

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

TUESDAY, FEBRUARY 6, 2007  
PORTLAND STATE OFFICE BUILDING - ROOM 965

**(1) Call to Order:**

Chair Donald Haagensen called the meeting to order at 12:30 pm. The meeting was preceded by a work session for the Governing Board Key Performance Measures from 9:00 to 12:00, and lunch from 12:00 to 12:30.

**(2) Introductions:**

Board Chair Donald Haagensen, Vice Chair Steve Macnab, Board Members Vera Simonton and Barbara Seymour were present. Assistant Attorney General Larry Knudsen was present, as were DOGAMI staff members Director Vicki McConnell, Assistant Director Don Lewis, Assistant Director Gary Lynch, Fiscal Officer Charles Kirby, and Administrative Assistant Carol DuVernois.

There were no members of the public present.

1           **(3) Approval of Governing Board Minutes for November 14, 2006.**  
2           **Motion: Steve Macnab moved to accept the November 14, 2006 minutes as**  
3 **written. Barbara Seymour seconded the motion. No further discussion. The**  
4 **motion carried.**

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6           **(4) Board Business:**

7           a. Governing Board Recruitment Update:

8           Haagensen reported that a letter was sent to the Director of the Governor's  
9           Natural Resource Office, Mike Carrier outlining the recommended three final candidates  
10          for the Governing Board. First choice is Charles Vars, followed by Jake Gibbs, and third  
11          choice Charles Wassinger. Haagensen briefly outlined each candidate's qualifications  
12          and the reasons behind their rankings. The Board is now waiting for the Governor's  
13          office to respond, and are hoping to have a new member confirmed before the next  
14          meeting in May.

15          b. Adoption of Performance Measures:

16          The Board did not feel they had gotten far enough along in the morning work  
17          session for their Key Performance Measures to formally adopt them. They had a  
18          question about their responsibility for fiscal oversight of the agency, whether they were  
19          directly responsible for contracts and agreements or whether they had the authority to  
20          delegate responsibility to someone in the agency. AAG Knudsen will investigate and  
21          report back to McConnell, who will pass the information to the Board.

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23          **(5) Budget and Legislation Update:**

24          a. Present the Governor's Recommended Budget (GRB) for Agency:

25          McConnell outlined the budget and HB 5514, the budget bill. Budget was  
26          presented to DAS and LFO two weeks prior to the meeting. The Governor  
27          recommended, after reviewing the Agency Budget Request and the Appeal of the  
28          recommendations, that they accept the budget as submitted by the agency, which  
29          included cost of living and inflation accommodations. The primary addition to the GRB is  
30          part of the LIDAR Policy Option Package (POP), with 4.3 million awarded as a

31 Certificate of Participation (COP), which would need to be paid back over 3 biennia, with  
32 no monies coming from the General Fund for requested Staff support. Pay-back would  
33 be included in future DOGAMI budgets, with a million dollars in interest, which the  
34 agency would not be able to absorb. At the HB 5514 (budget) presentation, the agency put  
35 forward several other ideas of what to do with the LIDAR package. McConnell  
36 said that the Ways & Means subcommittee does not think the COP is a good way to pay  
37 for LIDAR, and understands the agency's reticence to take on the debt. They also are  
38 reluctant to send the POP to some other agency, so DOGAMI will be the agency that  
39 gets the LIDAR POP. The agency must develop a series of models of how to pay for it,  
40 from a straight COP, straight General Fund, to some type of Challenge Grant, or other  
41 plan. We will be working with the W&M subcommittee to craft payment options.

42 The Oil & Gas LC didn't go through, so there is no POP in the GRB for the Oil &  
43 Gas fee re-structure. It will be dealt with separately. The essential budget has not  
44 gotten an increase in the General Fund this time, which is somewhat disappointing.  
45 With 61% of the General Fund going towards Education this time around, the agency is  
46 not high on the Governor's priority list.

47 The agency has completed the HB 5514 presentation. The committee  
48 was not able to get to a work session as yet, but have tentatively scheduled one for  
49 February 22<sup>nd</sup>. The presentation was very well received and geared around the  
50 agency's performance measures. McConnell briefly outlined the presentation which is  
51 available on the website. She also outlined staff allocations in relation to 10 Key  
52 Performance Measures, pointing out that in order to accomplish several KPMs, the  
53 agency is largely dependent upon project funds, not General Funds.

