



PUBLIC LANDS ADVISORY COMMITTEE
Mt. Mazama Conference Room at DAS
1225 Ferry Street, Salem, OR 97301

MEETING MINUTES –September 7, 2007 1:30 p.m. – 3:30 p.m.

MEMBERS PRESENT:

Tom Byler, Chair
George Gilman, State Representative
Thomas Sjostrom, Real Estate Management
Susan Aldrich, Land Use Planner
Louise Solliday, Executive Branch

MEMBERS NOT IN ATTENDANCE:

Jackie Winters, State Senator
Evelyn Stepp, Real Estate Licensee

OTHERS PRESENT:

Fred Lord, DAS Facilities Division
Elaine Schacher, DAS Facilities Division

Bob McKee, Dept of Forestry
Rick Rogers, Dept of Forestry

A1. OPENING REMARKS / ADMINISTRATION:

Tom Byler, Chair, called the meeting to order at 1:30 pm. Chair Byler welcomed two new members, Susan Aldrich and Louise Solliday. All members introduced themselves.

Fred Lord gave a brief overview of why the Public Lands Advisory Board exists and what the Board member responsibilities are. Fred distributed a copy of ORS 270 and Administrative Rule 125-045-0200 through 0270 that provides for the establishment of the Public Lands Advisory Committee (PLAC) and its authority. The statute states that PLAC is advisory to the Department of Administrative Services (DAS) on real estate issues over which the Department has authority. In the last rule making session, 125-045-0250 (4) was added which explicitly states that this Committee has the ability to request other agencies to update this Committee regarding their land inventories and their processes for evaluating whether the property is needed to support an agency's mission. The statute clearly states in **ORS 270.010 Policy**. (1) It shall be the policy of the State of Oregon to hold in state ownership no more state-owned real property than is necessary to conduct official business, with allowance for reasonably foreseeable demands of the future. The acquisition, sale, exchange, lease, retention and management of state-owned real property shall be subject to a statewide plan that will encourage the transfer through sale or lease of state-owned real property already in state ownership to private ownership and use to minimize state investment in such land and place such land on the tax rolls.

Three years of investigative hearings with state land-owning agencies resulted in the 2006 PLAC Report. An Executive Summary of the Report was distributed to all members of the legislative assembly.

Chair Byler added that part of the impetus of the journey that the PLAC has been on is the result of the 2005 legislative session. The legislature identified an interest in having a review of surplus state lands with the notion of selling off any surplus lands to generate revenue. This Committee then became the vehicle for examining those questions and that was the reason for the report and the expansion of PLAC's responsibilities. There continues to be an interest in these issues but the Committee has learned that the landscape is a lot more nuanced and complex than it would appear at first glance in terms of the different authorities that state agencies have relative to land ownership. Later in this meeting, as part of agenda item D, this Committee will start casting its gaze to the future in terms of how PLAC wants to focus on some of these issues over the next year.

Chair Byler asked if there were comments, questions, or concerns regarding the minutes. None were presented.

A2. Approval of minutes for April 6, 2007 meeting:

Chair Byler asked if there were comments, questions, or concerns regarding the minutes. Hearing none, *Chair Byler* asked for a motion to accept the minutes.

Motion:

Tom Sjostrom moved to adopt the minutes as presented.

Tom Byler called for a vote on the motion. The motion passed unanimously.

Property Acquisitions – None

Chair Byler asked if DAS anticipates any acquisition action items in the near future.

Fred Lord responded that he is not aware of any at this time.

Q – *Susan Aldrich* asked if the only acquisitions that come before this Committee are those that DAS handles on behalf of itself or another agency.

A – *Fred* responded that this is correct and gave examples of two acquisitions that came before this committee: DAS acquired land for DEQ in Hillsboro for the Lab and DAS acquired land and a building near Clackamas Town Center for the State Police and Medical Examiners facility.

Q – *Louise Solliday* asked if the Department of State Lands (DSL) would be bringing any land acquisitions before this Committee.

A – *Fred* responded that only those acquisitions where DAS has review authority would be presenting. The DSL is one of the exempt acquiring agencies as is ODOT. Two members from the Department of Forestry (ODF) are with us today to discuss an administrative land disposition. This agency is exempt from reporting on their forestlands but not on administrative lands.

Q – *Chair Byler* asked if there is a value threshold as well.

A – *Fred* responded that there is a threshold of \$100,000. If the value of the real property is \$100,000 or less, the agency is not required to report to PLAC.

C. Property Dispositions**C1. Oregon Department of Forestry (ODF) – Kids Sports Ball Field – Veneta, Oregon**

Bob McKee, Facilities Manager with the Oregon Department of Forestry and Rick Rogers, District Forester for ODF's Western Lane District, headquartered in Veneta, Oregon reported on this disposition.

