

Timber verdict a dilemma for state

Lengthy appeals are possible

By **MATEUSZ PERKOWSKI**
Capital Press

SALEM — The \$1 billion award against the state in a class-action lawsuit over forestry practices will likely be subject to lengthy appeals, but it may also put pressure on the government to consider settlement talks.

A jury in Linn County Circuit Court on Wednesday found Oregon liable for breaching contracts with western counties by logging an insufficient amount of timber from state forests, thereby costing them money.

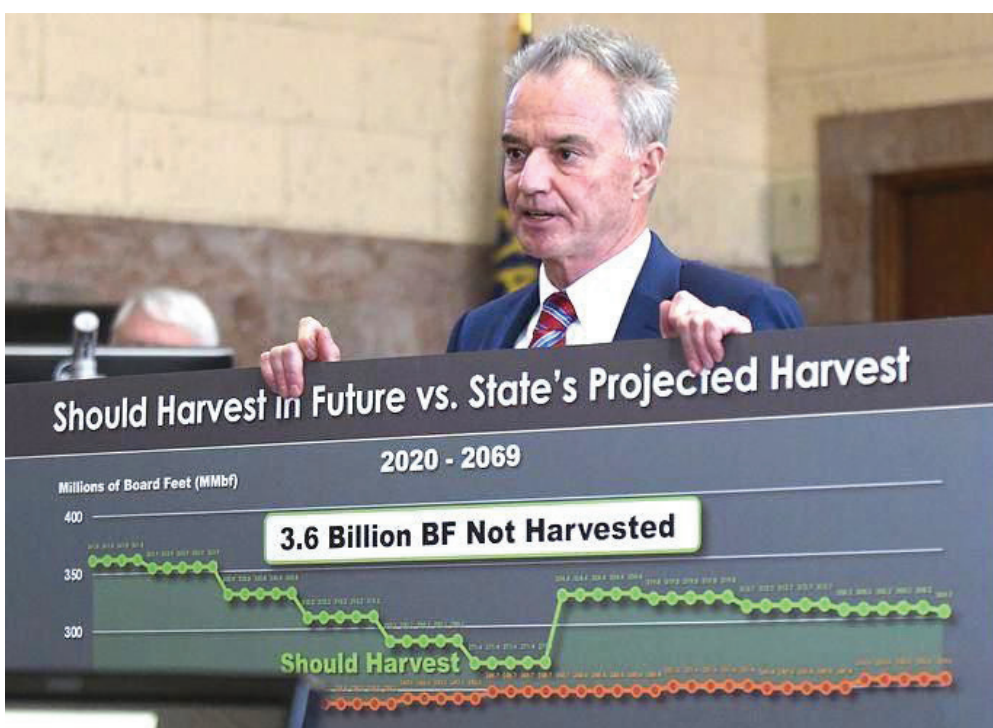
The plaintiffs include Benton, Clackamas, Columbia, Coos, Douglas, Josephine, Lane, Lincoln, Marion, Polk, Tillamook and Washington counties and other taxing districts.

Timber suit

A jury verdict awarding counties \$1 billion for the state's alleged breach of contract is expected to raise questions about forest management.

Clatsop County opted out of the lawsuit, but numerous taxing districts within the county are part of the legal challenge.

The counties originally donated more than 600,000 acres to the state in return for timber revenue, but they



Albany Democrat-Herald

Attorney John McGrory shows a graph of timber harvest revenues that counties believe should have been harvested by the state.

argued the government violated those contracts by prioritizing environmental and recreational qualities in a 1998 rule change.

While the lawsuit was about the state government's contractual obligations, the case hinged on whether the "greatest permanent value" from forests came from timber production or whether environmental and recreational considerations must also be considered.

"While we are disappointed in today's verdict, we believe there are strong arguments to be made on appeal, and we plan to appeal this decision," said

Fred Boss, deputy attorney general with the Oregon Department of Justice.

