



Oregon

John A. Kitzhaber, MD, Governor

Department of State Lands

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State Land Board

March 5, 2015

John A. Kitzhaber, MD

Governor

The Honorable Chris Edwards, Chair
Senate Committee on Environment and Natural Resources
Oregon State Capitol
900 Court St NE
Salem, OR 97301

Kate Brown
Secretary of State

Ted Wheeler
State Treasurer

Dear Chair Edwards and Committee Members:

The Department of State Lands is submitting this letter as a follow-up to the public hearings on March 4th. We appreciate the opportunity to provide additional information on topics of interest to the committee.

Senate Bill 11

The Department was asked how many structures occupying state-owned submerged/submersible lands would be affected by Senate Bill 11. The Department does not currently have this estimate. Previous waterway inventories performed by the Department have focused on the location and use of the structure, not on the age. In order to implement Senate Bill 11, the Department would need to re-inventory structures occupying state-owned submerged and submersible lands based on the age of the structure. This will require staff to perform the research, plus GIS and database resources, in order to map and catalog the results.

The Department was asked multiple questions about the waterway leasing program, specifically use categories and rates. Please find the following table of lease use categories, with a brief example of use, and the associated flat rate/square foot rent (all rates are inflated at 3% annually).

Use Classification	Example	Flat Rate per square foot
Log Raft/Log Storage	Georgia Pacific log rafts adjacent to a mill	\$ 0.014
Commercial or Non-Commercial Marina/ Moorage Floating Home Moorage	Port of Siuslaw marina in Florence	\$ 0.027
Marine Industrial/Marine Services	Sause Bros. in Coos Bay	\$ 0.468
Non-Marine Uses	Cannery Pier Hotel in Astoria	\$ 0.546
Historical Vessels/ Charitable Organizations*	OMSI submarine moorage in Portland	\$ 318.000
*Historical vessel/structure are subject to a flat annual rent, which is inflated at 3% annually		

OAR 141-082-0255(32) defines "Historical Vessel" or "Historical Structure" as a vessel or structure listed or eligible for listing on the National Register of Historic Places that is used for a non-commercial/not for profit purpose.

A lessee has the option to have annual rent calculated based on 5% of the riparian upland value. A lessee with a commercial marina moorage has the option of paying the Department 3% of their actual annual gross income.

I was specifically asked if I had any personal experience modifying a lease where improvements had been made. As stated at the hearing, I worked as a Land Manager for Lincoln, Lane, Douglas, Coos, Curry, Jackson and Josephine Counties.

In 2010, I worked with the International Port of Coos Bay to amend their waterway lease for the Charleston Harbor (commercial marina moorage) so it could include Fisherman's Wharf, a retail market (non-marine use). The amendment separated the square footage of the market, approximately 1,800 square feet, from the total square footage of the marina. The commercial marina moorage rate was 3% of actual annual gross revenue and the non-marine use was calculated at the flat rate.

Also in 2010, I worked with the City of Coos Bay to amend their waterway lease for the city docks (commercial marina moorage), so they could add a seafood market (non-marine use). The amendment again split out the non-marine use from the total square footage of the marina. The non-marine use is a flat rate and the commercial marina moorage is charged at 3% of actual annual gross revenue.

Senate Bill 249

The Department had used the Half-Mile Lane mitigation project as an example during testimony, and the committee asked a question about costs of public and private mitigation credit rates in the Tualatin River watershed. Tualatin Valley Environmental Bank and Butler Mitigation Bank are the two private operations in Washington County currently. Both report a starting rate of \$175,000 per credit. Both offer a small rate reduction for "bulk" purchases. The Department is currently prohibited from selling wetland credits in this watershed. When the Department was last able to sell wetland credits, the price was approximately \$75,000 which was set by the statewide average of credit prices at that time.

Again, thank you for the opportunity to provide this information.

Sincerely,



Christopher Castelli
Senior Policy and Legislative Analyst

Cc: The Office of Senator Betsy Johnson
The Office of Senator Arnie Roblan