

Board of Commissioners Meeting  
May 4, 2016

Present: Commissioner Steve McClure  
Commissioner Mark D. Davidson  
Commissioner Jack Howard

Chairman Howard opened the meeting at 9:00 a.m. and the pledge of allegiance was given. All three commissioners were present.

**Public Comments**

**Governor's Film Board**

Tim Williams, Oregon Film Executive Director, 123 NE 3<sup>rd</sup> Avenue, Suite 210, Portland, 97232. His office promotes, supports, and creates jobs in the media industry in Oregon. They are an Economic Development office and work in partnership with Travel Oregon, local tourism offices, local chambers of commerce, and others. They offer an incentive program, which is ranked near the bottom third of 32 states that have similar programs. The media-related industry in Oregon has grown over the last ten years. The modest but controlled incentive program brings in outside projects to Oregon and helps develop Oregon companies to create product that can be exported. They want to build a brand of Oregon that will attract good movies and people who will want to visit filming locations. Funding resources and incentives will increase over the next few years. The Oregon Production Investment Fund (OPIF) will increase from \$10 million per year to \$12 million per year. The Indigenous Oregon Production Investment Fund (iOPIF) will increase from \$500,000 to \$1 million, which focuses on local production by local productions. The Oregon Regional Production Investment Fund (rOPIF) will be introduced next year, which provides more incentives for production outside of the Portland metro area. There are three pillars that encourage producers and companies to seek filming outside the Portland area: funding incentives, easy access to a diversity of locations, and available local talent and infrastructure. Regarding local talent and infrastructure, jobs and careers are built by collaborating within the community, which is very active in La Grande. Eastern Oregon University has a reputation of intertwining with the working community; education and workforce development is just as important as job creation in building careers. Having long-standing creative careers remaining in the area that produces film would help outside producers see that the location is viable for that kind of work. He supports developing workforce inward with local assets first, then moving outward for the needs; it creates a balance of internal growth and external product supporting it. An example is from Klamath Falls where production involved a 25-30 day shoot with Bill Pullman and injected \$1.5 million into the community through the engagement of 75-100 local businesses. The casting crew loved it because the small town welcomed them and they had no problem gaining access anywhere; he attributes that success to the community. When it's done right, they spend a lot of money, hire a lot of people, and hopefully provide opportunities for entry level jobs encouraging people to continue in the industry. He would like to offer the support of his office and future

visits to encourage local efforts that are creating a community that would welcome the media industry.

Commissioner McClure stated that the Elgin Opera House creates great quality, sophisticated productions with local talent in a small town. Mr. Williams stated that it has the community that he has been talking about and the cross-pollination works great. Mr. Williams added that Elgin also has some great locations nearby as well.

Commissioner Davidson asked about the criteria to qualify for the incentive funds and the level of support. Mr. Williams explained that the iOPIF program stipulates that money being spent on the production in Oregon falls between \$75,000 and \$1million, at least 80% of crew hired are Oregon residents, and it must be produced by an Oregon-based producer or production company. There are two ways to receive rOPIF incentives; rOPIF is available when larger Portland-based productions put their crew up in an Oregon location temporarily outside of the Portland area, as well as when the entire production is in Oregon outside of the Portland area. Those funds are offered as rebates once spending is reviewed and verified by his office. There are other incentive programs that can augment those rebates that often help make it more competitive with other states. Mr. Williams stated that iOPIF funds will increase and the rOPIF program will begin July 1, 2017.

Commissioner Howard stated that some people don't care for the impacts of spending money through an incentive program, and asked what kind of impact a small town might see in 30 days of production. Mr. Williams stated that they would likely spend all of their money locally with a \$2 million feature movie based in a small town in Union County since they would not be paying million dollar actors that are taking the money elsewhere. With a \$1 million budget, he estimates that 70-85% of that money would be spent here and the incentives would rebate about \$140,000. They generally focus on attracting smaller projects because the incentives are not big enough for larger budget films.

