

BOARD ISSUES WORK PLAN – 2011

Issue #2: State Forests

Date Work Plan Approved: January 2011

Contact: Nancy Hirsch
Chief, State Forests Division
503-945-7204 nhirsch@odf.state.or.us

<u>Contents</u>	<u>Page</u>
BACKGROUND.....	3
Current Issues and Completed Work	3
Intermediate Board Issue 4—Review Long-range Land Acquisition and Exchange Plans or approve specific proposals.....	4
Historical Context	4
Board Products	4
Research and Information Needed.....	5
Stakeholder and Public Involvement	5
Timeframes w/Milestones.....	5
Resources Required	5
Monitoring Achievement of this Intermediate Board Issue	5
Intermediate Board Issue 5—Improve the Board’s Performance Measures for the State Forests Division.....	5
Historical Context	5
Board Products	6
Research and Information Needed.....	6
Stakeholder and Public Involvement	6
Timeframes w/Milestones.....	6
Resources Required	7
Monitoring Achievement of this Intermediate Board Issue	7
Intermediate Board Issue 6—Improve the Northwest Oregon Forest Management Plan to achieve desired outcomes	7
Historical Context	7
Board Products	7
Research and Information Needed.....	7
Stakeholder and Public Involvement	7
Timeframes w/Milestones.....	7
Resources Required	8
Monitoring Achievement of this Intermediate Board Issue	8
Intermediate Board Issue 7—Approve Revised Elliott State Forest Management and Federal Habitat Conservation Plans.....	8
Historical Context	8
Board Products	9
Research and Information Needed.....	9
Stakeholder and Public Involvement	10

Timeframe w/Milestones 10

Resources Required 10

Monitoring Achievement of this Objective 10

Intermediate Board Issue 9—Evaluate opportunities for improving economic performance on Board of Forestry forestlands (timber and ecosystem services)..... 10

Historical Context 10

Board Products 11

Research and Information Needed 11

Stakeholder and Public Involvement 11

Timeframe w/Milestones 11

Resources Required 11

Monitoring Achievement of this Intermediate Board Issue 12

Intermediate Board Issue 10—Review and revise OAR 629-035-0020, -0030, and any other components of Division 35 the Department deems necessary to ensure an efficient and effective policy decision-making framework for the both the Board and the Department. 12

Historical Context 12

Board Products 13

Research and Information Needed 13

Stakeholder and Public Involvement 13

Timeframe w/Milestones 13

Resources Required 14

Monitoring Achievement of this Intermediate Board Issue 14

BACKGROUND

The Department of Forestry manages about 848,000 acres of forestland in Oregon, which accounts for three percent of Oregon's commercial forestland. There are six state forests; the, Clatsop, Elliott, Gilchrist, Santiam, Sun Pass, and Tillamook, plus scattered tracts. Eighty-five percent of the state forestlands are owned by the Board of Forestry; the remaining 15 percent are Common School Forest Lands (CSFL) owned by the state of Oregon. The Department manages CSFL under an agreement with the Department of State Lands and the State Land Board.

Board of Forestry (Board) forestlands are managed to achieve healthy, productive and sustainable forest ecosystems that, over time and across the landscape, provide a full range of social, economic and environmental benefits to the people of Oregon. The Common School Forest Lands are managed to generate the greatest amount of revenue in the long run for the Common School Fund, consistent with sound techniques of land and timber management.

Draft Forestry Program for Oregon Goal A.6 addresses state forestlands managed by the Board of Forestry. This goal says, “forestlands managed by the Board of Forestry consistent with its statutory authority will be promoted as an example of multiple resource management, and a practical demonstration of one forest ownership’s contributions to the Board’s statewide goals for environmental, economic, and social forest sustainability.”

This work plan contains the issues the Board chooses to work on to achieve this goal.

Primary Board Issue #2— Consistent with statutory authority, how will the Board shape management of state forests so the forests are its example of multiple resource management, and a practical demonstration of one forest ownership’s contribution to the Board’s statewide goals for environmental, economic, and social forest sustainability?