The Oregon Department of Forestry believes the best long-term outcome for the state's residents, including the counties and taxing districts, is achieved with "balanced and science-based public forest management," said Liz Dent, chief of the state forests division.

"We are disappointed that the jury did not agree, but we respect their time commitment and the disruption to their daily lives as they analyzed complex information and difficult legal questions," Dent said.

John DiLorenzo, an attorney for the county governments, said the \$1 billion award shows that Oregon's forest managers can't unilaterally decide how the forests should be managed without considering the state's contractual obligations to the counties.

"I kind of consider this verdict a repudiation of the state's position that there's no contract and they don't need permission from their rural partners when they decide to change our deal," he said.

If the state government decides to challenge the validity of contracts with

Clatsop County timber decision under a microscope

By **NICOLE BALES**
Daily Astorian

In January 2017, Clatsop County commissioners voted 3-2 to opt out of the \$1 billion class-action timber lawsuit against the state because it did not align with their values of balanced forest management.

Clatsop forests make up nearly one-quarter of the state-run forestlands involved in the lawsuit, and Clatsop was notably the only county eligible not to join the legal challenge.

Clatsop County opted out of a timber lawsuit against the state.

Other taxing districts in the county that stayed in the lawsuit stand to receive \$176 million for past damages and \$109 million for future damages after a Linn County jury found in favor of the counties.

While Clatsop County leaders have so far declined to comment on the verdict, the decision to opt out is under scrutiny.

the counties, or argues that it has sovereign immunity that prohibits such lawsuits, the litigation may continue

At the time, commissioners said they "support integrated and balanced management of state forests as found in the 'greatest permanent value' rule adopted by the Board of Forestry in 1998."

The rule defined "greatest permanent value" as a balance between timber harvesting and preserving clean drinking water, recreation and wildlife habitat.

However, jurors found that the state's rule violated an 80-year-old agreement with the counties by limiting logging in state forests, thus limiting their revenue. The state intends to appeal.

"The state has adopted an administrative rule that defines 'greatest permanent value' that prioritizes other uses with timber and timber harvesting and they did that unilaterally without the counties' input," said Blair Henningsgaard, an Astoria attorney who represents the Port of Astoria and the Seaside and Jewell school districts on the issue.

for years before the Oregon Court of Appeals and the Oregon Supreme Court, he said.

Water district dismisses property owner concerns at Cove Beach

By **NICOLE BALES**
The Astorian

The Falcon Cove Beach Water District on Nov. 16 dismissed ongoing concerns property owners have raised about a lack of transparency.

The water district's operator, Charles Dice, referred to those raising the concerns as a "very small group of what I call, 'disgruntled property owners.'" He said the group has been propagating misinformation and false narratives about the water district.

About 15 people attended the board meeting, which was hosted at Dice's residence in Cove Beach. The board sat around the kitchen table with Dice at the head of the table. Home and property owners sat in chairs circled around the kitchen table.

The board discussed the immediate plan for a moratorium as well as their progress on a long-range plan to determine how many homes the water district can support.

Last December, the board voted for a six-month moratorium after reporting water production had been at record low levels for the past several years during the late summer months.

They extended the moratorium for another six months in June so the board could continue to look at long-term options to protect the water supply. The water district plans to vote to extend the moratorium again in December.

However, some residents and property owners believe the moratorium is being used to limit development. While the moratorium is in effect property owners have to come up with another water source to obtain a development permit from Clatsop County.

Each home is required to document a water source that will provide 250 gallons a day.

The county accepts several types of alternate water supply systems, including rain catchment. But the alternatives can increase building costs, leaving some property owners in

limbo as they are unclear how long the moratorium will be in place.

"The water moratorium is absolutely to stop the progress of development," said Sharyl Magnuson, a property owner and local physician.

Magnuson grew up in North Tillamook County, but upon returning to the coast she said she has felt unwelcomed in the neighborhood. She said there has been a lot of rancor between the board, some long-time homeowners and lot owners seeking to build homes.

