

BOARD OF FORESTRY SUBCOMMITTEE

ON ALTERNATIVE FOREST MANAGEMENT PLAN FOR NW STATE FORESTS

Testimony of Dave Ivanoff, representing Hampton Lumber

April 8, 2015

As the member of the Stakeholder Group who submitted the land allocation proposal which has become known as the "70/30 Plan", I continue to be very supportive of the Board of Forestry's (BOF) decision to utilize the Land Allocation approach as the means to achieve financial viability for the Oregon Department of Forestry (ODF) and Trust Counties. Additionally and equally important, my proposal will enhance conservation values well beyond those that exist today, thereby achieving the "twin goals" identified by the BOF as necessary for a new Forest Management Plan (FMP). In the attached summary, the key elements of the 70/30 Plan illustrate how achievement of these goals is made possible.

As I have previously testified, achievement of the twin goals of improved financial viability and increased conservation outcomes is made possible by utilizing the land management strategies and policy choices outlined in the 70/30 Plan. To the extent the ODF recommends departure from the land management strategies which utilize Oregon's Forest Practices Act (FPA) as the guiding policy choice, financial viability will be compromised with minimal incremental contribution to conservation outcomes. Without repeating previous testimony you heard in the fall of 2014, modeling of outcomes in a new FMP should use current FPA standards as the base-line from which to measure all land management proposals in your evaluation process. In doing so, the opportunity cost of strategies and policy choices which exceed the protection measures of the FPA can be clearly understood as you evaluate the range of available options in your decision-making process.

After reading the ODF's synthesis of the Stakeholder feedback, additional clarification of some of the provisions and opportunities of 70/30 Plan may be helpful as summarized below:

- (A) It appears some Stakeholders believe conservation outcomes can only be measured by acres set-aside for this primary purpose. True evaluation of conservation outcomes should not be a "place-based" measure, but rather one of "function." For example, the habitat needs of deer, elk and countless species of songbirds will be met through active forest management in the production zone, while the habitat needs of species dependent on older forests will be met on the areas set aside for conservation outcomes. One respondent suggested timber harvest amounted to "... destroying habitat..." without recognition of the habitat created for the needs of early and mid-seral species by sustainable timber harvest activity.
- (B) It appears that one or more of my Stakeholder colleagues believes the idea of the Conservation Fund is to somehow mitigate the "destruction", created by increased timber harvest activity across the landscape. The Conservation Fund envisioned in the 70/30 Plan is not a mitigation measure, but rather an augmentation of the overlap in conservation functionality between the production zone and that of the conservation zone. Targeted projects identified by scientists to improve riparian and terrestrial habitat conditions across the landscape will be made possible with the Conservation Fund approach. Essential ongoing watershed research and monitoring of the new FMP will also be possible through the Conservation Fund approach. This will allow

adaptive management based on scientific research rather than perception-based policy decisions to occur. Conservation outcomes will clearly increase with the Conservation Fund element of the 70/30 Plan.

- (C) Increased revenue to the ODF will allow ongoing landscape level assessment of essential road systems to occur, with funding available to enhance improved water quality through timely maintenance and other means.

As work proceeds in the new FMP effort, I believe it is critically important that this Subcommittee and the full BOF now provide ODF staff with the guidance needed to facilitate the timely completion of the work required in this planning effort. The clock is clearly ticking on the need to urgently solve the financial crisis facing the ODF and the Trust Counties. Further "process" with Stakeholders or the public will not likely reveal any new information beyond what the BOF and the ODF have already heard. For the critical modeling work now needed, I respectfully request this Subcommittee recommend the full BOF direct ODF staff to do the following:

- (1) Model the 70/30 Stakeholder Plan utilizing the FPA and a Take Avoidance strategy as the policy choices to develop the baseline from which to measure potential outcomes under any other zoned land management approach;
- (2) For any other zoned modeling approaches, direct ODF staff to limit riparian and green tree retention standards in the production zone to be no greater than that which exists under the current FMP; and
- (3) Do not engage Stakeholders or the public to "draw lines on a map." Once the modeling work is accomplished and the BOF establishes final policy choices, the ODF professionals on the ground are the most knowledgeable people to appropriately designate the areas needed to achieve the goals of financial viability and improved conservation outcomes. I firmly believe any ODF effort to facilitate a public mapping exercise of this nature will not lead to a universally accepted outcome and will compromise the timely completion of the work needed to finalize a new FMP.

Thank you again for the opportunity to provide input in this process and I look forward to continue working with the BOF and ODF staff in this effort.

