

# ODF Acquisition of the Gilchrist Tract - Phase 2

## Staff Analysis of the Proposed Acquisition

November 2013



This document provides an analysis, as required by Oregon Administrative Rule, of Phase 2 of the proposed acquisition of the Gilchrist tract forest lands located in northern Klamath County, east of Highway 97 in the Gilchrist-Crescent area, approximately 45 miles south of Bend.

### **I. BACKGROUND**

Since the summer of 2008, the Oregon Department of Forestry has been pursuing acquisition of a significant tract of privately-owned pine forest in northern Klamath County, known as the former Gilchrist tract forestlands.

#### A. ODF's Interest: Conserving Forests for Forest Values

The Department's early interest in acquiring these lands grew out of the concern that they would be subdivided and lost as working forests. These Central Oregon forests are at risk of being fragmented into hundreds of smaller parcels. Population growth, changing real estate values, and contraction of the conventional timber industry, particularly east of the Cascades, have produced increasing incentives for owners of large working forests to divide and sell them.

When large blocks of forestland are fragmented into smaller ownerships, especially when low-density homes are introduced, major challenges emerge, and forest values are lost. There's more potential for human-caused fires, compounded by more costly and complex fire protection needs. It's also less likely the land will be managed for forest values. Public access is lost and wildlife habitat is fragmented. If kept together and in forest use, over time, these forests can provide sustainable timber jobs, keep wildlife habitat intact, and secure public access to recreation opportunities. And, in time, a working state-owned forest will provide a steady stream of revenue to local counties.

#### B. Land Ownership

In 2010 and 2011 the Department completed the purchase of approximately 43,389 acres of the Gilchrist tract from Cascade Timberlands (Oregon), LLC, using the proceeds from \$15 million in Oregon Lottery-backed bonds. The acreage was formerly owned by Crown Pacific Limited Partnership, and was transferred via a general warranty deed, in lieu of a foreclosure action, to Cascade Timberlands (Oregon), LLC in December 2004. Crown Pacific Limited Partnership acquired the property from the Gilchrist family in 1990/1991. Prior to that, the property had been owned and managed by the Gilchrist Timber Company, which began operating a mill in the area in 1938. Much of the land was acquired by the Gilchrist family in the early 1900s. Gilchrist was Oregon's last operating "company town."

Because the lottery funds authorized were not sufficient to acquire the entire Gilchrist tract, the Department worked closely with the national non-profit land conservancy The Conservation Fund (TCF) to lay the groundwork for acquiring the remaining approximately 25,800 acres. TCF completed the acquisition of that block from Cascade in 2012 and entered into a Lease and Option Agreement with the Department to hold it until such time as the Department can obtain sufficient funding sources to acquire the property, which will achieve the longer-term vision of the entire Gilchrist tract becoming the Gilchrist State Forest. TCF has also been instrumental in assisting the Department in identifying potential funding sources for that purchase, including Forest Legacy and the potential sale of carbon offset credits.

### C. Current Status of the Acquisition

The 2011 legislature approved an additional \$1.98 million in Oregon Lottery-backed bonds. TCF applied for and was awarded a Forest Legacy federal grant totaling \$3 million which requires matching funds of \$ 0.75 million. In addition to the lottery bonds and the Forest Legacy grant, the 2013 legislature approved \$5.2 million in general fund bonds from which proceeds will become available in 2015. Therefore, the total funds anticipated to become available for the remaining acquisition of the Gilchrist tract is \$10.18 million.

In addition to the above-described TCF lands, the Department has entered into an agreement with Central Oregon Land Holdings, LLC (COLH) to purchase seven parcels totaling approximately 3,000 acres. Five of the COLH parcels are in-holdings within the Department's existing Gilchrist ownership and the other two parcels are in-holdings within TCF ownership.

Appraisals and property studies of the Gilchrist tract were completed in 2009 and an appraisal of the COLH parcels was completed in 2013. Final negotiations with the landowners are complete, and this phase of the project is now moving into the necessary approval stage, with input from the public, the Klamath County Commission and the Board of Forestry. The proposed acquisition has strong support from Governor Kitzhaber, the Klamath County Commission, the Oregon Legislature, the Oregon Board of Forestry, Walker Range Fire Patrol, and the surrounding communities of Crescent and Gilchrist.

## **II. BENEFITS AND VALUES ACHIEVED**

This acquisition furthers the purpose of ORS 530.101; Chapter 629—Division 35 Administrative Rule; and the *Forestry Program for Oregon* by conserving forestlands that could otherwise be lost to parcelization and development. The acquisition also furthers the objectives of state forest management by providing a full range of economic, social and environmental values. An assessment of specific benefits follows.