Commissioner Howard asked if there was any flexibility in requiring 80% local hire. Mr. Williams responded that there can be enough local talent for smaller productions, but probably not larger productions. Local hire includes all Oregon residents and does not stipulate that they are within the city or county of location; production companies try to keep sources local to minimize costs.

Commissioner Howard stated that with an 80% local hire requirement the smaller rural counties would lose out; it would be hard for him to say that we would have enough talent here compared to Portland, but if it was reduced to 70% local hire, that would be a soft incentive. Mr. Williams stated that the 80% is applies to talent throughout Oregon and companies will always draw from somewhere else. He added that they try to get local people, but there is nothing in the Legislation for that yet; he would be open to discussing it. He added that it is important to have the people living around the production location benefitting from it, as well as the state.

Commissioner Davidson asked if there were further details about the incentive programs on the website. Mr. Williams stated that they can be found at [www.oregonfilm.org](http://www.oregonfilm.org) and added that it would include more information about the new policy when its release date is closer next year. He stated that Oregon Film is a semi-autonomous government agency technically part of the Oregon Governor's office, officially called the Governor's Office for Film and Television Media for the State of Oregon and is part of Business Oregon's Economic Development arm.

#### Camp Carson Mine

Ken Anderson, Mining Geologist and Engineer, 1760 Myrtle, Baker City, stated that he is working with a family who owns two major mineral deposits 35 miles Southwest of La Grande. Although Baker City is closer to the site, access is from La Grande and would benefit this community the most. In 1868, there was a group of guys that found gold in Tanner Creek, which then developed into a major goldmining operation. There was a major river that went from south to north on the backside of the Blue Mountains that crossed the Grande Ronde River and was 400-700 feet wide and 100 feet deep. U.S. Geological Survey said it was active 2600 million years ago; it has been glaciated and worn away and pieces of it are left on the back side of the Blue Mountains. The family he is working with owns two miles long of this, most of which is not worn away. In the 1890's, a French syndicate started a hydraulic mine in the area until laws were passed that would not allow washing the tailings into rivers; operations were shut down after mining about three million yards. There has only been minor operation since then and it remains essentially untouched. He estimates that there is 58 million yards left that would last about 87 years. Last year in trying to define the area, they discovered that there was Rare Earth (RE) metals deposits in the black sands, including Scandium, which is the most vital and valuable of all REs. Currently, China is the source of Scandium; they supplied it up until a few years ago. It is used in the electronics industry for cell phones, computers, wind towers, and electric cars. The U.S. Defense Department uses it for F35 fighters and bulletproof vests and other many things. Scandium is absolutely essential for our county to be independent from China. He estimates that this mining operation would produce 80 million tons of ore for every one hundred feet mined; it would provide many jobs, wealth, and maybe even a new town. Mining is perhaps the most important thing in the world; all industry and jobs are dependent on it. For every dollar that comes out of the ground, it improves the economy by \$8.60, making it a major impact to this area. Mr. Anderson stated that the major companies they have talked to have expressed an interest in this operation but are reluctant to invest because they think Oregon would not support mining, making it take years to get a permit. There was a recent breakthrough where the TV show Gold Rush was able to get a permit in just one year to mine in Baker County.

Commissioner Howard asked if Mr. Anderson was requesting a letter similar to that of Baker County Commissioner Bill Harvey. Mr. Anderson stated that he was.

Commissioner Davidson asked if the property was located on U.S. Forest Service land. Mr. Anderson stated yes. Commissioner Davidson asked if the claims were wholly contained in Union County or if they spanned into Baker County. Mr. Anderson stated that they are in Union County only and the owner would work with the La Grande office of the US Forest Service. Commissioner Davidson asked if the focus of their exploration work would be on Scandium. Mr. Anderson stated that they would define that as work continued; they have eleven of seventeen REs at their site and the Defense Department has invested \$1.75 million to refine the recovery of these metals. Commissioner Davidson asked if that was specific to his project; Mr. Anderson stated that it was not because their operations would be new. Mr. Anderson added that he talked to a knowledgeable person in the RE industry and thinks this is probably the largest deposit in the Americas and maybe even the world.