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Summary of Stakeholder 70/30 Zoned Forest Management Approach (70/30 Plan) for approximately 609,500 acres managed by the ODF in Northwest Oregon:

A. The 70/30 Plan sets aside 30% of the land base for conservation and other values including enhanced water quality and fish/wildlife habitat, public safety, access and recreation. The remaining 70% of the land base will be managed for optimized timber outputs under the protection measures of Oregon's Forest Practices Act (FPA), and will also provide important conservation values as well.

(Establishment of a conservation zone of this size will add about 13% of the land base to the areas already set-aside under the protection measures of Oregon's FPA. This represents an additional 79,235 acres set aside primarily for conservation outcomes. At today's forestland values, this represents a present-value opportunity cost of approximately \$400 million for this purpose. Dedicating this additional land base for conservation emphasis will clearly demonstrate Oregon's ongoing commitment to maintaining and enhancing critical environmental values.)

B. The 70/30 Plan will sustainably produce approximately 320 MMBF per year, as compared to current ODF management strategies, which are producing approximately 220 MMBF per year.

Assumption:

60 year rotation, with approximately 1.2% of the entire landscape regeneration harvested and 1.2% thinned on an annual basis;

<i>7,110 Acres of Regeneration Harvest @ 40 MBF/Acre</i>	<i>284,400</i>	<i>(284 Million Board Ft. / Year - Rounded)</i>
<i>7,110 Acres Thinned @ 5 MBF/Acre</i>	<i>35,550</i>	<i>(36 Million Board Ft. / Year - Rounded)</i>
Total Annual Harvest	319,950	(320 Million Board Ft. / Year - Rounded)

C. The 70/30 Plan will harvest approximately 77% of the annual growth, while current ODF strategies harvest only 53% of the annual growth.

(From ODF data, current growth rates are approximately 414 MMBF per year)

D. Incremental Annual Revenue under the 70/30 Plan will be at least \$35 million dollars.

<u>Plan</u>	<u>Annual Volume MBF</u>	<u>Historic Ave. Stumpage (Rounded)</u>	<u>Total Revenue</u>
70/30	320,000 MBF	\$ 350.00 per MBF	\$ 112,000,000
<u>ODF Current Plan</u>	<u>220,000 MBF</u>	<u>\$ 350.00 per MBF</u>	<u>\$ 77,000,000</u>
Difference	100,000 MBF		\$ 35,000,000 *

** Approximately \$12,687,500 would go to ODF to improve financial viability & \$22,312,500 would go to the trust counties*

E. The 70/30 Plan will create a conservation fund based on dedicating \$10/MBF (or more) of the stumpage receipts from the incremental harvest above current activity levels.

(At 100 MMBF of incremental harvest, this will generate at least \$1,000,000 of annual revenue that can be used to enhance fish/wildlife habitat or recreation opportunities.

This conservation fund could also provide a stable funding source for ongoing critical watershed research and monitoring efforts.)

- F. The 70/30 Plan will use a Take Avoidance strategy to comply with the ESA, rather than submit to onerous constraints imposed by the federal services for an HCP.**
(After expenditure of huge dollars and valuable staff time, past ODF efforts to secure an HCP have withered under the unacceptable constraints required by the USFWS and NOAA. There is no reason to believe a renewed effort to secure an HCP will result in a different outcome. Under the 70/30 Plan, slower growing older age classes will be harvested on the areas managed for timber production under a 60 year rotation strategy. Not only will this improve forest health and productivity, but also, shorter rotation management than that of the ODF's current strategy will avoid the unintentional creation of habitat conditions that threaten ODF's ability to manage the land. The habitat needs of species dependent on older forests will be met with the establishment of the conservation zone.)
- G. The 70/30 Plan will generate sufficient revenue to support ODF's forest management needs. With over \$12.6 million of additional annual and sustainable revenue flow each year, the ODF's need to seek critical General Fund dollars in the state budgeting process will be eliminated.**
(Oregon continually struggles to adequately fund education, public safety and other societal needs. To allocate critical General Fund dollars to support an agency that has the means to satisfy its additional revenue needs through a sustainable increase in harvest levels is ill-advised public policy.)
- H. The 70/30 Plan is specifically designed to address Oregon's economic and social needs with the same focus as conservation values. Under current ODF policy, many believe the trust counties are not receiving the full measure of revenue flow envisioned at the time of transfer to state management of these valuable timberlands. The 70/30 Plan more appropriately meets the intent of the original trust mandate with the counties and positively addresses the issues of rural unemployment, poverty and the decline in the social fabric of small communities.**
- I. Summary: The 70/30 Plan is an "And/And" solution in that it will accomplish the vision of increased financial viability for the ODF and simultaneous enhancement of conservation outcomes as well.**