### A. Environmental Values

A third party biological assessment was completed by Atterbury Consultants, Inc., providing the following observations:

#### 1. Climate & Rainfall

Due to the rain shadow effect of the Cascade Range, the area is generally typified by low precipitation, with a mean accumulation of about 11 to 24 inches annually depending on elevation. About 70 percent of the precipitation falls in the winter months from November

to March, mostly as snow. A moderately deep snowpack averaging 2 to 4 feet depending on elevation usually develops in early winter and often persists into early spring. The driest months are August, July, and September with an average rainfall of less than one inch.

## 2. Topography

Topographical relief is gentle to moderate throughout most of the area. Topography is typified by a high, broad undulating pumice plateau with isolated buttes. The general elevation range is between 5,400 feet on the far western and eastern fringes of the analysis area, to an average base of about 4,300 feet on the plateau in the central portion. The general shape of the Gilchrist tract is dominated by a nearly level pumice plateau with buttes and ridges in the east and southeast portion, Crescent Butte and upland benches in the west and southwestern portion, and the northern end of Walker Rim in the southwest portion.

## 3. Forest Vegetation

The analysis area is dominated by lodgepole pine and Ponderosa pine. The former dominates the nearly level pumice plateau and depressions, while the latter occupies higher elevations and the slopes of buttes and hills. Minor inclusions of white fir are seen in some of the highest elevations, where Douglas-fir and white fir may be strong cohorts. A little less than half of the stands across the area are dominated by Ponderosa pine, and stands with a mix of the two pine species comprise about a third. Lodgepole is the major species in nearly 20 percent of the stands. The dominant shrub species in the analysis area is bitterbrush, but squaw currant, snowbrush, bearberry, green-leaf manzanita, and golden chinquapin are common associates and sometimes dominant. Forb layers are dominated by Idaho fescue, but other primary community species include western needlegrass, squirrel-tail bottlebrush, Ross' sedge, long-stolon sedge, lupine, penstemon, strawberry and western yarrow. Although the majority of stands in the area owned by TCF are considered to be relatively young, about 64 percent have both younger and older age classes represented in them. An estimated 33 percent of stands have on average an overstory of 40 to 60 feet tall, and an understory about half as old. These are mixed or ponderosa pine dominated and have good potential in the long-term, with management, to develop multi-aged layered characteristics with complex older forest structure. Currently it is observed that the abundance of snags or large downed woody debris (DWD) in TCF owned area is considered to be low. The approximately 3,000 acres owned by COLH are in a Conservation Easement held by the Deschutes Basin Land Trust. This Conservation Easement is designed to protect older, larger trees and has significantly more large trees and snags than the area owned by TCF.

## 4. Soils

The majority of soils types in the analysis area are cold, deep, very well-drained, gravelly, loamy coarse sands of moderate productivity. They formed in ash and pumice originating primarily from the eruption of historic Mt. Mazama that buried relict soils that had formed in alluvium or colluvium. They typically are relatively young and have thin topsoil horizons over subsoils that are poorly developed with a low nutrient status. The coarse texture of the soil and the inherent low fertility of the subsoil and substratum restrict root development. Because of the coarse-texture, trees are subject to windthrow. Increased erosion, loss of nutrients, and water repellency may result from fires that have moderate to high fire intensity. The subsoils have low inherent fertility, and are susceptible to displacement by ground-based logging. They are also moderately susceptible to excessive compaction.

## 5. Watersheds

The hydrologic regime of the watershed is snowmelt dominated. Peak flows occur in the spring. Base flows are maintained primarily by groundwater recharge from melting snowpack, and smaller contributions from spring and early summer storms. Low flow occurs in the dry months from July to September. In most years streams in the analysis area are dry by late summer (USGS 2009). There are no fish-bearing streams on the property.

There are no significant documented springs in the analysis area, although small seasonal seeps may occur in some of the headwater draws signifying the uppermost origin of surface flow. Significant mapped wetlands are also absent in the analysis area. Overall, the analysis area is considered to be quite dry and void of notable water features. For this reason the Deschutes National Forest in collaboration with volunteers maintain a series of guzzlers that have been distributed throughout the analysis area to provide water for wildlife, most notably mule deer.

## 6. Species and Habitats Considered

Fifty-two status species have been evaluated that included 11 mammals, 17 bird species, 2 fish species, 6 amphibians, 4 invertebrates, and 12 vascular plants. Of the 52 species evaluated, only 27 are considered to be present or potentially present on the property. The remaining species are omitted from further detailed discussion because habitat potential was either very low or non-existent. Of the 27 species considered to have potential habitat, 7 have been sighted or are known to occur either in or very near the analysis area. Three species have been observed; a nesting Northern goshawk, numerous sites where pumice grape fern has been observed, and several small sites where Peck's milk vetch occurs along the railroad right-of-way.