Magnuson said she tried to obtain a building permit several months before the moratorium went into effect, but said she was told by the water district they were about to declare a moratorium so they would not give her access to water.

She and her husband decided to pay an additional \$50,000 for a rain catchment system so they could obtain a building permit and build their home.

"What he was saying was a lot of misdirection and subtle falsehoods," Magnuson said about Dice after the meeting. "They tapped into a major aquifer with that first well, it should take care of a community 10 times this size. There's no need to keep the water moratorium going."

Guido Papani, a lot owner with a Ph.D. in economic geology, filed a public records request to access the data the water district used to come to their conclusion.

He and his wife, Margaret Rozendaal, who has a Ph.D. in climate science, decided to use their expertise to examine the data themselves.

They concluded there is no water shortage.

David Livermore, a hydrogeologist and long-time homeowner came to the same conclusion as Papani.

The report was discussed at the October meeting. Dice said Papani's report was not accurate, valid or pertinent.

Dice said the board's decisions are data-driven and transparent.

In Clatsop County, property taxes creep up

By **EDWARD STRATTON**
The Astorian

Property tax revenue in Clatsop County has jumped by more than one-third over the past decade and 138% over the last two decades amid burgeoning property values.

Nearly \$230 million in bonds approved by voters over the past three years have also helped drive tax rates to their highest point in at least a decade. The tax rates still pale in comparison to revenue before statewide property tax reforms passed in the 1990s.

Voters within the Seaside School District approved a \$100 million bond in 2016 to build a new master campus out of the tsunami inundation zone. Astoria voters approved \$70 million last year to improve its campuses. Warrenton-Hammond voters endorsed \$38.5 million last year to buy a new master campus and build a middle school. County voters signed off on a \$20 million bond last year to relocate the Clatsop County Jail from Astoria to a shuttered state youth prison in Warrenton.

Suzanne Johnson, the director of the county's tax department, has worked there 37 years and said she has never seen so many bonds at once.

"For the most part, people have been positive," she said of the increased tax rates. "They understood that they voted for it. We haven't had too much negative feedback."

As of Friday, the county had collected nearly 90% of a possible \$91 million in property taxes due in the latest cycle. The county averages a 96% collection rate.

Bond-financed projects

Construction of the new Seaside School District mas-



Hailey Hoffman/The Astorian

Seaside School District's new campus in the Southeast Hills, financed by a \$99.7 million taxpayer bond.

ter campus is in the home stretch, with a completed roof and a nearly closed-in building, said Superintendent Sheila Roley. The school district has spent more than \$58 million of its bond funds.

"We anticipate the building being complete by the first of August," she said.

The school district's large property value base of more than \$3 billion, encompassing numerous hotels and expensive beachfront homes, meant the district was able to keep tax increases to \$1.36 per \$1,000 of assessed value, the lowest of any of the school bonds. The district also received a premium of \$11 million when selling the bond and \$6 million in grants to help offset cost overruns of about 15% on the campus construction.

The school district has received fewer than 10 complaints about increased taxes and questions about what the district can do to lower bills, Roley said.

"I tell them we can refinance, but not until after 10 years," she said. "But we also got this bond at a historically low interest rate, so that might not be financially advantageous."

Astoria School District has so far spent nearly \$3 million of its \$70 million bond, finishing many of the renovations at Lewis and

Clark Elementary School. Major construction on a new academic hall at Astoria Middle School and modernizations and security upgrades at all campuses begin in the summer.

Lewis and Clark was financed by a \$20 million bond passed by voters in 2000. The school district timed the new bond to start

Warrenton-Hammond School District has spent more than \$8 million of its \$38.5 million bond, primarily on 70 acres of land off Dolphin Avenue where it plans to relocate all school campuses. The district has nearly completed work on a new career-technical building next to Warrenton High School that will host automotive, welding and technology courses.

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