Bob McKee reported that ODF has decided to dispose of approximately 6.5 acres of land adjacent to their Western Lane District Headquarters in Veneta, Oregon. The 30-day notice to agencies and political subdivisions has been completed. ODF received a notification of interest from the City of Veneta and Rick Rogers will describe the transaction.

Bob also advised the Committee that two proposed projects submitted by ODF to the recent legislative session were approved so ODF will have several property acquisitions within the next six months concerning the relocations of their Sisters office and their John Day office.

Rick Rogers displayed a map of the Veneta Compound and explained that ODF purchased the property in the 1940's and is trying to get this parcel down to the size that they really need. This sale, along with another piece of the original parcel that was sold a few years back, will accomplish that. The original use of the parcel in the 1940's (long and narrow) was an airstrip for landing small planes. ODF used that airstrip as part of fire protection back then. Now there has been urban development in Veneta and the citizens do not like planes coming in and out of there any more. Territorial Kid Sports Program has used the parcel for the past few decades as a baseball sports complex under a lease agreement with ODF. Territorial Kid Sports Program does all the management of the ball fields and it has been a good program for the city. ODF decided that this ball field does not fit their mission so they started talking to the City. This ball field is important to the City of Veneta for recreation so they want to keep it as a ball field. The process of sub-dividing the lot has begun and this sale will leave ODF with 7.2 acres, which is plenty for their needs.

Part of the reason ODF is selling this parcel is because they have buildings that are 50 to 60 years old that are falling apart and do not meet their needs any more. The sale proceeds from both parcels will fund the improvements needed on the Veneta Compound including refurbishing buildings and upgrading the infrastructure.

Q – *Chair Byler* asked the size of the parcel that ODF would retain ownership of and the current use.

A – *Rick* responded that ODF would retain 7.2 acres for use as the District Compound. The Compound contains the district office and fire apparatus storage amounting to approximately 13 buildings. ODF has developed a site plan and construction will be done in phases.

Q – *Tom Sjostrom* asked if this parcel appeared on the surplus lands list.

A - No

Representative Gilman commented that this gets to the key that this Committee must consider. This parcel was not categorized as 'surplus' property because it was 'in-use', yet it is surplus property. It is the obligation of this Committee to try to uncover those lands and let the Agencies know that this Committee is fine with agencies owning land they really need but they should not be doubling that acreage just because it is there.

Rick responded that the reason ODF did not put it on the surplus list is because they were actively using it for the Kids Sports Program.

Q – *Chair Byler* asked if ODF was looking for a buyer of the property at the time that the City originally approached ODF for the lease arrangement or was it in active use at that time.

A – *Rick* responded that it was in active use at that time. Actually, the Kids Sports Program approached ODF. An ODF employee was active in the program and this is how the land became a ball field. It is used for T-ball, kids' baseball and part of the area is a soccer field. When ODF talked with the city, they realized that selling it to the City was a more viable approach. It is important to the community and to the Kids Sports Program to keep it as a ball field.

Q – *Chair Byler* said that he understands their logic but the issue that this Committee struggles with is that every agency has a slightly different take on what 'surplus' means. One area that the Committee has been interested in is trying to get a shared understanding of what that word means. It is a complicated question and there are many different perspectives that are legitimate in terms of how agencies classify the lands. This is a good example of the nuances.

A – *Rick* responded that the other aspect is that ODF is now in the process of getting that parcel sub-divided. This land was all one lot. How does an agency determine surplus when the entire parcel is one lot? It is being sub-divided now so they are able to go through with the sale process.

Tom Sjostrom commented that he sees ODF's point. It would have been unfortunate if that parcel had been converted to a street and two dozen houses.

Q – *Representative Gilman* stated that he sees three ball fields on the map and asked about the use.

A – *Rick* responded that there are soccer fields and ball fields and the city already owns an adjacent parcel so they already are using part of the area for ball fields. The City recently purchased the land from the County.

Q – *Chair Byler* asked about the use of the buildings on the City parcel.

A – *Rick* responded that they are a County shop. When the City purchased the land, it became part of the City's ownership and they actually house their maintenance equipment in that building.

Q – *Tom Sjostrom* asked if the northern leg of the parcel is the access.

A – *Rick* responded: Yes, it is the current access.

Q – *Tom Byler* asked if ODF has a sense of the value of the property.

A – *Rick* responded that it was appraised for highest and best use, at \$355,000. The city was trying to get a grant from Parks for open land and there was a delay due to the grant timing. The appraisal is being updated based on the County Trend Line, which is an acceptable method, and the City agreed with using the County Trend Line. Rick spoke with the original appraiser to find out what he thought the new appraisal would be and the appraiser indicated it mirrored the County Trend Line...