Nine of the 27 species considered to be present or potentially present in the analysis area have habitat rated as low-moderate or better. Those reliant on older forest structure, large snags and down woody debris—which include most of the mammals and birds—are lacking high and moderate quality habitats in the TCF owned area because of the relatively young forest stands that dominate the analysis area. This habitat type is much better represented on the COLH parcels. Those reliant on aquatic and riparian resources are also lacking quality habitat. Certain bird species which are adapted to the stand conditions in the analysis area may be affected in a regional context by other invaders that compete for nesting habitat. The species with the highest quality habitat—primarily certain plants and an amphibian—are regionally or locally endemic and adapted to the arid and pumice environments. Their habitat requirements are not wholly reliant on forested conditions.

There are three threatened and endangered (T&E) listed species that have potential habitat in the analysis area: Canada lynx; Northern spotted owl; and Applegate's milk vetch. None of these species are documented on the property, and potential habitat for these species on the property is rated low or non-existent. There is no federally-designated critical habitat for any species in the analysis area.

There are two species with potential habitat in the analysis area that are listed as candidates for threatened designation under the ESA: Pacific fisher, and Oregon spotted frog. Potential habitat for both is considered to be very low, and there is no significant habitat in the analysis area that is contributing to known populations.

The property lies within ODFW's Wildlife Management Areas #35, and 77. Paulina and Fort Rock. Mule deer are the principle species that management strategies are intended to address. The property is important summer range for mule deer that provides sufficient cover and forage. Cover and new spring growth are important factors for fawning and rearing habitat. Generally herds migrate for winter eastward to the high desert where buildup of a deep annual snowpack is usually absent; year-round use however is common. The summer range is higher elevation and forested, affording thermal cover.

**B. Economic Values**

A third party appraisal was performed on both properties. The appraisals assigned the following acres and values to the full TCF and COLH owned Gilchrist tracts:

	<u>TCF</u>	<u>COLH</u>
Total Acres Appraised:	68,972	3,000
Appraised Value:	\$23,500,000	\$386,000

A preliminary analysis of the estimated annual volume and revenue stream from the proposed acquisition acres was prepared (see top of page 5). Note that this is a preliminary analysis: once the lands can be further studied, inventoried, and brought into ODF management, these numbers will likely change.

Estimated Annual Volume	Estimated Annual Gross Revenue
Decade 1: 35,000 green tons	\$175,000
Decade 2: 42,000 green tons	\$252,000
Decade 3: 7,592 thousand board feet (mbf)	\$981,388
Decade 4: 8,776 mbf	\$1,265,962
Decade 5: 12,454 mbf	\$2,461,624
Decade 6: 13,445 mbf	\$2,850,243

For the purposes of these projections, the Gilchrist tract's forested landbase was divided into two categories; ponderosa pine/mixed conifer lands, and lodgepole pine lands. Both categories were analyzed based upon the use of approved silvicultural criteria currently embodied in the Eastern Oregon Region Forest Management Plan. Under this regime, Ponderosa pine and mixed conifer are managed as uneven aged forests, with harvest entries occurring as stands reach or exceed basal area levels based on site quality. After an initial entry, stands are re-entered every 20 years. Lodgepole pine stands are managed as even aged forests, with an average rotation of 70 years. During the first two decades, ODF will focus on chip thinning approximately 3,500 acres annually for biomass in the young overstocked stands.

In addition to the direct revenue generated from the harvest of timber on these lands there are important indirect economic values represented by ODF management (and by keeping the lands in forest use) which involves wood products jobs in the Gilchrist-Crescent area; potential utilization of post-commercial slash and other biomass for energy generation; employment of natural resources professionals involved in management and fire protection;

indirect recreation-related revenues generated by the sale of goods and services associated with recreational use of the properties; potential carbon offset credit revenues deriving from the forest's role in mitigating climate change by being able to absorb emissions of greenhouses gases.

### **C. Social Values**

#### **1. Recreation Potential Listed as Significant**

An assessment of the recreation values associated with the property was completed in October 2009. Key conclusions from that study include:

The Gilchrist tract is heavily roaded and has several mainline haul roads that traverse the parcel – one of which serves as the “shortcut” between the Gilchrist/Crescent area over to Highway 31. However, most of the road system is under a “green dot” vehicle access program that designates only certain routes open to motorized vehicles. This is a statewide program administered by ODFW in partnership with public and private landowners that limits areas open to motorized vehicles to provide a more quality big game hunting experience. It is primarily a flat landscape covered with young stands of mixed pine forests. Two significant land forms provide some topographic relief: the Crescent Butte area and the northern edge of the Walker Rim. The parcel is also traversed by a BPA power line corridor, a natural gas pipeline, and the Burlington Northern mainline railroad.

