

**REGULAR MEETING
STATE BOARD OF LAND COMMISSIONERS
October 12, 1993**

The regular meeting of the State Board of Land Commissioners was held at 9:00 a.m., Tuesday, October 12, 1993, in the east conference room of the Joe R. Williams office building. Governor Cecil D. Andrus presided.

Those members present were:

Honorable Cecil D. Andrus, President, and Governor of the State of Idaho
Honorable Pete T. Cenarrusa, Secretary of State
Honorable Larry EchoHawk, Attorney General
Honorable J. D. Williams, State Auditor
Honorable Jerry L. Evans, Superintendent of Public Instruction

Stanley F. Hamilton, Secretary to the Board

Consent Agenda

- A. Official Transactions -- August 1993
- B. Requests for Inclusion on Timber Sale Qualified Bidders List:
 - 1. Drake Logging, Inc., Horseshoe Bend, ID
 - 2. St. Joe Lumber Co., Princeton, ID
 - 3. Crown Pacific Inland Limited Partnership, Portland, OR
- C. Crown Pacific Inland Limited Partnership Timber Sale Assignments
- D. Disclaimer of Interest Request -- Arthur Gallun -- Owyhee Co.
- E. Disposal of Surplus Real Property:
 - 1. Idaho Department of Transportation -- 14.79 acres, Ada Co.
 - 2. Idaho Department of Fish and Game -- Ross Point Bird Farm
- F. Public Lake Access Purchase by Kootenai County
- G. Mineral Lease Renewal Applications:
 - 1. #8537, Denver Linscheid, American Falls
 - 2. #5501, NERCO DeLamar Co., Jordan Valley, OR
- H. Application for Dredge & Placer Mining Permit #295 -- Melvin Harbison

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Mr. Hamilton referred to agenda item B., Crown Pacific Inland Limited Partnership, pointing out that they recently purchased the DAW and WI Forest Products operations here in Idaho, and in agenda item C., they also have asked for blanket authority to assign timber sales that DAW and WI have with the state.

Jerry Evans moved to adopt the consent agenda. J D Williams seconded. The motion passed unanimously.

Regular Agenda

Grazing Rental Rates

J D Williams, chairman of the Land Board subcommittee on grazing, reported that for three years, the subcommittee has been working on a plan to recommend to this board a formula-based fee rate. The others on the subcommittee were the Secretary of State, the Superintendent of Public Instruction, and a representative each from the Idaho Cattle Association and the Idaho Wool Growers Association. Prior to this, the board had adopted Formula 19 because it was found to be about 97-98 percent correct in predicting future forage values. He explained that the problem with the formula is the base. The recommendation of the subcommittee this year is to set that base at \$1.57 which applied to the formula results in \$4.18 per AUM. He said that Jerry Evans had to leave the meeting before the vote was taken, but that he had been in favor of a base of \$2.20 which would create a rate of about \$5.86. Mr. Williams feels a rate determined by the BLM study was the most reliable which would now be a base of \$1.70 equating to \$4.53 per AUM.

Mike Guerri, Buhl, representing the Idaho Wool Growers, spoke in favor of Formula 19 and the \$1.57 base. He commented that a good scientific study has been provided by Neil Rimbey and the University of Idaho.

Bob Collette, Oreana, President of the Idaho Cattle Association, also spoke in favor of the subcommittee recommendation. He said that Dr Rimbey had suggested the state grazing fee should be somewhere between \$3 and \$5. They did not, however, choose the lowest option, but chose the \$1.62 base which would put the current fee at \$4.31 per AUM. They also included a 25% reduction in the fee for the wool growers.

Bob Sears, Idaho Cattle Association, asked the board to consider the subcommittee recommendation of setting the base at \$1.62.

Jerry Evans commented that one of the co-authors of the study was Mr John Carlson. Mr Carlson indicated that he thought the lessee data more reliable than the lessor data, and in the study there is a considerable variation in the two sources of information. Three years ago, the board adopted a base figure of \$2.20. Since that time, nothing but positive things have happened with regard to the industry. He sees no justification for going below \$2.20, and he would support the \$2.20. He commented that this subcommittee recommendation comes to the board with the vote of only one member of the Land Board and that the focus seems to be on how much the livestock industry and

the wool growers would like to pay for the forage. He thinks the issue should be what is the value of that forage and what is a reasonable way to determine a fair market value of that forage. He strongly disagrees with the recommendation of the subcommittee.

Mr. Cenarrusa stated there is some confusion about which figure the subcommittee recommended and asked the state auditor which figure is correct -- \$4.18 or \$4.31. Mr. Williams explained it is \$4.18 because Table 5 had an error in the calculation so the result of the study of the University of Idaho is a base of \$1.57 for a grazing rate of \$4.18. He asked the industry representatives if they are supporting the \$4.31 figure or the \$4.18 figure. Mike Guerry said their choice was the \$4.31 but with this updated information, their choice is now \$4.18. Other industry representatives concurred.

Governor Andrus cited some fees of other states -- Colorado at \$4.70, Idaho at \$4.99, Nebraska at \$7.53, North Dakota at \$8.50, Oklahoma at \$7.92, Wyoming at \$3.50, and Washington at \$5.04. He stated that he will vote against a reduction from \$4.99/AUM, but would vote for a reduction to \$3.99 if and when the industry fences the riparian areas and brings about stewardship such as Mr. Mike Hillman did on his land.

Mr. Cenarrusa made a motion in support of the subcommittee decision to use the base of \$1.57 (Use of the proposed formula would bring the figure to \$4.18/AUM). J. D. Williams seconded (for discussion purposes). The motion failed 1-4.