Q – *Chair Byler* asked about the desired closure on this regarding deadlines.

A – *Rick* responded that ODF is waiting for the City to get their money. The grant was supposed to be awarded in September. The grant has been approved so the city needs to come up with the 25% match through donations.

Q – *Chair Byler* asked Bob McKee for a brief update on the disposition of the Elkton Nursery facility located on the Umpqua River

A – *Bob McKee* advised that ODF went through the notification process to agencies and political subdivisions. The Oregon Parks and Recreation Department (OPRD) indicated they were interested in acquiring the property. Parks went through an extensive evaluation that started in April, 2007. Within the past month, ODF received word that Parks is no longer interested in this site for location of a park. The most pressing reason that Parks did not want to go through with this transaction is due to the lack of support from the County. The next step for ODF is a public offering and working through the mineral rights issues with the Department of State lands and several other minor issues. ODF is currently developing their strategy for a public sale.

Q – *Chair Byler* asked if there is any indication that there will be any public interest.

A – *Rick* responded that there is quite a bit of interest from the nursery community. There is ornamental nursery stock interest as well as seedling stock interest from neighboring landowners. There is some interest among small seedling owners of maintaining some kind of speculative seedling growth there. ODF is now embarking on the final stage of putting the property out to the public. ODF will do a direct solicitation to eight to ten interested parties.

C2. Department of Administrative Services – Mill Creek Update – Gregory Parker, Land Transaction Coordinator

Greg Parker displayed a map of the Mill Creek Area and advised that he visited the property this morning with a potential buyer. He gave an overview for those Committee members who are new to the project and explained that this area is the old Correctional Farm Annex property from the prison system. Oregon Correctional Institute is located in Southeast Salem off Hwy 22 between Salem and Bend along Kuebler Blvd. This project has several different segments with different purposes. Phase 1B is the single largest contiguous rectangular property along I-5 from the Canadian border to Sacramento. It is unique and it has been the goal of the State to market this parcel to a single user. There is interest from the solar energy industry and other sustainability related industries. This type of use is also within the Governor's goals.

The State is asking \$125,000 per acre for this site for a total sale price of \$18,200,000. This was the site being negotiated with Wal-Mart before their business plan was revised. The State decided not to hold the property for them for future construction of a distribution warehouse. The parcel was re-appraised and the State is now asking more money for the property.

The parcels located south of Phase 1A are smaller. This area was previously zoned as Public Hospital, which is the zoning allowing construction of prisons. It is now zoned "Employment Center". It is an urban renewal district and the orange spots and lighter green areas shown on the map are delineated wetlands. An agreement has been entered into with the Department of State Lands, who represents wetlands in the State of Oregon and the US Corps of Army Engineers to get a permit for all the wetlands holistically, for which the State is responsible. This has never been done before, making this a unique situation. Instead of 20 different owners requesting a permit, only one owner, the State of Oregon will be responsible for mitigating all that wetlands. The State will start a mitigation plan soon with the US Corps of Army Engineers and the Department of State Lands. The flexible zoning code and the wetland mitigation permit make this an attractive parcel to developers because there are no roads that need to be approved or water and sewer issues to deal with. This is just one big lot.

Phase 1C is approximately 300 acres that will become sub-divisions. As required under state law, the State went through a process to select a master developer for area 1C. The first effort was considered a failure because the developers were not familiar with the State's approach and requirements. Basically, they determined they didn't need the trouble so there was very little interest. Under State law, the State was allowed to come back within 18 months and structure a system deemed best. Greg gathered together six of the biggest developers in this part of the world and sat down with them for several hours. He was able to get them excited enough to go to the next process.

Then, teams were gathered from the City of Salem, State of Oregon and Steve Ward, an engineer from WesTech. They went through the process of explaining the benefits of this property to master developers. Out of those six major companies, three competed and the State got a significantly better price as a result. The winner, Capstone Partners is headquartered in Portland with offices in Seattle, WA and Reno, NV. Beside the fact that they offered a much better price, they alone, agreed to put up over 600,000 square feet of spec buildings. It makes is a big difference when marketing property when you show a potential buyer a vacant lot vs. showing them a warehouse or an office building Capstone will have an existing building to show a potential buyer and they will do the tenant improvements. Capstone has a plan for all of this property. There were several aspects of Capstone's proposal that just clearly made it a superior offer. The State has been working with Capstone to develop what is called a Disposition and Development Agreement. This is not just a transfer of land under a purchase and sale agreement. Capstone will have obligations for twenty years so the agreement will work out the price of future takedowns of land, how certain infrastructure things will be dealt with, how the US Corp of Army Engineers permit will be dealt with, the ditches, etc. It is a very complex document and the State will not be successful unless the Master Developer is successful. It is a long-term partnership between the State, the City of Salem and Capstone. It is required in the agreement that if they don't put up the buildings, the State will buy the land back for something less than the selling price they paid for it. There are certain triggers or milestones to ensure that the development progresses in a timely manner. Nobody will be allowed to speculate on the land. The City wants economic development and family wage jobs and the State intends to sell that land to enterprises that are going to do those things.

