



STATE OF OREGON

INTEROFFICE MEMO

TO: Governor

FROM: Gerry Thompson

SUBJECT: Running Update

DATE: September 1984

OCT 02 1984
Governor Atiyeh

September 7

Talked with Dan Bell, Art Riedel and Ted Brown of KRI Construction Company. All of the conversation centered around the ARCO project with their effort being one of getting us to encourage the selection of the Portland site rather than the Coos Bay site. It is their belief that because of demographics, the port, etc., the Portland site is more favorable than Coos Bay. Their intent was to convince me in your name to call ARCO and let them know there were big concerns about the labor pool in the Coos Bay area and that Portland would be the ideal location for ARCO's large of the two projects being considered.

I politely implied to them that this was a competitive decision that had to be made by ARCO and I was certain that in their process they would consider the same elements Riedel was expressing concern about.

Art mentioned that in their discussions with Hatfield, they have been stonewalled by Gerry Frank and that the Senator could embarrass himself by being "so proud of helping Coos Bay negotiate a contract." Riedel further mentioned Hatfield seemed embarrassed that he was not aware the Portland site was also under consideration.

September 10

Dolores noticed a letter to the editor that she took exception to (so did we). I had Ede write a response to the letter writer and asked that the letter be as pleasant as possible, but point out the facts. Ede, I think, did a superb job. Attached are copies.

Dolores was also extremely concerned about Suzanne and her new job. Concerns were: 1) Why did Commerce have to know whose daughter Suzanne is? 2) How did the press know? 3) Stop the press from any other coverage. 4) Suzanne's security.

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I assured Dolores we would monitor the situation closely. The story ran at 4 p.m. Friday evening, September 7, only by Channel 8. No other media has picked up the story. Dolores had been told by others that it was "a scathing" story. Dolores had not seen it herself. Attached is the mobia media report. It looks to me as though Driscoll was "scathing" and obviously angry. Suzanne's name was only mentioned once. The story ran only at 4 p.m. and was never run again. In other words, it is over and old news now.

Wayne Wolfe is thinking about leaving EDD for several reasons, all of which I will discuss with you personally. This will be a real loss and could affect the stability of the department. Wayne also mentioned the concerns for a highly potential budget deficit. Wayne should be kept in state government and is very interested in the Workers' Comp Board. I suggested he visit with Evelyn Scott Ferris.

September 11

Leonard Kunzman called about the Taiwan procurement mission coming to Oregon this month. He will take the lead in your absence, including the signing. Leonard also wanted to alert us that in a recent PI board meeting, members were instructed to work toward the Department of Agriculture taking over the operations of the PI. I asked him to get you a full report before proceeding.

Alan Cole called to inform us that the USSR had approved the trade conference to be held in the Pacific Northwest. It has also been OK'd by our U. S. State Department and sanctioned as an official NW trade conference.

September 12

At your instruction I met with John Williams. I assured him that although he would be missed sorely, that you, the Governor, were fully understanding of his need to prepare for retirement. He was visibly relieved. I assured him we would schedule a private meeting between you and John immediately upon your return to discuss his plans and recommendations.

Met with some members of your Expo 86 committee, namely Stub Stewart and Bob Ingalls. They are very concerned about how they can reach the goal of \$5m through private contributions. They feel it is unreasonable to ask for even \$2m of private donations.

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They really did not know how to get their project started or even how to develop it. I suggested they sit down with our EDD people, develop a full budget with several alternatives, some of which would include an Emergency Board request for immediate dollars, a budget request, a matching fund proposal, and a fund raising proposal. They are to develop a full proposal for your review upon your return.

September 13

Talked with Dale Weight who called about the 1985 Boy Scouts of America 75th Anniversary, for which you have agreed to serve as honorary chairman. They expect to begin their celebration the end of January 1985 running through September 1985. The first event will be the kickoff with a VIP dinner chaired by Art Riedel. As you know, they wanted to invite the President with the second choice being the Vice President. Dale will work with me in drafting a letter of invitation and I agreed we would do all follow-up work to press for an early commitment date.

