

State Forests Strategic Initiatives – October 2015 – Proposed Changes

Summary

Table 1. Status of 2015-17 State Forests Initiatives and Proposed New Initiatives

Long Term Sustainability for Managing State Forests – <i>continue & revise</i> Evaluate and Adjust Business Model Forest Management Plan Alternatives Improve Business Practices
State Forest's Recreation, Education and Interpretive Program Capacity
<i>Managing and Protecting Threatened & Endangered Species (new)</i>

*Strikeout indicates the initiative is proposed to be “retired”.

*Bold-italicized indicates new initiative proposed.

Introduction

The Board work plan is largely linked to the State Forests’ strategic initiatives. The State Forests division has two initiatives: Long Term Sustainability for Managing State Forests and Managing and Protecting Threatened and Endangered Species. The State Forests related Board work plan is described below in the context of these initiatives.

Strategic Initiative: Long Term Sustainability for Managing State Forests

This portion of the Board work plan is linked with the primary State Forest’s Strategic Initiative: Long Term Sustainability for Managing State Forests. This initiative is designed to address the continued decline in the Forest Development fund, with a projected balance that goes negative in 2020. The Board of Forestry has been highly engaged in this project since 2011 with the completion of the “Financial Viability” report. To date the focus for solving the financial viability issue has centered on changes to the NW State Forests Management Plan. However, there are three components that need to be addressed: (1) evaluate a change in the State Forests business model, (2) revise the current NW State Forests Management Plan (FMP) to improve financial viability and conservation outcomes, and (3) improve business practices.

None of these approaches on their own is likely to fully achieve financial viability. It is likely to take a combination of the three to be successful. This initiative links these three components to more holistically address financial viability.

Component 1: Improved State Forests' Business Model (continued)

Board Involvement:

1. Information only to review business model concepts, comparisons to other northwest states that manage state forests, as well as potential partnerships and other funding mechanisms.
2. Review Program Option Packages to help fund otherwise unfunded public benefits.
3. Review and approve recreation/rave rule revision and rule making.

Description

Due to an extended decline in the wood products market, both regionally and nationally, and downward revenue projections associated with timber harvests on state-owned forest land, the Oregon Department of Forestry (ODF) is fundamentally re-examining the business model under which State forests are managed, with a goal of improving the long-term financial viability of the program, within the context of GPV. The division relies on revenue from the sale of timber to support operations and provide revenue to the counties. This funding model makes the division vulnerable to shifts in the timber market combined with changes in forest conditions from disturbances such as fire, flood, insect and disease, wind and ice storms. Managing and restoring forest conditions is a long term endeavor. These conditions suggest a business model with greater flexibility and a diverse revenue stream would provide greater financial stability over time. This stability would enable the program to deliver more durable social and ecologic benefits.

A large portion of social benefits are provided through recreation, education and interpretation. There is a need to rebuild recreation, education, and interpretation staffing levels to meet growing demands in recreation management on state forest lands, and for the educational and interpretive programs of the Tillamook Forest Center. There is also a need to establish an appropriate balance of revenue sources and program expenditures that minimizes the fluctuation in the staffing and project expenditures required to maintain effective recreation, education and interpretive programs. Along those lines, the State Forests division is supportive and engaged in a long term collaborative process for designing and funding the Salmonberry Corridor Trail Project.

Component 2: Evaluate Alternative NW State Forests Management Plan (continued)

Board Involvement: Review and approval of the following stages

1. Review model and science review outcomes
2. Review and approve revised FMP
3. Initiate rule making
4. Approve final FMP

Description

The dominant management plan for State Forests is the NW Forest Management Plan (FMP) that includes 650,000 acres, about 75% of the total state forest land base and generates over 90% of the revenue from Board of Forestry lands. The original FMP was approved in January 2001 by the Board of Forestry as the first integrated resource management plan for the state. Analysis of the forest management plan outputs, at the time of approval, suggested a high level of timber harvest and a corresponding contribution to a diverse array of fish and wildlife habitats across the landscape. Once implemented, timber harvest levels and the corresponding revenues to counties, local taxing districts and the agency have fallen well short of expectations. As a result, the Board of Forestry revised the plan in 2010 with a performance measure of increasing revenues by 5-15% and to remain financially viable. It is now apparent that the Northwest FMP will not likely to meet revenue expectations for the counties or generate sufficient revenues for the state, assuming that timber continues to be the dominant revenue source.