When the State sells the land, there is economic development that goes with it. There is a lot of land and there are complex issues to deal with. Originally, it was expected the land would generate \$6 million for agricultural land. Now the land will sell in the range of \$60 to \$80 million over time. There will be a minimum of \$500 million of development and more likely, over a billion dollars of development over time in this development. Greg asked if there were any questions.

Q – *Louise Solliday* asked how far into the negotiations they are.

A – *Greg* responded that they are about 80% complete. There are some issues that need to be worked out but the deal will not be lost because of those issues. They are far enough along that fleshing out the rest is the easy part. Today, a draft of the agreement will be shared with the City of Salem. The governing body of this entire project is the Implementation Committee made up of four people: Two from the State of Oregon and two from the City of Salem:

State of Oregon - Robin Harpster, DAS Facilities Administrator and Gregory Parker, Land Transaction Coordinator
City of Salem - Bob Wells, City Manager and Rick Scott, Urban Renewal Agency

The legislature does not want any state ownership. The area is approved for Employment Center activities, which are a very large group of commercial, industrial and distribution uses. There is no residential. The city of Salem is prepared to put in \$35 million worth of off-site improvements. It has already been approved, awaiting a need for it. Improvements will be made to the overall water system, overall sewer system, highways, traffic signals, etc. This is all taken care of by public dollars and will be paid back by tax increment financing from the urban renewal district. Unlike some of the urban renewal districts in Portland, it is substantial because this has been in state ownership since the mid-1800's and it hasn't returned much in the way of taxes. A little bit of farming was done resulting in some tax revenue but other than that, it was all exempt. When that development comes, it will increase tax revenues substantially, which will pay for the \$35 million of infrastructure.

Q – *Susan Aldrich* requested that Greg talk about the wetland mitigation plan because since the State owns all the property, they have an ideal opportunity to create some viable wetlands out of it.

A – *Greg* responded that the State has an obligation to make viable wetlands period. Very capable consultants were hired to advise the State on this. The Corp of Engineers and the Department of Sate Lands have a guiding principal that they want as much wetlands as possible to be taken care of on site. This is what has been done. Some of the wetlands will be taken out. Approximately 22 acres of new wetlands will be built in as shown on the map in the darker areas of green. Currently there are low-quality farm wetlands out there. The lighter green wetlands will become high quality wetlands. This will be a unique product in the United States and hopefully the most productive, well-integrated wetlands, ever. The dotted orange line shown on the map represents the airport outside boundary. This land is inside the airport zone so there are some things the FAA has some control over. They do not want ponds that will attract birds in that area. These will not be pond-type wetlands. These will be wetland shrubs and sedges. There may be ponds after a big rainstorm but they are all designed to drain within 48 hours so they are not attracting birds. The State's agreement with the City of Salem is that once the wetlands are established, it must be demonstrated that they are sustainable and this is typically a time period of five to ten years depending on the type of wetland. Once that happens, the Corp of Engineers will issue a certificate to the State acknowledging that the wetlands work. Once the certificate is issued, the green areas shown on the map will be deeded to the City of Salem as city parks and the State is out of the deal. The dotted lines are conceptual; they are not the actual alignment. There will be small trails for people to walk through the area and instructive things with some scientific data available to the public. The State has an understanding with the Master Developer and all property owners that when this project is complete, the State will not own one square foot. The State is dealing with all common areas and all wetland areas and the State will have been paid for every developable square foot.

Q – *Chair Byler* inquired about the change in the appraisal of the parcel that Wal-Mart initially intended to purchase.

A – *Greg* responded that when the property was first appraised, there were no sales comparables. The appraiser had difficulty finding any comparables in Oregon, Washington or Northern California because it was so large and being sold as a single user. It is flat and does not have any wetlands. One of the reasons this appraiser won the bid is because he knows how to defend his appraisal. He is a very conservative, experienced, knowledgeable person. Wal-Mart went out and got their own appraiser before entering into negotiations. The State argued that the appraisal was too low but knew that this appraiser would be able to defend his price. Since that time, a parcel was sold to Federal Express at a substantially higher price, \$140,000 per acre. The Wal-Mart price would have been \$85,000 to \$86,000 per acre. There has been additional interest on other parts of this property at the \$140,000 per acre price also. We got the price from the Master Developer on the Phase 1A Industrial Park and we know what he was promising to pay which was significantly more. It is two years later and there are some new comps now so it was re-appraised at \$120,000 per acre. There is currently an RFP out to hire a

national broker to market this for the State. There is 146 acres and the strategy is that if a buyer needs 146 acres, there are not many places on I-5 available.