At approximately 9:30 a.m. we received a call from the Department of Energy telling us there was a 12 gallon per minute leak at Trojan. We were all put on standby awaiting additional information. At 2 p.m. the leak was under control and was at less than 10 gallons per minute. Trojan was soon to undergo a safe and complete shutdown. Because this was more than a 10 gallon per minute leak, it had to be listed as an unusual incident. PGE released all information to the news media. The notification procedure worked well. The only harm that came about was two fellows checking for the leak actually walked through the vaporized stream from the leaking valve. They experienced some contamination. Upon examination, the contamination was only external and they could find evidence of no internal contamination. The two employees were examined, showered and sent back to work.

Leo Hegstrom, Bill Young and myself met regarding the wells at the new institution in Pendleton. We met with Bill to be certain we were not missing anything concerning water rights or any other potential legal problems surrounding the wells. I also had called Joe McLoughlin to determine just exactly what it would take to bring settlement of the issue. Initially he indicated to me there was no room for negotiations and their offer was a final offer. Further, in the conversation he did admit there was room for negotiation and they were expecting a counter offer from the state.

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Leo and his people are now in the process of making that counter-offer. They will probably go for an independent appraisal of the wells which is expected to be more than the \$90,000 offered by the city and an amortization of the costs with a reasonable interest rate.

September 14

Bob Ames and I finally connected. Two messages from him:

1. They appreciate your involvement against Ballot Measure 2 but Bill Wilkie feels very strongly that they should not involve themselves. Therefore, Ames could not commit any contribution for the campaign.
2. Ames had talked with his friend, Charlie Spork, at National Semiconductor. He felt pretty positive and Oregon is definitely in the running. Property discussions are still underway. Ames could not get any other information.

September 17

Russ Abolt from the City of Salem called to inform us the next day Ashton Photo would be announcing a major expansion in Salem. They are finishing a \$2 million facility out near the Salem airport and will be adding 50 to 75 employees each year for the next five years. Current work force is 175. They will be making an application to EDC for an IDRB.

September 18

The entire day was spent in Portland with Secretary Heckler.

September 19

Met with Ede Schmidt and Holly Miles regarding Mike Wooten's resignation from JTPA. Purpose was to gain direction and how best to handle the next labor appointment. I suggested that Ede and Holly jointly sit down with Imel, explain the problems and needs and ask him for advice, then develop proposed names for the Governor's consideration.

Gypsy Moth Quarantine: Demanded that Leonard Kunzman either come to the office or visit by telephone. He was in the Portland area on a farm tour with Secretary Block. The quarantine was blown out of proportion, press was out of control and no one seemed to be able to get a decision on consistent information. When Leonard

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called I directed him to pay his absolute attentions to negotiations underway with the California Department of Agriculture director. I asked that he contain the quarantine as much as possible and work hard to maintain the shipment of materials from Oregon across the California border. After several telephone calls Leonard was able to report they had reached temporary agreement to be ratified in California. I then demanded that Leonard hold a press conference so that accurate information could be disseminated and the excitement level from our timber industry people could be calmed. By late afternoon all had happened successfully.

September 20

Attended the AOI convention. Spent the entire morning with an economic development panel. The panel discussed international trade, assistance state government can give to Oregon businesses expanding, and attracting new industry to Oregon (three separate panels). Mr. Nakaichi participated with me in the last panel. He also gave a speech on your behalf discussing the need of the business community involved to further your efforts. We were well received with many positive comments about this being the first positive presentation in a number of years and that it was nice to know that there did exist some optimism. You were missed at the convention and many sent you regards and congratulations for your hard work.

September 21

Bill Bellamy called asking that the Governro and I do radio spots for his campaign. I asked that he work with Denny Miles to make any necessary arrangements.

T. K. Olson called to report on his city club speech regarding ECC's recently released report. In the speech he mentioned the Governor's leadership which can further the education community to appointments to boards, budgetary responsibility and the ability to respond to the education community needs.