The Division and Board are continually obtaining information from numerous sources, including through applying the forest management plan, monitoring activities, and research projects. This knowledge will inform the Division’s and Board’s decision making on an ongoing basis. Through the adaptive management framework, the Division and Board will be able to accommodate such change and improve the management of state forests.

The intermediate Board issues in this work plan represent Board chosen issues that will be considered. This work plan also includes previous intermediate Board issues that have been completed.

Current Issues and Completed Work

This Board of Forestry (Board) work plan is focused on the following current issues related to management of its forestlands:

IBI 1. Adapting FMPs through performance measures. Completed.

IBI 2. Assess the review framework (adaptive management). Combined with IBI 10, review and revise the Greatest Permanent Value and Planning Rules. IBI 2 closed out.

IBI 3. Systematic Evidence Review. Completed.

IBI 4. Review and/or approve Land Acquisition and Exchange Plans or Proposals

IBI 5. Improve the Board's Performance Measures for the State Forests Division.

IBI 6. Improve the Northwest Oregon Forest Management Plan to achieve desired outcomes.

IBI 7. Consider and approve the Elliott State Forest's revised Management Plan and Federal Habitat Conservation Plan.

IBI 8. Reaffirm the Board's vision for recreation on its forestlands. Combined with IBI 10, review and revise the Greatest Permanent Value and Planning Rules. IBI 8 closed out.

IBI 9. Evaluate opportunities for improving economic performance on Board of Forestry forestlands.

IBI 10. Review and revise the Greatest Permanent Value and Planning Rules.

Intermediate Board Issue 4—Review Long-range Land Acquisition and Exchange Plans or approve specific proposals

Historical Context

Over the years, the Board and Department have routinely been involved in land acquisitions and exchanges as a way of increasing efficiency and effectiveness for land management activities, particularly in areas of intermingled state and private lands, and related to isolated parcels. Other objectives, including facilitating the goals of partner state natural resource agencies, have created opportunities for exchanges.

Oregon statute and administrative rule clearly define criteria and process related to exchanges and acquisitions, and a body of State Forest Division guidance provides specific steps, procedures and responsibilities for preparing and transacting exchanges and acquisitions. In 2009, the Oregon Legislature expanded the Board's acquisition authority through House Bill 2216, and freshened funding mechanisms to execute acquisitions. It also enabled the Board and Department to purchase and sell conservation easements and other partial interests on lands acquired after July 2009.

In the process of preparing for the acquisition of the Gilchrist State Forest—and as these legislative changes were underway—the Board expressed an interest in discussing its long-range acquisition strategy.

Regarding Common School Forest Lands, in 2006 the State Land Board approved the Asset Management Plan, which set a 10 year goal of disposing 12,000 acres of scattered CSFL. The Board of Forestry has approved decertifying over 7,000 acres of CSFL parcels identified by DSL for disposal. The Department is required to manage the CSFL until the parcels are sold by DSL.

Board Products

1. The Board will review updated district long-range acquisition and exchange plans prior to State Forester approval.
2. The Board will consider for approval individual land acquisition and exchange proposals.

3. The Board will review and approve the decertification of CSFL parcels prior to disposal by DSL that are consistent with the DSL’s Asset Management Plan.
4. The Board will review and refine as needed, its strategic direction (currently expressed in Forest Management Plan land base goals) as a result of HB 2216, and may review and revise the OAR for land acquisition and exchanges.

Research and Information Needed

District staff will obtain information needed for acquisition and exchange plans, consistent with policy guidance. Staff will gather information as required by OAR and Department operational policy. Staff will develop an Issue/Opportunity paper to be used for the Board’s strategic discussion related to land acquisitions and exchanges.

Stakeholder and Public Involvement

Public comments will be solicited as part of the process for conducting land acquisitions and exchanges as required in the OAR. Public processes may also be utilized in the discussion of strategic direction.

Timeframes w/Milestones

As needed	Review	District Land Exchange Plans
As needed	Decision	Review and approve decertification of CSFL parcels prior to disposal by DSL.
To Be Determined	Discussion	Strategic Direction

Resources Required

Resources necessary to support this work must be prioritized between other field and staff work.