Commissioner Howard clarified that operations would resume in three weeks and then experiments would continue this summer. He wondered how the commission would like to respond to Mr. Anderson's request in terms of making an immediate decision or revisiting it once specific results are available. Mr. Anderson stated that they would appreciate the letter as soon as possible; it would help attract companies to look at the site and take samples. Commissioner Davidson asked if he was looking for a letter of support; Mr. Anderson stated yes, he would like something similar to the one submitted by Baker County Commissioner Bill Harvey.

Commissioner Howard stated that he would rather wait until summer when more specifics are available before submitting a letter of support.

Commissioner Davidson stated that Commissioner Harvey's letter is very broad and basically supports natural resource industries; he has no problem making that statement. The effective and efficient use of natural resources is the foundation of Union County's economy and this could be a great addition to that. If the letter were to include something more specific, then more specifics would need to be known first. He hoped that Mr. Anderson would keep the commission updated on the progress of their exploration on a recurring basis.

Commissioner McClure concurred with Commissioner Davidson and had no problem submitting a letter in a general fashion and added that having the support from the county commissioners would not get Mr. Anderson through the process. He stated that it is the local community's heritage and the commission needs to take a serious look at it. He thinks the REs issue is something this country needs to deal with; if there is a solution it needs to be bigger than this area. He thinks that solution will come from the U.S. Department of Defense and the users of the material.

Commissioner Davidson agreed that the REs are an important part of this.

Commissioner Howard stated that it sounded like the other two commissioners are comfortable with the suggested letter, so that could be generated. He added that he

would not sign it because he thinks it is premature and the letter is too generic. He does not want to line up a form of commitment that is vague. He thinks the commission is in agreement that Mr. Anderson will return with an update.

Commissioner Davidson stated that he would be happy to help Mr. Anderson communicate with the U.S. Forest Service in any way he can.

Mr. Anderson stated that he would like to convince companies that not everyone in Oregon is against mining; Eastern and Southern Oregon would welcome industries that would bring jobs and money to the area.

Commissioner Davidson thinks that Mr. Anderson needs some expression of interest and support so that companies will know there is a welcome presence; he thinks that should be part of the commission's role. He stated that the commission would draft and submit a letter.

Commissioner Howard is glad it has involved a public discussion because there will be tons of questions about it, which contributes to his reluctance in signing the letter. As it becomes more specific, he hopes it will be a project he can support.

#### Weed Levy Public Comment

Margaret Mead, 57744 Foothill Road, La Grande, stated that the current ballot has a measure for a noxious weeds levy. She thinks it is very important and the county has to do its best to control weeds. She does not understand why the county deleted the program years ago even though there were some extreme budget problems at the time. She added that there seems to be funds for selling land, buying it back, and putting more money into the Baum Industrial Park. She stated that she remembered extra money was to be disbursed at a commission meeting last year. She did not agree with the decision to give UCEDC \$10,000 and lesser amounts elsewhere. She agreed that \$10,000 would not begin to pay for weed control. She stated that if other monies that were spent on the Baum Industrial Park and UCEDC were instead used to fund weed control, then there would probably be enough money without asking the taxpayers for more. She stated that the county would at least get something for their tax dollars rather than an empty shovel-ready pipe dream. She suggested that the county install a solar park at the Baum Industrial Park rather than building infrastructure and using more tax dollars. She thinks it would move the county into the twenty-first century and lighten up the area; this would be a benefit to most if not all citizens.

#### Constituents Concerns

There were no constituent concerns.

Commissioner Howard recessed the meeting and called it back to order at 10:00 a.m.

**Petition for Road Vacation – Portion of Faith Lane**

Scott Hartell, Union County Planning Director, 1001 Fourth Street, La Grande, stated that he was presenting Court Order 2016-21 for the commission's consideration. Frank Hall Tract was a subdivision in 1920; since that time none of the property was sold except for one portion. Zoning laws applying to the property require 10 acre minimum parcel size. Frank Hall Tract was a three to four acre parcel size; the county is requiring consolidation of property if development can occur in the area. The petitioner owns parcels one and two; they propose to vacate 1,400 feet of the western end of Faith Lane. It would still provide access meeting county standard to both parcels via the remaining portion of Faith Lane.