54 b. Legislative Briefing:

55 Gary Lynch and Larry Knudsen discussed SB 149 and the Oil & Gas program.

- 56 1. SB 149 - discussed below.
- 57 2. HB 5514 - discussed above.
- 58 3. Oil & Gas Program Legislation and Other

59 Lynch briefed the Board, saying that the agency lost the Oil & Gas Legislative  
60 Concept; but is working with Governor's Office and legislators to get a bill into legislation  
61 soon. A Public Meeting was held in Coos Bay a week prior to the Board meeting about  
62 the Oil & Gas Legislative Concept and how it would benefit regulation of Coal Bed  
63 Methane.

64 Lynch outlined the bill process, and the fee structure being set up in the bill. He also  
65 said they are trying to strengthen environmental protection by moving the reclamation  
66 plan to the permitting stage, instead of after mining. Technical terminology needs to be  
67 refined in the legislation. Lynch believes the bill is probable, and will try to expedite it as  
68 soon as possible. The aggregate industry is subsidizing oil & gas permitting and  
69 regulation at this time, and this is an effort to clean up the statutes and develop a modern  
70 regulatory model.

71 SB 149 - Draft Dash One Amendments. Key points: Streamlining the  
72 language of the bill and strengthening the exemption clause so MLRR can get rid of  
73 flagrant abuses. An objection that the League of Women voters had about some of the  
74 language in the bill, specifically, language about leaving abandoned mine sites open that  
75 still have mining potential, was changed to allow the site to remain open for up to one  
76 year. The Farm Bureau had concerns about ground water language in the bill, so the  
77 agency responded to their concerns and the Farm Bureau is satisfied with the changes.

78 Knudsen outlined some of the criminal penalties in the bill, giving the  
79 reasons behind the \$10,000 fine. The bill will also give the agency greater authority to  
80 penalize for mining outside of excavation boundaries such as buffers and setbacks.

81 Lynch said that the Association of Oregon Counties had concerns about some of  
82 the language, but he clarified the meaning for them and they are satisfied. At this point,  
83 all stakeholders are on board with the bill. Knudsen will finalize the Dash One  
84 Amendments to be submitted to the Senate Energy and Environment committee.  
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86 **(6) Report of the State Geologist:**

87 McConnell noted that Board members should be receiving a weekly legislative  
88 tracking sheet by email. The agency is working with LFO and the legislative  
89 subcommittee to set up a sub-account for MLRR so that there will be money enough to  
90 run the aggregate program for somewhere between 3 and 6 months; between \$300k  
91 and \$500k. There were many letters supporting several of the agency's programs, and  
92 letters from the Joint Emergency Preparedness Committee advocating the Tsunami  
93 Inundation Mapping acceleration program and some emergency preparedness work.  
94

95 a. State of the Agency:

96 McConnell handed out a memo summarizing the state of the agency, including  
97 primary project grant approvals, project milestones, publications and database  
98 completions, agency synergy, and Congressional bill tracking. She noted that for  
99 Statemap 2007 we will receive money, but are not sure how much yet. The agency will  
100 be collecting 2300 square miles of LIDAR data, representing nearly \$1 million in data  
101 collection funds, leveraged from about \$50,000 in DOGAMI funds and staff time. She  
102 handed out a sheet showing the areas where LIDAR will be collected, the partners  
103 involved, and the funding. She said that Ian Madin, Don Lewis, and the technical  
104 mapping team have all been doing an outstanding job on the LIDAR project.

105 Klamath Basin geologic mapping has been delayed due to a staff medical issue,  
106 but the staff member is now back and we are confident we will get the project finished  
107 sometime this spring.

108 McConnell and Lynch have been testifying in committees and visiting with  
109 legislators.

110 DOGAMI Management and Staff met with the State Geologist and Deputy State  
111 Geologist of Washington and discussed mutual issues. The meeting was quite fruitful  
112 and she hopes to have more of those one-on-one meetings in the future.

113 Met with Samuel Johnson, Program Manager for USGS Marine & Coastal  
114 program, and discussed how both agencies are in competition for similar projects on  
115 coastal issues.

116 Agency Synergy: Both programs met with BLM and the Forest Service and  
117 discussed a variety of cooperative issues, mapping, LIDAR, project coordination, etc.

118 There has been internal conversation regarding updating aggregate resource  
119 and production publications and how to help the state have a productive discussion on  
120 the policy of aggregate, agriculture, resources and economics. Met with other natural  
121 resource agencies and the Governor's Office about this issue; the GO was receptive and  
122 are working on a policy paper.