C3. Fairview Industrial Update – Fred Lord, Lands Transaction Coordinator, Dept of Administrative Services

Fred Lord presented new information regarding the Fairview Industrial Park and gave a brief history. Mill Creek is the current effort by the Oregon Legislature to dispose of large chunks of surplus land. Prior to that, starting in 1981, 300+ acres of the Fairview Home Orchard property was sold in response to legislative action. The Department of Administrative Services signed an agreement with the City of Salem in 1981. The City of Salem agreed to put in the infrastructure and find buyers then they would exercise an option with the Department of Administrative Services to buy that specific parcel. The Department of Administrative Services would then prepare a deed to the City of Salem, and then the City of Salem would simultaneously prepare a deed to the purchaser. The purchaser would pay fair market value and the Department of Administrative Services would receive that amount minus the development costs. At the time of the 1981 agreement, the land was appraised at \$35,000 per acre. It was a ten-year option agreement and was extended in 1991 to 2001. The agreement lapsed in 2001 and it was assumed that all the properties were sold. There is currently no one working in the Department who was involved in this transaction and all the files were transferred to archives. About two months ago, the City of Salem was preparing to do something with one of the parcels previously sold. Three parcels were being put together to make one and the buyer noticed that none of the parcels were legal lots. All the deeds were by meets and bounds descriptions and the property had never been sub-divided or platted because that is the way it was done back then. Apparently, there are no legal lots in this entire project. The City of Salem now has to create legal lots through a subdivision effort and another discovery was made. The State of Oregon still owns three parcels. Fred distributed an assessor's map showing the three parcels marked in yellow. The three parcels are in an L shape that is 75 feet wide and 3,500 feet long. If you add the numbers that L-shaped strip amounts to 5 acres. At \$135,000 per acre, it would appear there is a huge amount of value. However, the land is a ditch adjoined by a railroad track and there is no access. This is being presented to this Committee because in reality, this five acres has very little value. The only area of development potential would be housing but that is not possible with no access. The State will need to discover if there is any market value. No appraisal has been done. We are still trying to figure out how it happened.

Action: Fred will investigate the possibility that the ditch needs to be maintained as mitigation for something. DAS may want to keep it for mitigation use somewhere in the future such as ODOT. Consideration will be given to a trade or exchange for assumption of the risks.

Fred added that the triangle down at the bottom of the map is a different category of problem entirely. It is 6.7 acres zoned for commercial development. The option is expired and last week, the State thought it could go out and market this property and since the Federal Express sale produced \$140,000 per acre, it was thought there was a lot of money on the table. However, in a meeting with the City of Salem, they presented a deed that the State had given to the City in 1997 for a 3-acre portion of that triangle for wetlands. The 3-acre portion sits right in the middle of the triangle... Nobody understands why this deed exists or whether this deed is valid. It is a recorded, bargain and sale deed so one must assume it is valid. This parcel is not a legal lot size. This list of issues is being brought before this Committee to solicit advice. DAS will cooperate with the City to get this property properly sub-divided but what should the State do with the triangle? The City of Salem does have a wetland permit for the area immediately above it, stretching around and down. The permit does not include the triangle. When Fred met with the City last Friday, they were asked if the lower triangle was included in their permit with DSL for wetlands restoration. The City has not yet responded to that question.

Q - Louise Solliday asked if the permit is for wetland restoration or is it a permit to do mitigation for a permit to build somewhere else. She could see the possibility of the state selling this parcel to the City as a mitigation site.

A - Fred responded that he has a copy of the Department of Army permit and the project description states that it is to fill 6 acres of wetlands with dirt.

Louise stated that it is a fill permit. It is not wetland restoration, which means that they would need to mitigate it somewhere else. It could be that this other parcel was sold for them to do the mitigation on. She is only guessing.

Q - Fred asked if there is someone within DSL he can speak with to get more background information about the difference between the wetlands fill permit and the mitigation permit and find out if this triangle has been filed upon.

A - Louise responded that DSL does not permit mitigation. Mitigation is a requirement of a permit that allows you to remove or fill material. Fred should speak with Kevin Moinahan, Assistant Director of DSL.

Q – Louise asked the date of the permit.

A – Fred responded: 1998.

Louise commented that a permit would not be valid but a mitigation site should be maintained in perpetuity. The permits are only issued for 5-year periods.