Monitoring Achievement of this Intermediate Board Issue

Progress on this issue will be evaluated at each session, and reflected by approval proposals.

Intermediate Board Issue 5—Improve the Board’s Performance Measures for the State Forests Division

Historical Context

The Board of Forestry (Board) adopted nine performance measures that span the breadth of the social, economic and environmental benefits to be provided under “greatest permanent value.” These performance measures are an important tool for periodically informing the Board on outcomes resulting from management of its forestlands. The Board will continue improving these

tools to ensure they effectively measure whether an appropriate balance of these benefits is being provided under the management of its forestlands.

January 2010 The Board directed the Department to adjust the target for Performance Measure 3 from 30-35% to 5-15% as recommended by the Department. In April 2010, Board approved a sub-committee to review the potential addition of biodiversity to the Board of Forestry performance measures. The November 2010 performance measure report discussed possible improvements for each of the nine performance measures.

The Institute of Natural Resources (INR) will provide a report at the January 2011 Board meeting, which, among other things, will recommend improvements to the performance measures. The Board work on the planning rule could also influence the use and characterization of performance measures.

Board Products

1. The Board will consider and approve adjustments to the performance measures and targets that accurately represent Board intent, and effectively measure the appropriate outcomes.
2. The Board will consider and approve adjustments to the metrics that support the performance measures with the data needed to be effective measurement tools; this could include new metrics where appropriate, or the removal of existing metrics.
3. The Board will consider how performance measures are codified. The review framework may be articulated in Board policy form and/or as revisions to existing Oregon Administrative rules (OAR), as described in IBI 10.

Research and Information Needed

The Board can begin its conversation on this issue with the research and information provided through the November 2010 performance report and through the Institute for Natural Resources Report. Further research and information gathering will be required if the need for new metrics is established.

Stakeholder and Public Involvement

The level of review and input on the performance measure information with beneficiaries, advisory committees and stakeholder groups has not been determined.

Timeframes w/Milestones

Other	To be determined	
--------------	------------------	--

September	Information / Decision	Receive complete 2010 Performance Measure Report in alignment with Board of Forestry Strategic Planning Cycle.
------------------	------------------------	--

Resources Required

The resources necessary to support this work must be prioritized between this, the other board work plan products, and division operations. Additionally, the Board may require some preparation and response time between meetings. No additional funding is likely to be available – the agency will be facilitating this process with existing resources.

Monitoring Achievement of this Intermediate Board Issue

Progress on this issue will depend on the pace and scale of the Board work decided upon during the January meeting and will be evaluated at future Board meetings. Over the long-term, staff will present the Board with updated information, results, and background information on performance measures on a biennial basis. Improvements to the performance measures (metrics and targets) are anticipated to continue as new information becomes available.

Intermediate Board Issue 6—Improve the Northwest Oregon Forest Management Plan to achieve desired outcomes

Historical Context

At the April 2010 meeting, the Board approved the Northwest and Southwest Forest Management Plans and adopted them into administrative rule.

The Board also requested a scientific review of the revised forest management plan. This review examined the body of science ODF considered as it evaluated forest management plans and developed the Species of Concern strategies. This review will be completed and released in December of 2010 by the Institute for Natural Resources.

Board Products

- 1. The Board will review the Institute of Natural Resources report and discuss next steps.

Research and Information Needed

Research and information work for this issue has largely concluded.

Stakeholder and Public Involvement

Board has received ongoing input from the Forest Trust Land Advisory Committee and the public throughout the ongoing review and revision process on the forest management plans. The Institute for Natural Resources has sought public involvement during their review.

Timeframes w/Milestones

January	Information	Review and discuss the Institute of Natural Resources report and develop next steps.
April	Information	Review and discuss the Institute of Natural Resources Final

		Report
June	Information	Develop next steps

Resources Required

The resources necessary to support this work must be prioritized between this, the other board work plan products, and division operations. No additional funding is likely to be available – the agency will be facilitating this process with existing resources.

