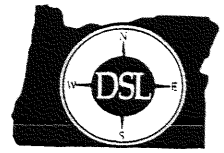


Oregon



DIVISION OF
STATE LANDS

The Oregon State Land Board met in regular session on February 13, 1996 in the Land Board Room of the State Lands Building, 775 Summer Street N.E., Salem, Oregon 97310.

Present were:

John Kitzhaber	Governor
Phil Keisling	Secretary of State
Jim Hill	State Treasurer
(State Treasurer Hill participated by phone from Washington, D.C.)	

STATE LAND BOARD

JOHN A. KITZHABER
Governor

PHIL KEISLING
Secretary of State

JIM HILL
State Treasurer

775 Summer Street NE
Salem, OR 97310-1337
(503) 378-3805
FAX (503) 378-4844
TTY (503) 378-4615

<u>Assistants</u>	<u>Staff</u>	<u>Dept. of Justice</u>
Paula Burgess	Paul Cleary	Bill Cook
Cynthia Griffin	John Lilly	
Rollie Wisbrock	Steve Purchase	
	Gary Van Horn	
	Jenifer Robison	
	Gail Lowry	
	agency staff	

Governor Kitzhaber called the meeting to order at 9:05 am. The topics discussed and the results of those discussions are listed as follows. Further details of the discussions may be obtained in the written transcript of the meeting available at the Division of State Lands, 775 Summer Street N.E., Salem, Oregon 97310 (phone: 378-3805).

Wilsonville Tract Request for approval to amend the July 1994 Wilsonville Tract Management Plan.

Director Cleary said the request is for amendment of the management plan adopted in July 1994 covering a tract of 250 acres in Wilsonville. The Division of State Lands purchased the tract from the Department of Administrative Services' Surplus Property Program using trust money in March 1993.

During the Fall of 1994, the Division solicited proposals for use of the property. The proposals being considered are 1) a consortium of the City of Wilsonville, METRO, West

Linn-Wilsonville School District, Clackamas County and Kelly Farms; and 2) the Tualatin Valley Water District (TVWD). Both proposals would like to include land purchase options in their lease agreements, which the current management plan does not allow. Cleary stressed that the Board is not being asked to sell the property at this point, but to amend the management plan to provide for a potential sale at a later date. He said, if one of the lessees decided they would like to purchase the property, the Division would at that time return to the Board for their consideration of the sale at the current fair market value of the property.

Jerry Krummel, Mayor of Wilsonville, thanked the Board for putting the purchase option on a fast track, and noted that DSL staff have tried hard to find a middle ground between the competing interests of METRO and TVWD. However, he said the City of Wilsonville considers the Division's proposal to allow a water treatment plant on the property unacceptable and, on behalf of the citizens of Wilsonville, asked the Board to reject the Division's proposal. He said if this multi-use proposal is approved, the tract would be broken up in such a way that it would no longer serve the purpose intended by the City's proposal, which is to protect and preserve the entire parcel as an urban park. Krummel said Division staff are assuming that a water treatment plant and other uses can coexist within this greenspace. He said the City does not consider the water treatment plan to be a compatible use with the greenspace proposal.

Krummel said the City originally submitted several different options, prior to the METRO's open space bond measure being passed by the voters. He said, had they known the bond measure would be passed, they would have submitted only one proposal--to preserve the entire tract, except for the school's portion, in its entirety. Krummel said METRO is willing to accept the Division's retention of the timber rights to the tract, but said they cannot compromise on the issue of the water treatment plant or the granting of road easements or other urban uses on the Wilsonville tract.

Krummel said the Board must now determine whether the proposal before them is in the best interests of the people of the State of Oregon. He suggested the Board approve an outright sale to METRO and not allow a lease to the TVWD for the water treatment facility.

Charlotte Lehan, President of the Wilsonville City Council and member of the Board of Directors of the Wetlands Conservancy, said this is the fourth time she has testified on this issue--the first time being in favor of the Board acquiring the tract, rather than it being sold to a private golf course developer. She said she participated with other citizens in the development of the Division's draft management plan. Lehan reviewed a number of options that had been dropped from

consideration in the plan after public opposition. She said no mention had been made up to that time of a water treatment plant. She commented that the final plan included the new option and that the water treatment plant had not had much public review. She recommended the Division not go forward with allowing the water treatment plant on the parcel, but stressed that, if it is considered, public hearings must be held.

Lehan said no one has worked harder than she has at trying to maintain the parcel intact. She said the parcel being offered to METRO today is so fragmented that it may no longer be considered for a regional park. If left intact, she said, it is one of the few open-space gems remaining in such close proximity to the metropolitan area. Lehan said an outright sale of the entire tract to METRO, minus the school site, would be the common sense approach and the right thing to do.

Lehan distributed two maps as exhibits, one showing the Division's multi-use lease and reservation proposals which fragment the parcel and another with METRO using the entire parcel for a regional park, minus the school site.

Governor Kitzhaber reminded those present that the decision before the Board is not to sell the property at this time, but only to include the option to purchase within the proposed lease(s).

Mike Burton, METRO, said that the Wilsonville Tract is one of 14 areas targeted for purchase after adoption of the METRO bond proposal for regional open-spaced acquisition. He said the area deserves to be set aside for an open space regional park.

Burton said METRO supports the provision in the current management plan stating that logging will not occur. He added that including stumpage value in any future consideration for purchase price would be a conflict of interest--characterizing this as being one public agency paying another public agency for something that they said they wouldn't cut in the first place. He asked the Board to move forward with a plan that will satisfy both the voters' interest in the area and provide for good management.