Action: The State does not want ownership of this property and neither does the City. Fred will investigate whether the remaining acreage constitutes a developable lot size and if so, order an appraisal to establish a value.

Q - Fred asked why the State would sell the center of a marketable piece of property.

A – Tom Sjostrom responded that he knows of a piece of property in Tualatin that is similar to this. In the center of the property is the wetlands so all the commercial development is around the perimeter of this large wetlands area.

Action: Fred will investigate to see if there is room to put a street around the perimeter and buildings. Fred will refer the appraiser to the property in Tualatin located on 12th and Sherwood Road known as Tualatin Center West.

D1. 2008 PLAC Meeting Schedule / Agency Review Schedule and questions

Fred Lord presented a tentative PLAC meeting schedule and agency review schedule. Members will review their schedules and confirm meeting dates at the November meeting.

Fred asked if the Committee wants agencies to present reports in 2008 and if so, what questions does the Committee want to ask. When the series of agency hearings ended last year, the Committee said they wanted to call the agencies back on a rotating basis to ask where they are now. Instead of proposing hard and fast questions for the Committee to approve, Fred asked the Committee for suggestions about what they want to know from the agencies.

Question suggestions:

- Tom Sjostrom – Why did a parcel not appear on the surplus property list that is now being proposed for sale?
- Susan Aldrich – Are you using land for either outside lease or other that is outside the core mission of the agency?
- Louise Solliday - Is the land being utilized by the agency to carry out its mission?
- Louise Solliday - What kinds of properties do you have that fit into these baskets of issues?

Fred reminded the Committee about the state owned land in Eastern Oregon. Eastern Oregon Youth Correction Facility sits on a 40-acre parcel. The state legislature directed the Lottery to locate their backup database within 5 miles of Burns on state lands. The only piece of land owned by the state in Burns within 5 miles was this parcel. If it was available for that purpose, which is not a youth corrections oriented purpose, is it surplus to state needs? We must remember that in this particular property, there are three partners: DAS and Lottery own the building jointly and Oregon Youth Authority owns the land. An appraisal was done one year ago and the land itself is worth \$122,000 and nobody is willing to pay for it. An Indian Tribe was interested in acquiring the property but pulled out very quickly when they discovered they must pay fair market value. The County met with the DAS Director last month to try to intervene but they were told the property would not be sold for \$1.

Q - Tom Sjostrom questioned whether the land is worth \$122,000 if there is no willing buyer.

A - Fred responded that DAS was preparing to create a sub-division. The fact remains that there is a piece of Youth Corrections property that was not being used for the stated purpose of the agency due to legislative action.

There are a number of smaller agencies such as the Department of Corrections and Oregon Youth Authority that own blocks of land and basically, they say that everything outside the footprint of the building is their buffer zone. They are not leasing it to anyone, they simply keep it as a buffer. Oftentimes what happens is that the building is not centered so the buffer is a different size around the building. It depends on what type of land is surrounding the facility. For example, a forest would provide additional buffer. They keep the land in order to prevent someone from building a non-compatible use immediately next to their fence. The question is: How much buffer is adequate? Corrections has purchased land with the intention of building a prison now and as the need grows, they will build a duplicate prison next to it or expand the existing prison. This is the case in Junction City and White City. They bought the land so they can double their capacity over time.

That is a state purpose, 'land held for future expansion'. Fred likes the idea of asking the question about 'leased' agency lands. That is one way of finding out what lands are not actually being used for the agency purpose and what leases exist.

Q - Chair Byler likes the idea of exploring possible surplus lands. What the Committee is struggling with is the best way to approach this. He is a little skeptical about the time it would take to go agency by agency. It is difficult to ask the questions because there are so many scenarios that could play out with different agencies. One item in the PLAC Report that could be of potential value is pulling the Agency Land Managers group together. Maybe this would be the forum for this Committee to get a little more traction on these issues and discussing them with the other agencies.

A - Fred responded that this is excellent timing. The first State Agency Land Managers meeting was held Wednesday afternoon with the core group, the big agencies that are really into land management and land sales. Attendees were John Lilly from the Department of State Lands, Mike Kirby from ODOT and Bob McKee from the Department of Forestry. DSL and ODOT account for 90% of all land sales in the state of Oregon historically for the last five years. The other 16 land-owning agencies account for the other 10%. In many cases the big land-owning agencies that do active land transactions, ODOT and DSL and Forestry have people who are experienced in land transactions. They have departments dedicated to land transactions. The other agencies that own land, Corrections, OYA, Military, etc. are run by their facilities departments and they are interested in buildings and maintenance. Many of the agencies do not have people who are experienced in land transactions. The question about what lands are used actively and what lands are leased out is one that can be identified in the database. It is simply a question of identifying leased land, yes or No, to whom; and does the lease meet the agency's mission? DAS has deliberately avoided adding more questions to the database than needed because the database is supposed to be very high-level roll up data of state lands. Once you know who the agency is that owns a parcel, you can go to that agency and ask specific questions about that land. The State Agency Land Managers meeting resulted in the following:

1. They want to meet quarterly.
2. They want to involve all 18 land-owning agencies.
3. The emphasis will be focused on the database and the questions revolving around the database.