Shelley Burgess, Administrative Officer, stated that a public hearing would be required before the commission could entertain the court order.

Mr. Hartell stated that the public hearing notice was published in the newspaper on April 13 and April 22. The commission is reviewing the vacation request through ORS 368.326 and notice through 368.401; this is the commission's opportunity for public hearing, deliberation, and to take public testimony.

Commissioner McClure noted that the agenda does not state that this is a public hearing. He suggested postponing the public hearing and republishing the notice. He added that he would like to tour the property with Mr. Hartell, the other commissioners, and anyone else interested. He thinks that since this was not identified as a hearing on the agenda, it could be challenged. Commissioner Davidson asked if this was advertised as a public hearing; Mr. Hartell stated that it was.

Commissioner Howard ruled to postpone the public hearing for the Petition for Road Vacation of Faith Lane.

**Elected Official, Department Head & Employee Comments**

**Crack Seal Bid Recommendation**

Doug Wright, Public Works Director, stated that he advertised and received two bids for 102 HV crack sealant and rental of an asphalt crack seal kettle:

1. Phoenix Asphalt     \$1,150 per pallet/product     \$1,050 per week/kettle
2. Special Asphalt     \$1,100 per pallet/product     \$1,400 per week/kettle

Mr. Wright recommended awarding the bid to Phoenix Asphalt.

Commissioner McClure asked for clarification of HV; Mr. Wright stated that it stands for High Viscosity. Commissioner McClure asked how long the project would last; Mr. Wright stated it would probably be two weeks. Mr. Wright added that it is slated for the Palmer Junction project; the crack sealant job is part of the county's contribution. The middle road has substantial cracks that need sealed this year so that chip sealing can be completed next year.

Commissioner Howard asked if the rental equipment could be used for other projects during the same timeframe. Mr. Wright stated that it could not; crack sealing kettle is for crack sealing only. Crack sealant comes in a cube that is then fed into the hot kettle that liquefies it.

**Commissioner McClure moved to approve awarding the bid to Phoenix Asphalt. Commissioner Davidson seconded. Motion carried unanimously.**

#### MERA Grazing Management Plan

Sean Chambers, Parks Coordinator, PO Box 1103, La Grande, presented the MERA Management Plan and Lease Agreement for the commission's consideration. It is intended to provide guidance to the county staff, and MERA grazer in the active and sustainable management of cattle grazing on MERA. The MERA joint advisory committee recommended approving the plan for adoption at their last meeting.

Commissioner McClure stated that the county's commitment was to utilize MERA as a multi-use park and Mr. Chambers has refined that plan very well. If the plan is followed, then there will be success but it will require management and enforcement by Mr. Chambers so that there are no cattle in the trail unit or grazing on the back side of MERA.

Commissioner Howard asked about the representation on the MERA joint advisory committee. Mr. Chambers stated that there are members from Oregon State Parks, Oregon Department of Forestry, Oregon Department of Fish and Wildlife, U.S. Forest Service, as well as landowners, general public, and recreation advocates for bikers, hikers, motorcycles and ATVs. The use occurring at MERA is well represented on the committee and has a good checks and balance system.

Commissioner McClure stated that the advisory committee model was included in the grant application and has been used since the property was acquired. Their recommendations are submitted to the commission for final approval and he thinks they have been effective.

Commissioner Howard thought it was a small group, but it sounds like an exhaustive group. Mr. Chambers stated that there are two MERA advisory committees: motorized and non-motorized. They often overlap and have combined meetings over the past two years to be more efficient; they work well enough together that it has been very effective. Commissioner McClure stated that State Parks as the granting agency insisted on separate committees because they did not want a situation where they were funding it out of motorized money without being represented.