123 Agency is tracking several Congressional bills, similar to bills tracked for the past  
124 four years. National Geologic Mapping Reauthorization Act has been re-introduced and is  
125 out of the Senate Subcommittee already. Tsunami Hazard bill passed in the last  
126 Congress. Ice Age Floods National trail bill has been reintroduced.

127 b. Agency Strategic Plan review process:

128 The current Agency Strategic Plan runs to 2009. Board and staff should begin  
129 the process of getting a new Strategic Plan in place. We could consider using the last two  
130 Governing Board meetings of this year to collect public input on the Strategic Plan.  
131 McConnell suggests completing the draft in mid-2008 so it will be ready to go in 2009.

132 Macnab suggested coordinating the timeline so that the Strategic Plan process is  
133 finished before the budget process begins. The question was brought forth as to  
134 whether the current Strategic Plan should be revised or a new one should be drafted.  
135 The missions and goals will remain the same, but the question is if the strategy to  
136 accomplish them will remain the same or not. The Board decided to refresh their  
137 memories of the current plan and discuss this issue at the next meeting.

138 The Board believes that public input will be an important component of the  
139 process. Regional public meetings were suggested, to include targeted industry groups,  
140 stakeholders, other public agencies, etc. to provide input as to what they believe the  
141 important issues are for agency. Aggregate producers, DEQ, Water Resources, League  
142 of Oregon Cities, the counties, and neighborhood associations were also suggested as  
143 potential outreach targets. Don Lewis cautioned that it is important to find a balance of  
144 inputs, so that the needs of all the agency's customers are met. We can provide a list of  
145 who we think our various customers are and send notices to them about the public  
146 meetings. McConnell will draft a process and timeline before the next meeting.

147 c. Natural Resource Policy Issues Update:

148 Climate Change: Governor's task group; the agency was not at the table, but  
149 there were no state agencies at the table. The agency did testify for them about coastal  
150 erosion and sea level change, making recommendations and telling them about some of  
151 the data we've collected. As there are more changes in the climate, there will be more  
152 issues arising that will need good geologic information.

153 McConnell discussed a memo from Water Resources regarding meeting future  
154 water supply needs. The project will try to assess future water needs, inventory potential  
155 storage sites, and analyze conservation opportunities in relation to climate change.  
156 McConnell sees an opportunity to help Water Resources push the project forward and  
157 supply them with basic geologic data they will need.

158 She also discussed a memo from the Governor's Office about the Oregon Coast  
159 Coho conservation plan in which the Governor thanks various agencies for the help they  
160 provided in pushing this plan forward and getting the fish off of the endangered species  
161 list.

162 McConnell explained Executive Order 07-02: Office of Rural Policy and Rural  
163 Policy Advisory Committee, which lays out geographic definitions of rural areas and the  
164 responsibilities of the office. McConnell suggested that she invite the Director of the  
165 Office of Rural Policy to visit the Board to explain Rural Policy to the Board and discuss  
166 what the agency could offer his Office. She thought it could be good training for the  
167 Board as well to hear his thoughts on the economic development of rural Oregon.  
168 Haagensen thinks that since the agency is not included in the Advisory Committee that it  
169 is obvious to him that whoever put the committee together does not know what the  
170 agency does, and that a meeting could be used as an opportunity to educate the director  
171 about the agency. McConnell will distribute copies of the Executive Order to the Board.

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173 d. Sundance Rock Contested Case Update:

174 McConnell outlined where the case stands. The proposed order has been  
175 issued, Sundance withdrew its exceptions to the proposed order based on a stipulation,  
176 and the stipulated order was signed. There is now a disagreement between the attorney  
177 for Sundance, Mr. Stark, and the DOJ office on whether the stipulation prevents the  
178 Board from finalizing the proposed order. Our AAG says withdrawal of the exceptions  
179 allows that to happen in the normal course and nothing in the stipulation prevents it. Mr.  
180 Stark says he thought no final order would ensue which would leave the proposed order  
181 in limbo. We are trying to work this out with Mr. Stark and have the matter back before  
182 the Board at the next Board meeting. Mr. Stark doesn't want the order to become final

183 because it might affect the other litigation. However, things are progressing in a positive  
184 manner.

185 **(7) Regulatory Issues:**

186 Gary Lynch presented a very brief update: Rock & Ready is now in  
187 compliance. The number of inspections is going back up and the program should be on  
188 1500 inspections for the biennium. Howard Quarry is still under the limited use  
189 exemption.