Louise Solliday suggested that DAS think about that a little differently. If you ask if it is under lease and if it's within the confines of the core agency mission, you might end up with an answer that is yes, but it still might be considered surplus property. The question we are really after is: **Is the land being utilized by the agency to carry out its mission?** If the land is being utilized by somebody else to carry out their mission, then it is probably surplus property unless the agency is in a unique situation. Conceivably, ODF could be leasing out a portion of their land for forest activities. That is within their core mission but it is not what they are supposed to be holding state land for. The Committee does not want to set the agencies down a path where agencies are providing a lot of information that is not what the Committee is looking for.

Chair Byler agreed with Louise and asked for suggestions of how to approach this the most efficient way so that the Committee is not wasting agency's time and their own.

Fred concluded that he is hearing that the Committee does not want to bring back individual agencies to present information but rather get the information through the database if we can, then ferret out questions from that for discussion within the State Agency Land Managers forum.

Fred shared that he met with John Lilly and his tech team at DSL last month to discuss the database. When the agencies were first interviewed about whether any of their existing databases could host the DAS statewide lands database, the answer was no. Since then, DSL has advanced by an order of magnitude and several agencies are also working on that same process including ODOT and Forestry. It is possible that the DSL database may be sufficient to host the DAS Statewide Lands database. There is an issue with the fact that the DSL database is not maintained by the State Data Center and DAS is required to participate. Fred is hopeful that before the end of this calendar year, an Interagency Agreement can be completed with DSL so this project can move forward to upgrade the Statewide Lands database.

Q - Chair Byler asked when it would be feasible to have the database information accessible to the Committee to do the kinds of queries being discussed.

A - Fred responded that he does not know.

Q - Louise Solliday asked the status of the data now.

A - Fred responded that at this time it is the same as it was in 2002. The data that DAS has on its Access database was originally developed together with other state land-owning agencies with DAS leadership. Each agency provided either an

Excel or Access dump to DAS and it was put into a server. There were physical problems when the server that contained this data burned up on a long weekend and the data was being migrated to another server. At that point, connectivity for uploading and downloading by the other agencies was lost. At the same time, the person who was responsible for it transferred to a different agency and took his knowledge about how to run it with him. One of the written mission goals of the new database is to have a three-ring binder describing how to operate it, where it is located and there will be more than one person who knows how to use it.

Q - *Louise* asked if we now have an up-to-date list of all the property owned by the state.

A - *Fred* responded, no.

Q - *Chair Byler* asked for confirmation that in the near term, the Committee cannot depend on the database to help them focus.

A - *Fred* responded that the database can tell them which agency owns how much acreage in a given County but if you ask who owns a specific parcel, the Access database was never designed to answer that question. We cannot tell you how much land is owned by DSL in Representative Gilman's district. We also cannot answer an inquiry from the public on which agency owns a specific parcel of land. All DAS can do is call up the county assessor's map and make a best guess of which agency may own it. In 90% of the cases, it is ODOT if the parcel is near a highway.

Q - *Chair Byler* stated that the Committee wants to fine-tune some things in terms of the collective understanding. Not just this Committee but the State Agency land owners also. The question of identifying surplus land is complicated and there are a number of different scenarios that could play out. He asked if the Committee could engage the State Agency Land Manager group and have them be a resource for this Committee. The Committee may want to work more closely with the core group of those land-holding agencies. If the land managers are going to have quarterly meetings, perhaps those meetings could be lined up so the two groups can work off each other effectively and it would be a more productive use of everyone's time.

A - *Fred* responded that he would like to think about this and asked if Chair Byler was thinking in terms of the PLAC members sitting in on a State Agency Land Manager's meeting.

Chair Byler responded that he was thinking that DAS staff would attend the State Agency Land Managers meeting, armed with some questions and report back to the PLAC. The value of that would be that there would be a group of those land managing agencies together having a discussion as a group rather than going from one agency to another and having time transpire between those meetings. It might be more efficient and effective in terms of narrowing in on these hair-splitting issues.

Fred advised that the questions contained in the Executive Summary will be the questions addressed by this group. He asked if there were further questions the Committee would like to add beyond the formal list.