Burton said he has directed his staff to expend the moneys approved under the bond measure within three years. Since the price of land is going up, and development increasing, there is a need to try to preserve open space areas as quickly as possible.

State Treasurer Hill asked whether METRO has a position on the location of the water treatment plant on the property. Burton said they do not. He said they would prefer to purchase the entire parcel. He said if a treatment plant were sited there, access to the property would need to be made available and they

have concerns regarding the construction of those roads. He said a water treatment plant needs to be built somewhere. He noted the City of Wilsonville has provided an alternative location.

Secretary of State Keisling asked, if METRO acquired the bulk of the property, whether an easement could be built across the property as a matter of legal right, or if METRO would have to give permission for the easement.

Jim Desmond, METRO, said it is not so much a legal concern whether they could grant an easement, but more a question of whether it defeats the open space purpose for spending public money for buying the property. One of the issues with the easement is not knowing where it might be placed on the property.

Director Cleary clarified that, while under the current management plan logging wouldn't be a standard practice, there were certain conditions under which some logging could occur. He said the Board could also choose to amend the plan at a later date and provide for more extensive logging on the tract. He stated that METRO should consider whether they need to acquire all the property rights associated with the tract including the timber.

Cleary reported that TVWD's evaluation of alternative sites should be completed by the end of the month. Cleary said the proposed leases would be circulated for public review within the next 30 days. He said discussions will continue with both lease applicants to help clarify the issues and identify opportunities for resolving the matter.

Secretary of State Keisling moved approval of the request to amend the Wilsonville Tract Management Plan. State Treasurer Hill seconded the motion. He then asked when the TVWD plant came into the picture and whether it had been part of the planning process. Assistant Director John Lilly said the idea for the water treatment plant came forward as the management plan process was coming to a close. It was not discussed in the public meetings that were held, though it had been discussed at the Land Board meeting. The Board unanimously approved the request to amend the plan to allow for potential sale or exchange, subject to further Board approval.

Short-Term Request for approval of a new short-term
Agenda agenda for the State Land Board and the
Division of State Lands.

Director Cleary said this item is a request for approval of the action plan for the next 24 to 36 months, covering the broad spectrum of Division responsibilities and programs. He said the plan was circulated for public review in November. No comments

were received, other than the need to revise the section regarding the implementation of the Asset Management Plan, to make it consistent with the revisions previously made in the Asset Management Plan itself.

State Treasurer Hill moved the Board approve the short-term agenda. Secretary of State Keisling seconded the motion and the approval was unanimous.

NHAC Request by the Natural Heritage Advisory Council and the Oregon Parks and Recreation Department for approval of the dedication of four sites: Saddle Mountain, Netarts Spit, Cape Meares, and Cape Blanco, as Natural Heritage Conservation Areas.

Director Cleary explained that each of these four sites were previously registered as natural areas in the Oregon Register of Natural Heritage Resources. This is a further step for dedication of special management to protect the natural heritage values of these sites. Hearings have been held and the Parks' Commission has approved the sites for dedication.

Stephen Anderson, chairman of the Natural Heritage Advisory Council, said this sets a good precedent for future dedications of other Parks' lands and state lands with significant natural values. He urged the Board to approve the request. Secretary of State Keisling moved approval of the item. State Treasurer Hill seconded the motion and the approval was unanimous.

Consent Agenda

NHAC Request by the Natural Heritage Advisory Council for State Land Board approval of the addition of a tract to a site listed on the Oregon Register of Natural Heritage Resources.

Land Exchange Request for approval of an exchange of mineral estate owned by The Board of Forestry for mineral estate owned by the City of Forest Grove.

Land Sale Request for approval of the sale of the mineral estate underlying land previously owned by the Oregon Department of Energy.

Minutes Request for approval of December 12, 1995 minutes of State Land Board meeting.

Director Cleary briefly explained each of the Consent Agenda items. State Treasurer Hill moved the Consent Agenda be approved. Secretary of State Keisling seconded the motion and the approval was unanimous.

**Asset
Management**

Report on implementation of the Asset
Management Plan.

**Salmon
Recovery**

Briefing regarding the Division of State Lands'
participation in the salmon recovery
initiative.

Land Sale

Report on potential sale of Common School Fund
land near Prineville to the Oregon Youth
Authority.

Director Cleary said the written reports of the above items were
in the Board's notebooks. The Board had no comments regarding
these informational items.

Rulemaking

Director Cleary said this is advance notice to the Board of
potential temporary rulemaking for a general authorization for
small scale recreational placer mining. He said this temporary
rule would provide a general authorization process for small
scale recreational placer mining (using motorized, surface
dredges with an intake smaller than four inches) in essential
salmonid habitat. Cleary said the agency believes that a
general authorization approach would provide a more streamlined,
efficient and consistent regulatory scheme and said specific
authorization conditions would be set to minimize any impact.

Cleary said the temporary rulemaking would prevent overloading
staff permitting capabilities, which is of particular concern
given the extensive permitting workload associated with the
flood recovery. This would allow staff to continue to focus on
those activities that have the potential for significant
environmental impact.


Cleary said the agency plans to develop the proposed temporary
rule over the next few weeks, discuss it with stakeholders, then
either schedule a special meeting of the Land Board or report to
the Land Board's assistants and operate under the Director's
delegated authority to promulgate rules under the removal-fill
program.

He said the temporary rule would be in place for 180 days as a
test period. After this time period, a determination will be
made to consider permanent rulemaking. Cleary said the
temporary rule decision will be made carefully, since this is
tied closely to our salmon recovery initiative efforts and the
need for protection of the resources in these essential habitat
areas.

Governor Kitzhaber adjourned the Board at 9:50 am.



Paul R. Cleary, Director



John A. Kitzhaber, Governor