Mr. Chambers added that the Forest Service representative for the committee is the Rangeland Specialist; he provides a lot of insight to the committee for the development of the plan. Commissioner Howard stated that Mr. Chambers was the recreational

expert in terms of his background. Mr. Chambers stated that his background is in Forest Recreation from Oregon State University.

**Commissioner McClure moved approval of the MERA Grazing Management Plan. Commissioner Davidson seconded. Motion carried unanimously.**

MERA Grazing Lease Agreement

Sean Chambers, Parks Coordinator, stated that he advertised a Request for Proposal for a grazing lessee on MERA and received one proposal from Katie Martin. She proposed to pay \$15.00/AUM and to run 398 AUMs for the season. She was the grazing lessee for the past five seasons and has done an excellent job improving the property, her sustainable practice, and taking more ownership in the fence line. She is very proactive and timely in responding to cattle that are out of pasture and is in a good location to respond to it. She has a great history grazing MERA; her grazing plan is sound and she works well with the county and general public. Mr. Chambers recommended approving Katie Martin as the MERA grazing lessee.

**Commissioner McClure moved approval of the MERA Grazing Lease Agreement. Commissioner Davidson seconded.**

Commissioner Davidson asked if the rate had changed since the last lease agreement. Mr. Chambers stated that the rate remained the same as the last lease.

Commissioner McClure stated that the lease seems to cover every contingency to protect the property. He thinks there was a lot of time spent drafting the lease and it was done right. Mr. Chambers added that flexibility is key; Katie Martin has been very flexible and is in tune with the property.

Commissioner McClure stated that it has been tough piece of property for grazing in the past and the county has an obligation to ensure that it does not become contentious with the neighbors. He thinks Ms. Martin will do a good job. Commissioner Davidson stated that flexibility is particularly important in the case of a drought when it could result in cattle looking for feed outside of the property and causing problems with neighbors.

Commissioner Howard stated that as the weather pattern changes it will have an effect in many different areas.

Commissioner McClure suggested that all the commissioners take a tour to see the work that has been done and what has been planned.

Commissioner Howard stated that the commission reviewed this lease last year and will be entering the new lease with an investment of trust.

**Roll call: Commissioner Davidson, yes. Commissioner McClure, yes. Commissioner Howard, yes. Motion carried.**

Consideration of New Commissioner Portfolio: Arts and Culture

Commissioner Howard stated that there is a potential for the county to take an interest in local arts and culture, specifically film development in Eastern Oregon. There is a recent effort called Eastern Oregon Film Office, which he has been attending and chairing; he would like to add this portfolio to his work as a commissioner. He is seeking consent of the other commissioners and instructions for what might be a good focus based on the county's history and involvement in arts and culture.

Commissioner McClure stated that it would be fine and has no problem with it; he asked if Commissioner Howard wanted a motion for it. Commissioner Howard stated that he did not think a motion would be necessary.

Commissioner Howard asked if there had been a history of the county working with arts and culture outside of funding programs. Commissioner McClure stated that there had been grants for various arts and culture programs in the past. He thinks that the commission needs to look at anything that will economically benefit the county, including films and mining. He added that the economy is still pretty tough locally. He stated that if Commissioner Howard has the interest and wants to pursue it, then he has no problem with it.

Commissioner Davidson stated that the county has supported those types of projects through the Transient Room Tax Discretionary Grant Fund. In the past, the commission's liaison to the Eastern Oregon University Connection committee had worked on that type of venture. He saw no problem adding Arts and Culture to Commissioner Howard's portfolio.

Consent Agenda

**Commissioner McClure moved approval of the Consent Agenda, which included Meeting Minutes from April 20 and Claims Journals for April 6, 7, 14, and 21. Commissioner Davidson seconded. Motion carried unanimously.**

Administrative Matters

Court Order 2016-20, Appointment to the Union County Community Advisory Council for EOCCO

Shelley Burgess, Administrative Officer, stated that this court order would appoint Crystal Zaplishny and Cami Miller to serve on the Union County Community Advisory Council for the EOCCO; their terms would begin immediately and expire on December 31, 2018.