J. D. Williams moved to adopt the recommendation of the broad-based lessee study of the grazing fee task group of the BLM which would result in a base value of \$1.70 and would put the grazing rate for 1994 at \$4.53. Larry EchoHawk seconded.

Jerry Evans made a substitute motion that the base for next year be \$2.20 and that the grazing lease rate be calculated using Formula 19 which would result in a \$5.86 grazing lease rate -- with a 25% reduction for the wool grower industry. The motion failed for lack of a second.

Mr. Williams motion passed 3-2; Governor Andrus and Jerry Evans opposed.

Stan Hamilton asked for clarification if this is a perpetual ongoing formula. The answer was no.

J. D. Williams then made a motion to adopt henceforth Formula 19 for grazing fee determinations with a base of \$1.70, until some offer comes from the industry along the lines of Governor Andrus' suggestion. Larry EchoHawk seconded. With the agreement of the second, Mr. Williams added to the motion to include a 25% reduction for the sheep industry. The motion passed 4-1, Jerry Evans opposed.

Luther Squires -- Request to Purchase 3-Acre Site

Mr. Hamilton reported that he has received a letter from Mr. Squires accepting the offer that the state purchase his improvements at \$18,500.

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Larry EchoHawk moved to accept the offer and authorize the department to proceed. J. D. Williams seconded. Motion passed unanimously.

Department Report -- St. Maries Small Loggers Council Concerns

Mr. Hamilton introduced Sam Charles, Forest Area Manager at St. Maries, who has been active in the small sales program and who has met with the Small Loggers as the board had requested.

Governor Andrus reviewed for those present who were not at the Sandpoint meeting in September that the Small Loggers Association in north Idaho had complained about the department's management and lack of expeditious handling of small timber sales. Some of the department people went out on the ground with the members of the association.

Mr. Charles reported that he met with the small loggers in the St. Maries area. When the meeting was originally scheduled, he talked with Stan Smith who indicated on the phone that there wasn't really any reason to go to the woods to look at this, that perhaps they could work these things out over a beer or an office visit. Mr. Charles told him no, the board directed them to go to the woods and look at these things. They did set up a meeting, and they were surprised to see that KXLY, Channel 4, also showed up. They all drove out to the first place shown in the photos presented to the board last month. They found there was no merit to the concern that this was going to be waste material. One of the pictures was indeed of a sawlog that had not yet been removed by the purchaser in an active timber sale contract. The purchaser intended to remove all cedar products material as well as the sawlogs and everything else.

They proceeded on to the next site where they saw piles of cedar product material that were a part of an active timber sale contract that the purchaser said he was going to remove. However, there was a burn pile of some old material that was burned prior to the inception of the small sales program back in 1981, and it was hard to say whether there was anything merchantable in that pile. As for concerns that miles and miles of cedar products material was being wasted, that was not found.

The department has assured the Small Loggers that the department is working very closely with the CP-TPA to see that no pile burning will take place without department approval. No burning will take place until the small loggers have a chance to salvage whatever material can be economically removed. The key is that there is a lot of material that is not economical to remove. There is a program in place to salvage as much of this material as reasonable consistent with a sound resource management program. Mr. Charles said the day ended on a positive note regarding the program.

Governor Andrus thanked Mr. Charles for providing this report.

Teton County Three-Party Land Exchange Proposal--Request for Final Approval

Perry Whittaker presented the background information and the department recommendation. He said that in January 1993 at the request of Teton County, a 160-acre

parcel of state endowment land lying about five miles southwest of Teton, Idaho, was approved for placement on the land sale plan. After placing that parcel on the land sale plan, an opportunity came up which would allow the department to maintain its land base and still provide an opportunity for Teton County to acquire the site through a proposed land exchange. The state would acquire about 937 acres west of Idaho Falls which is an inholding in the Twin Buttes management area. The present highest and best use is for spring grazing. The property is fenced and fits in very well with the management of surrounding state lands. The state land near Teton has a highest and best use of dry agriculture production. This exchange appears to benefit both the state of Idaho and Teton County. The county would be able to acquire title to a parcel of land that is suited to development of a solid waste landfill. In exchange, the state of Idaho would benefit due to the ability to acquire a large inholding in that block of state land.

The package was advertised and a public hearing was held on June 11. There were no adverse comments at the public hearing. The appraised value of the state land is \$88,000 compared to the private land which has a value of \$85,000. The department recommends that this land exchange be approved contingent upon Teton County paying an additional \$3,000 to equalize the values.

J.D. Williams moved to adopt the department recommendation. Seconded by Pete Cenarrusa. Jerry Evans made a statement regarding his concerns with the use of endowment lands to solve solid-waste landfill problems in Idaho, although stating that he will not oppose this exchange. The motion passed unanimously.

Triumph Mine Superfund Listing Update

Mr. Hamilton updated the Board on progress made to this point. He said that since the last session, the department has worked with the Division of Purchasing and they have reviewed the Request for Proposals (RFPs) which the department will be sending out soon. There will be widespread circulation. Then a small group of people will be asked to review the proposals that do come in. Included in the board memo are the minutes of the Legislative Council Committee and some articles, one from the Wall Street Journal, and one from the High Country News. The issue continues to draw attention.

Informational Items Provided to the Board

Informational reports provided to the board included the timber activity report; gypsy moth report; interest rate report; fire report; and a report on the comment period extension on the federal grazing fee proposal.

State v. Howard

Legal Counsel Terry Anderson updated the board on the negotiation process. Governor Andrus advised Ms. Anderson to continue the negotiations.

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There being no further business brought before the board, the meeting was adjourned.

STATE BOARD OF LAND COMMISSIONERS


President, and Governor of the State of Idaho

Countersigned:


Secretary of State


Director