In November of 2011, the Board directed the agency to start work on alternative management plans that could potentially meet Board-approved performance measures, ensure financial viability for State Forests and meet the Board's standards for "greatest permanent value." This Board direction followed Governor Kitzhaber's address to the Board in November 2011 in which he articulated a range of social, environmental, and economic challenges for forestry in Oregon and posed five specific goals to the Board of Forestry. These were to develop and use performance measures, consider a land allocation approach, clarify conservation areas, use an adaptive management approach, and review the State Forest's business model. The exploration of alternative management plans is informed by a rigorous external science review and transparent stakeholder processes. This work will incorporate an effort to explore a change in the business model that could diversification of the existing revenue stream toward non-timber values such as recreation, clean water, conservation areas, and stream restoration.

Component 3: Evaluate Improved Business Practices (continued)

Board Involvement: This will primarily be review-only, unless a practice triggers a legislative concept or a program option package. Several improved practices are underway.

Description

Two prior workgroups evaluated ways to increase financial viability or reduce costs working within the framework of how the division currently does business but did not pursue aspects of the business model that interacts within the division, with the other divisions in the Agency, or with other agencies. A careful look at the underlying business practices of State Forests, including areas of overlap between programs and agencies, is likely the next step in addressing the financial viability of State Forests. In an effort to assure long term financial viability of the State Forest Division, efforts have been underway for several years to identify key measures that would assist in accomplishing this task. To date the focus has centered on a revision of the current NW State Forests FMP that improves financial viability and conservation outcomes. This component focuses on business practices that can be implemented within the context of a current or revised FMP as well as a changed business model.

Strategic Initiative: Threatened and Endangered Species Management

Board Involvement:

1. Review continued work on the Safe Harbor Agreement related to the Barred Owl removal project.
2. Examine use of programmatic tools for Endangered Species Act compliance

Description

Managing and protecting listed species is an important component of meeting mandates for both Board of Forestry and Common School Lands. In the absence of any programmatic agreements (e.g. Habitat Conservation Plan, Candidate Conservation Agreement, Safe Harbor Agreement), the State Forests Division employs a “take avoidance” approach to ESA compliance. These approaches require a significant expenditure of funds, result in significant management conflicts, and require ongoing resolution of technical, operational, and policy issues, both internally and with the federal Services. As we continue with implementation of these approaches, we will continue discussions, with USFWS in particular, on the many technical and policy issues inherent in improving these approaches. Initial work will also occur on the evaluation of programmatic approaches to ESA compliance (e.g. evaluate pros/cons of an HCP or other tool). For both take avoidance and programmatic approaches, ODF will assemble and contribute technical and operational information to the conversations. The federal services continue to evaluate other species for listing. ODF will track these efforts, and to the extent possible, prepare for any additional listings.

Other Critical Topics:

The Elliott Land Transfer

Board Involvement: Periodic updates to track progress and identify critical junctures

Description

The State Land Board has embarked on a Land Transfer process for the Elliott State Forest which includes a protocol and associated timeline to submit a proposal. The work at hand is extremely complex and needs to be completed in short order. The Department is examining our potential role in the transfer process, partnerships, and proposal development. At this stage the Department **does not have** the resources to lead a partnership or to develop a proposal, but remains open to being a member of a partnership(s). The Department will explore potential mandates and establish principles to guide our decisions as the land transfer process unfolds. We will continue to track and remain active in the process, recognizing that the expedited timeframe combined with our lack of resources is working against our ability to provide leadership in solving this incredibly complex problem.