Louise Solliday commented that those were the broad questions and she is hearing the challenge being how to ask the question to get the response you didn't get the first time around. It seems that if you have that dialog in the land managers meeting and if they all buy in that these are valid questions, then they can frame the way they answer or they may be able to bring the answers because PLAC has been trying to get at these issues. A possible question may be: **What kinds of properties do you have that fit into these baskets of issues?** We may find that there is so little of it and maybe they are anomalies and there aren't 30 or 40 of them out there. You might meet with them and have that dialog and maybe there could be a joint meeting between PLAC and the Land Managers Forum, particularly with those people who worked on the study. They could talk about why there are these concerns and why these recommendations were made and why is this Committee turning to State Agencies saying we want you to do more on this topic.

Chair Byler wonders whether the discussions will go faster in a forum rather than in front of a committee where they are being recorded. DAS staff may be able to hone in on the issues more quickly and then be able to bring that sub-set to PLAC for that discussion.

Q - *Louise Solliday* asked what the goal is. Does this group think that PLAC asked agencies to identify their surplus properties and they didn't identify them all and therefore is trying to dig deeper to get more properties to appear on the surplus property listing? Is the Committee thinking that they didn't get the information they asked for and are now trying to ask for it in a different way?

A - *Fred* responded that this is part of it. The issue is that agencies appear to have more land than they actually use because they are selling parcels. We want them to look at their owned lands to identify other possible surplus parcels. Recognizing

that the agency staff in the real estate sections are underpaid and overworked and this is the last thing that's on their priority list. Their tasks involve leases, easements, encroachments, adverse possession issues and the last thing they can take time for is to go out and look at property they own to find out if they are actually using all of it.

Chair Byler stated that he does not want the implication to be that the Agencies were disingenuous. That is not the issue at all. It is more about the fact that PLAC has not been able to fine-tune the question. Agencies answer the question they were asked but they all have a different perception of what surplus means.

Representative Gilman stated that every agency has a different definition of surplus. They all have different concepts of what surplus is. This is not as big a legislative thing as it was in 2005. They have moved on. Representative Gilman is interested in it because every acre of land that he takes out of public ownership and puts back into private ownership, he figures, is better. That is why he continues to come to these meetings. After three years, he thinks it has been discovered that there is not nearly as much surplus land as the legislature perceived there was.

Chair Byler stated that we are fine-tuning and this is not a witch-hunt or anything along those lines. He is trying to figure out if this is worth their while and how the Committee should go forward. He doesn't want to go through this exercise and discover a year from now that some things were learned but they are so insignificant that there is nothing to do with the information.

Q - Tom Sjoström asked if ODF ever identified the Umpqua River property as surplus.

A - Fred responded that ODF went through a very laborious process and it is actually on their website. There were public hearings and internal meetings about that property. They went through a lengthy process to come to the conclusion not to stay in that business. Once they reached that decision, then they explored what to do with the property and how to market it for sale. It became surplus as that point. It was not identified as surplus before that decision was made because it was an operating business. Small private nursery owners depended on the Department of Forestry to supply seedlings at a price they could afford. In addition, that business was profitable for Forestry for many years until something changed in the industry, which no longer made it profitable.

D2. PLAC Report Recommendations and Goals Update

Elaine commented that the State Agency Land Managers intend to address the task of defining the very things this Committee wants all the agency managers to agree on. They will start with the definitions of 'surplus', 'in use' and 'reserve' because those are the words used in the statute and are required to be identified in the database.

Fred commented that the main reason that PLAC has meetings is to hear about land acquisitions and dispositions by DAS and other agencies for which DAS has authority. Secondly is the issue of surplus lands. The State Agency Land Managers' meetings will be scheduled two to three weeks before the PLAC meetings so a report can be prepared for PLAC as to what they discussed and recommend. Another thing we may want to do is form little sub-committees to look at specific issues such as appraisal options or ways to establish land values so agencies don't spend as much money trying to determine land value. Selling land on E-bay is another option.

Chair Byler wants to hear if defining something in rule would create a real mess for any agency. Sometimes defining things in a rule is not helpful. He is open to having that discussion. The first place to have that discussion is in the State Agency Land Managers meeting.

E1. General Discussion - Round Table

No further discussion.

E2. Next meeting - Friday, November 2, 2007 from 1:30 p.m. to 3:30 p.m. in the Mt. Mazama room.

Fred Lord invited members who need parking accommodations to contact Elaine to obtain a parking pass for the next meeting. *Elaine* offered to send out parking passes a week before the meeting so they can attach them to their rear view mirror. The passes are tied to a specific date so they would be sent out for each meeting. The passes are valid on the parking garage roof and in any 2-hour parking meter on Ferry Street.

There being no further business, meeting adjourned at 3:30 p.m.

Respectfully submitted, Elaine Schacher