September 24

Again the bulk of the day was spent with the federal mediator, agencies, regarding Rajneesh. Also talked with Congressman Bob Smith who wrote a letter to U. S. Attorney General encouraging them to cooperate with state government.

Diana Evans called to report that Maureen Reagan will be in Portland Friday, September 28. There will be a noon luncheon to which Dolores was invited. I extended the invitation to Dolores, but because it was your first day home, she declined.

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Diana Evans also reported the originally scheduled meeting on October 4 for the Reagan Bush team was being cancelled and changed to October 6. Ed Rawlings will be in town and they would like to have a private meeting with you and other Reagan Bush officials at about noon. We are awaiting further details on that meeting.

Secretary Dole will be in Eugene on October 8. William Clark is scheduled to be in Oregon on October 26. Bill Brock will also be in Oregon October 23, basically making campaign appearances for Moshofsky and Denny Smith.

Senator Timms called about a problem that a Japanese farmer is having in his area with export at the Port of Portland. They asked to meet with you, bot for Timm's political reasons and the Japanese. That meeting will be scheduled.

Pat Amedeo reported that three congressmen -- Jepson, Iowa; Humphery, N.H. and East, N.C. -- had apparently received word from White House officials they need to help stop the timber relief bill. Pat asked I get in touch with whomever I could to either confirm or back off this effort. I called the Vice President's office the morning of 9/25 early and made them aware of this knowledge. They denied such a thing was going on, but promised they would check on it. My fear was, even though we had been told the bill would not be a candidate for veto (confidential information) that perhaps the White House had decided the best tactic would be to kill it on the Senate Floor so that they wouldn't have to deal with the problem.

Met with the Ballot Measure 2 committee members: Earl Blumenauer, Tom Gallagher, Ron Schmidt, Pat McCormick. They are very worried about their efforts. It seems as though labor has put up all the money to fight ballot measure 1 and nothing is being received from the business community. They are asking for involvement from the Governor's office. They are asking that we put a staff member on loan for the campaign. I indicated this probably would not be possible. They asked the Governor be responsible for raising \$150,000 and the Governor meet with potential donors from the business community to encourage greater financial support. You have a business brown bag scheduled for October 4. It is my suggestion we turn that into a Measure 2 meeting by inviting the right people: Ziedel, Riedel, Strain, Winningstad, Knight, Gray, Miller, Scanlon, Hering, Miller, Congleton, Newbry, Wolfard, Short, Frisbee, Elorriaga, Ames, Whitley, Russ. Incidentally, at their convention AOI voted to oppose ballot measure 2. I complimented them on your behalf for their action. It now appears the Portland Chamber is about to adopt a resolution to support ballot measure 2. You may want to visit with some of the key individuals. So far \$316,000 has come in from the labor community; the budget is for \$508,000.

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September 25

Met again with John Williams, Jon Yunker, Keith Putman, Leo Hegstrom and Bob Oliver regarding just how to handle the street people being kicked out of Rajneesh. There are no funds available from the state level nor should these people be treated any differently than any of our welfare clients. We all agreed this was the position that should be maintained. We also discussed the Attorney General's request to find \$55,000 to set up a coordinating unit in Bend plus another request for \$50,000 to aid his investigation efforts. We all agreed it would be best if the Attorney General do as he is legally required and if need be he approach the Emergency Board for additional funds.

Another call from John Mathis regarding the Rajneesh. This time Mathis was requesting I have a conference call with Sheela and K.D. He indicated the situation is deteriorating rapidly. The purpose of the phone call would be to demonstrate the ability of K.D. and Sheela to treat the office with respect and cooperation.

Greg Parker called to interview me based on Joanne Boyce's press conference. She is the lady from Albany who is a radical anti-Rajneesh. The basis of her press statement was a demand for the Governor to declare a state of emergency and call a special session. He let me listen to her interview. She feels a state of emergency is necessary in order to conduct a complete investigation of what is going on at the ranch. She wants a special session to change the residency provision of our election laws to six months. She further made an allegation that our statewide elected officials are obviously paid off because they are doing nothing and she is mad at the Secretary of State who in a previous election said she would challenge the legislative process and never did.