190 **(8) SB 2 Project Update:**

191 Don Lewis gave a brief presentation outlining the timetable for the project. We  
192 should have a draft report in March. We are hoping to compress the final push into a  
193 shorter time period to accelerate completion of the project by mid-April and get the report  
194 to the legislature while they are still in session. There is a meeting March 2<sup>nd</sup> with the  
195 steering committee to alert them to what is coming and to get their ideas of what impact  
196 this report may have on their agencies. The agency needs to prepare for the complaints  
197 and criticisms that will inevitably follow the release of the report.

198 The main problem we foresee is that there is no grant program group to hand the  
199 report to, so we may issue this report and it will just sit on a shelf. Also, the amount of  
200 work that has gone into what will become a very simplified report and database will not  
201 be realized. Another major frustration is that the report will spur questions about the  
202 grant program that we cannot answer, such as are there matching funds required, and  
203 can those requirements be waived. Since we are the only entity associated with the  
204 report at this point, we will be getting the questions. We are concerned that we may be  
205 swamped with requests for information, but have a lack of support on how to deal with  
206 inquiries. We will be meeting with Senator Courtney to discuss this issue and he is also  
207 invited to the March 2<sup>nd</sup> meeting.

208 Haagensen is concerned because we have carried out the responsibilities the  
209 legislature has assigned to us, but when we report back to the legislature, we won't have  
210 a role past that point. We know we will get a lot of questions, but we don't have any  
211 direction on how to respond, and we shouldn't be put in the position to presume to know  
212 what the legislature wants to do next. The next steps are important, but the legislature  
213 and Governor have not yet decided what to do. We also do not have any direction from  
214 the Governor's Office on how they would like the report released.

215 McConnell is hoping to present the report to the Joint Committee on Emergency  
216 Preparedness and Ocean Policy. Lewis noted that the big stakeholder is the  
217 Department of Education, and they are aware that the report is coming out, but they  
218 specifically asked the agency to not contact any school district. The agency is planning  
219 to have a Press Conference announcing the release. James Roddey will prepare a  
220 campaign packet for the media, school districts, school boards, and other involved  
221 agencies.

222 **(9) Setting of time and place of next Board meeting:**

223 The next Board meeting will be in either Hermiston or Boardman on either Friday,  
224 May 4<sup>th</sup> or Saturday, May 5<sup>th</sup>. Details to be determined. Ideas include having a no-host  
225 dinner the night before, with a presentation by a city or county agency to spur dialogue;  
226 having a field trip on either Friday or Saturday; having a Friday evening meeting or  
227 Saturday morning meeting.

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229 **Action needed: (with no order of priority)**

- 230 1. Time and place for next Board meeting need to be finalized. Complete.  
231 2. All material from the morning work session will be sent to Dawn Farr at  
232 LFO after revisions are approved. After next meeting.

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3. Board will report on KPMs by August for Don Lewis to include in his September report. Ongoing.
4. McConnell will synthesize a "defined process" for hiring a director for the Performance Measures and send it to the Board. Complete.
5. McConnell will refine the process for the Board KPMs and distribute to the Board. Complete.
6. Knudsen will investigate whether the Board is directly responsible for contracts and agreements or if they are able to delegate responsibility to someone in the agency. He will report his findings to McConnell, who will pass the information to the Board. Complete.
7. McConnell will draft a timeline for the Strategic Plan revision process in conjunction with the budget process. The Board will refresh themselves with the current Strategic Plan and discuss whether to revise it or draft a new one at the next meeting. Ongoing.
8. Board and Staff will try to identify a list of various customers, communities, agencies, and stakeholders to contact regarding public feedback about our next Strategic Plan. Ongoing.
9. Copies of Executive Order 07-02 regarding Rural Policy will be sent to the Board: Complete.
10. McConnell will invite the Director of the Office of Rural Policy to speak to the Board. McConnell will report to Board at meeting.
11. All copies of materials used/handed out at the March 2<sup>nd</sup> SB2 meeting will be distributed to the Board. Complete
12. Roddey will craft a campaign packet for school boards, districts, media, etc. regarding the SB2 report. Ongoing

**(10) Additional Public Comment:**

McConnell presented an article faxed to the agency from Geoff Garcia, a geologist from Merlin, regarding mining in Canada.  
There was no additional public comment.

**(11) Adjourn:**

Meeting was adjourned at 3:15 pm.

APPROVED:

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Don Haagensen, Chair

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Steve Macnab, Vice Chair

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Barbara Seymour

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Vera Simonton