorry to see McConnell depart. It is up  
208 to the Board to develop a recruitment process, but Whitman advises a slower  
209 process in order to ensure they find the right person, and to allow some additional  
210 clarity on the direction the Agency is going. Appointing an interim State  
211 Geologist/Agency Director, and having that person in place for some time, is an  
212 option, Whitman said. Givens said that the Board should appoint an interim as soon  
213 as possible, for stability. Knudsen noted that the Board is the decision maker on  
214 appointing an interim State Geologist, and would need to take that action at a Board  
215 meeting. Givens noted that the Board will want to coordinate with the Governor's  
216 office throughout the recruitment process.  
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218 9) **Set Time and Date for next meeting: (Board)**

219 February 13th, 2015 from 8:30 a.m. to 12:00 p.m. at the Portland offices.

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**10) Additional Public Comment:** (three minutes limit per person unless otherwise specified at the meeting by the Chair)

No public comment was made.

**11) Adjourn for Lunch**

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

Chair Givens called the Planning Session to order at 1:30 p.m.

**12) Board Planning Session:** (Board, Staff and invited guest)

- a. **Michael Jordan, Oregon Chief Operating Officer, will meet with the Board to discuss potential impacts of a one year budget processes and expected outcomes. With the new strategic plan in front of the agency and the task in the Governor’s Recommended Budget to develop a plan for stabilizing the agency administrative foundation, the Governing Board will conduct a planning session to discuss the concept for alternative funding and/or agency structure. From the GRB: *The budget maintains the current programs and additional investments in the department during the first year of the biennium, and directs the agency to prepare a plan to consolidate agency functions into one or more larger agencies such as the Department of Environmental Quality (DEQ). Agency consolidation will mitigate revenue instability, provide the department with increased administrative support and reduce overhead. Additionally, agency consolidation will increase alignment between regulatory programs within the natural resource program area: Information Item***

Jordan stressed that there is no preconceived notion of what the Agency should look like. The process ahead will be looking at efficiency and effectiveness in administrative services. A formal project plan will be developed and a steering committee created. Jordan said his hope is that a committee can be convened by the end of January, and the project plan be developed and implementation begin. He noted that there may be two separate teams guiding the process – a steering committee, and also a core project leadership team.

Topics discussed included:

- Structure of the process. Jordan noted that DAS will have operational and project oversight, with Whitman representing the Governor as the decision-maker; the Governor’s office and DAS will work closely together. Agency staff will provide content expertise. Stakeholders will also be considered, as will engaging with Legislators. Phipps noted that the process will be good to go through, given that the Board discusses similar issues every two years during the budget process. She asked that the process be kept as simple as possible.

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- Continuing Agency work. Board members raised concerns that the process would impact the Agency’s ability to do its work, and potentially impact the bottom line, especially with multi-year contracts. Jordan stated that he does not see an outcome where the capability of the programs is going to go away, or deliverables are going to go away, and the Agency will continue to do the things partners are funding. He also does not see that the Agency’s capacity and expertise exists in other agencies – there is some administrative duplication, but not in programs. The point of the process is not to eliminate programs, but to become fiscally sustainable. He said it is very likely no Agency staff will be out of work.
  - Good communication at all levels. Jordan and the Board discussed the importance of active, clear, ongoing communication with staff, partners and clients, and other stakeholders throughout the process. Developing communication plans, messages and tools should be a priority, Jordan said.
  - Identifying potential committee members. Jordan said identifying stakeholders and potential committee members is a good first step. The Board discussed the potential makeup of the project steering committee. Broadly, they indicated the committee should include two board members, and representatives from fee programs, federal partners, local governments, NGO, the lidar community, agency partners, staff. The Board asked staff to put together a list of names, and to gather input from all staff on who should be on the committee.

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b. **Discussion of setting process and timeline for recruitment of DOGAMI Executive Director and Oregon State Geologist: *Information Item and Potential Action Item***

The Board expressed concern with attracting a competitive candidate pool, given that one potential outcome of the process is Agency restructuring. Jordan noted that they can request clarification on the future of the State Geologist position from the committee, and use that to reduce uncertainty for candidates.

Board members said again they agreed with Whitman’s previous statements regarding not conducting a hurried recruitment – they want to get the best candidate for the job. The recruitment will be discussed further at the next Board meeting.

**13) Board Adjourns**

Chair Givens adjourned the meeting at 4 p.m.

**Action Items:**

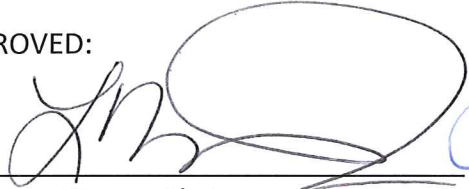


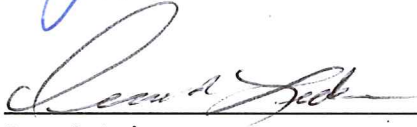
1. Staff will draft and circulate new Strategic Framework language, reflecting how the framework will be used to guide agency plans and decisions, for Board to review.
2. Staff and DAS will provide recruitment material examples and resources to provide a starting place for future Board discussion.



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- 3. Staff will revise the one-page Budget summary to reflect that all potential Agency models will be considered.
- 4. Staff will compile a list of potential steering committee members, with input from all Agency staff.

APPROVED:

	
_____ Larry Givens, Chair	_____ Lisa Phipps, Vice Chair
	
_____ Laura Maffei	_____ Dennis Luke