There are no formally developed recreation facilities within or adjacent to the parcel, however, there is a small shooting range north of Gilchrist that has been built and maintained by local users. Dispersed recreation use occurs year-round with snowmobiling during the winter, off-highway vehicle use primarily during the spring and fall, and a significant amount of deer hunting with a few dispersed camping sites. Currently the use is primarily by local residents for “close to home” OHV riding and concentrated around the Crescent Butte area. Mushroom picking is also a seasonal use throughout the area.

Following a detailed analysis, the Gilchrist tract was determined to have significant potential to provide opportunities for dispersed recreation and trail development and use. Several criteria were instrumental in this determination:

1. Size and ease of access;
2. Surrounding uses;
3. Level and type of current use;
4. Feasibility for development;

Off-highway vehicle (OHV) riding is currently the most predominant use occurring on this parcel with much of the use associated with hunting and mushroom picking. Numerous local citizens and officials from cooperating agencies agree that this represents the greatest potential for recreation opportunity improvements in the future. Working collaboratively with the adjacent landowners and the communities of Gilchrist and Crescent, the Gilchrist tract has moderate potential to provide designated OHV trails utilizing the extensive network of roads. This potential is further supported by current efforts by the US Forest Service to implement its newly established Travel Management Rule that will prohibit motorized travel on much of their road system while planning for three new designated areas within the Crescent Ranger District. When established, the proposed National Forest riding

area along the Walker Rim would be greatly enhanced by a designated system on the southern portion of the Gilchrist tract.

This potential is also supported by some other factors:

1. Size of the parcel and extent of road network;
2. Easy access from Highways 97 and 31;
3. Variation in topography: Crescent Butte, Fremont Siding Butte, and Walker Rim;
4. The canyon-like topography within the south eastern part of the parcel has potential for some challenging four-wheel drive opportunities;
5. Relatively close to the Eugene/Springfield area (90 miles).

Future management of OHV use should include other considerations as well:

1. Phase in designated routes beginning with the existing “green dot” travel management system;
2. Off trail cross-country travel should be prohibited;
3. There must be an active law enforcement presence;
4. Develop a centralized staging area for user contact and forest education;
5. Gain support from OPRD and the ATV Advisory Committee for future use of ATV funds.

## 2. Few Known or Documented Cultural Resource Sites

An assessment of the cultural resource values associated with the property was completed in October 2009. Key conclusions from that study include:

- a. Known prehistoric and historic cultural resource sites within the Gilchrist tract lands are few in number – due in part because most of the lands have always been in private ownership and never systematically surveyed. However, in 1997 a project covering about 17,000 acres within the Gilchrist tract included an extensive archaeological survey in preparation for a land exchange between the U.S. Forest Service and the then current owner, Crown Pacific. While only nine sites were discovered and recorded, these findings characterize the likely type and distribution across the remaining acreage.
- b. Prehistoric sites located within the project area primarily reflect short-term, seasonal occupation. Recorded sites show evidence of lithic tool manufacturing and use of the area for hunting is clearly indicated at several sites. Plant processing and a more sustained seasonal occupation is indicated at only one site that is located adjacent to but not within the Gilchrist tract.
- c. During the 1997 land exchange survey project, three tribal governments were consulted: the Klamath Tribes, the Confederated Tribes of Warm Springs Reservation, and Burns Paiute. No traditional cultural sites, sacred sites, or burial grounds were identified within the federal lands being considered for exchange.
- d. Homestead remnants and dumps have been observed but not determined to be significant and therefore have not been recorded. There are many remnants of the

old railroad grades and early transportation routes used by settlers. Most of these now serve as access roads that are spread across the landscape.

- e. Important historic themes represented by known sites relate to homesteading and early settlement, sheep-herding, early pioneer roads, and railroad grades associated with the lumber industry.

### **III. Integrating with the Eastern Oregon Region Plan**

As a state forest, the Gilchrist tract forestlands will be managed under the approved Eastern Region Long-Range Forest Management Plan, which calls for uneven-aged management to provide a range of forest values. The Sun Pass State Forest, located about 50 miles south of the Gilchrist lands, serves as an example of the type of management proposed for the Gilchrist lands. The Sun Pass was acquired as a heavily harvested tract in the mid 1940s and carefully managed to produce the notable stands of Ponderosa pine it is known for today.

Following a post-acquisition study and planning phase, specific plans for managing the Gilchrist lands will be incorporated into the implementation plan and annual operations plans for the Klamath-Lake District, where the management function for the lands will reside for the near- and mid-term future.

*For more information:*

*Ed DeBlander, State Forests Asset Unit Manager, 503-945-7348. [edebland@odf.state.or.us](mailto:edebland@odf.state.or.us)*