**Commissioner Davidson moved approval of Court Order 2016-20. Commissioner McClure seconded. Motion carried unanimously.**

**La Grande / Union County Building Division Program Update and FY 2016-17 Draft Budget**

Brian Don, City of La Grande / Union County Building Official, PO Box 670, La Grande, presented copies of the FY 2016-17 draft budget. He stated that their electrical inspector moved out of the area, resulting in an increase in cost as all residential plans are now sent to the Building Code Division (BCD) in Salem. The BCD charges 90% of the plan review fee; he has located a third party agency that would only charge 70%. This change has caused an increase in the consultant budget. They are also utilizing a state electrical inspector for commercial electrical work. Commissioner Howard stated that it bothers him that it defaults to the state when vendors would be less expensive.

Mr. Don stated that changing to a third party agency for plan reviews is dependent upon the services they provide. Communicating with contractors is key; they need to be accessible and available for questions.

Commissioner McClure asked if the electrical inspector was an employee or contractor; Mr. Don stated that he was an employee. Commissioner McClure stated that the budget shows little change in employee salary; Mr. Don stated that the employee salary remains in the budget so that they can hire for the electrical inspector position. Commissioner McClure asked if he was actively hiring for the position and if the consultant amount would decrease when an employee is hired; Mr. Don stated yes.

Mr. Don stated that they created a building inspection reserve for big purchases like vehicles; these used to come from the general reserve fund but the auditors wanted it in a separate reserve fund. The transfer fund increased by \$15,000 due to a vehicle sold to the Parks Department; it was a 2007 truck with 79,000 miles. The electronics went out and they need very reliable vehicles for travel. Commissioner Davidson asked if Mr. Don felt it was at the end of its life; Mr. Don stated that when they are spending their whole maintenance budget on repairs then it is time to get rid of it. The cost of using personal vehicles increases costs, too. They purchased a half-ton Eco-diesel Dodge truck to replace that vehicle and he is hoping they will get 200,000 miles out of it.

Commissioner Davidson asked why Mr. Don is budgeting only \$180,000 in revenue when the previous year was \$229,000 for city permits and \$242,000 for county permits. He wondered why it would be budgeted so low given the increase in workload and the school bond levy that passed. Mr. Don stated that they had not reached \$180,000 by the time the budget was prepared and still had a few months until the end of the fiscal year. Commissioner Davidson asked how close they were to reaching their budgeted amount; Mr. Don stated that they were about 20-25% short of reaching \$180,000 and have three months left in the fiscal year. He believes revenues from the new school will come in this fiscal year and are projected to be used over the next five years. He expects that those revenues will increase this year's amounts to somewhere between \$220,000 and \$240,000, up from \$180,000 for city funds; this means he has no projection of anything coming in for new reviews.

Mr. Don stated that they increased their contingency fund by 20% as advised by Robert Strope because of the increase in contract services and consultants.

Commissioner McClure stated that the budget included \$100,000 for consultants and the entire amount for salaries and the contingency was increased by 20%; Mr. Don stated that was correct. Commissioner McClure asked if he intentionally underestimated the revenue; Mr. Don stated that it would be more than \$180,000 this year but not next year. Mr. Don stated the carryover on the budget was determined three months ago so it had not been adjusted yet; the carryover could increase.

Commissioner Davidson asked why the budget for administrative personnel decreased by \$3,000 and if the formula had been changed. Mr. Don stated that Kim Hulse had been doing some adjustments but he did not have additional information about it; he will have Ms. Hulse forward that documentation for the commission to compare the differences.

Commissioner McClure asked if the City of La Grande had adopted his budget. Mr. Don stated that it had not yet; he offered to take commission suggestions back to the city if they would like changes. The commissioners offered no specific change requests.

**Next Meeting and Location**

The next meeting will be on May 18 at 9:00 a.m.

**Adjournment**

The meeting was adjourned at 10:46 a.m.

Respectfully Submitted,

Lorcinda Johnston  
Sr. Dept. Specialist II