Monitoring Achievement of this Intermediate Board Issue

Decisions that result from this work will improve forest management plans. The Board’s adaptive management review framework, which includes biennial performance measure reports, will inform the Board as to whether or not approved forest management plans are achieving desired outcomes.

Intermediate Board Issue 7—Approve Revised Elliott State Forest Management and Federal Habitat Conservation Plans

Historical Context

ODF manages about 97,000 acres from the Coos District, including land in Coos, Curry, and Douglas County. 90.6 percent of this land is Common School Fund (CSF) forestland, which the Department of Forestry manages through an agreement with the landowner, the Department of State Lands (DSL), on behalf of the State Land Board. The other 9.4 percent are owned by the Board of Forestry.

The Common School Lands were granted to the state by the federal government at statehood to support public education. The state Constitution requires that Common School lands be managed to provide revenue for Oregon’s public schools. This must be done consistent with sound natural resource management techniques.

The Elliott State Forest Management Plan was approved in 1994, followed in 1995 by a federal Habitat Conservation Plan (HCP). The incidental take permit on this HCP extended 60 years for the northern spotted owl, but only six years for the marbled murrelet. Planning for revision of the Elliott State Forest Management Plan (Elliott FMP) and the Elliott State Forest Habitat Conservation Plan (HCP) began in early 2000.

In August 2000, ODF reported to the State Land Board on Elliott HCP revision alternatives. The Land Board agreed with the Steering Committee’s recommendation to pursue development of a multi-species HCP for the Elliott State Forest. This work has been ongoing since that time and included:

- A new FMP (2004)
- A draft habitat conservation plan based on the FMP (2006)
- A contractor developed Environmental Impact Statement (EIS) of the HCP (2008);
- Application for an incidental take permit from USFWS and NMFS (2008)

Based on the public comments on the draft EIS, the NFWS and the NMFS requested changes to the HCP. Agreement on the issues with USFWS was reached in October 2009, but ODF and NMFS were not able to come to agreement.

In February 2010 the State Land Board directed that 1) DSL and ODF collaborate with the National Marine Fisheries Service (NMFS) on an independent scientific review of aquatic/riparian management strategies to help resolve differing viewpoints on protecting streams and aquatic habitat; 2) by December 31, 2011 either successfully revise the 1995 Habitat Conservation Plan, or if a revised HCP is not approved by this date, terminate the 1995 HCP and implement a take avoidance Forest Management Plan; 3) concurrently develop a revised Forest Management Plan that would use take avoidance for management of T&E species to be in place by Dec. 31, 2011, if the revised HCP is not approved.

An independent scientific review was initiated in June 2010 with the Independent Multi-Disciplinary Science Team (IMST), and completed in October 2010. The IMST review did not change the state or federal perspectives on the draft HCP and draft EIS, and so did not resolve the HCP issues.

ODF has developed a draft forest management plan that utilizes take avoidance for compliance with the endangered species act instead of reliance on an incidental take permit.

Currently, three options appear possible for the State Land Board and Board of Forestry:

1. Continue to invest time and resources pursuing a revised HCP that would meet the requirements of the USFWS and the NMFS.
2. Adopt a new forest management plan that does not utilize a habitat conservation plan to meet the Endangered Species Act and instead survey for endangered species and protect these individual resources (known as "Take Avoidance"), while being willing to revisit the idea of an HCP with the federal services at some point in the future.
3. Adopt a new forest management plan that does not utilize a habitat conservation plan to meet the Endangered Species Act and instead survey for endangered species and protect these individual resources (known as "Take Avoidance"), and withhold any state commitment to revisiting the idea of an HCP in the future.

Board Products

1. The Board will receive progress updates.
2. The Board will direct the Department to pursue its preferred management alternative for its Elliott State Forest lands.
3. The Board will approve a final Elliott State Forest management plan.

Research and Information Needed

Coordination between the State Land Board and Board of Forestry is needed because of adjacent land bases.

The information related to this issue has been largely developed. Staff will develop project updates for the Board.

Stakeholder and Public Involvement

The draft FMP utilizing take avoidance is currently undergoing public review. Additional review and involvement opportunities will be available depending on the pathway chosen by the two Boards.

Timeframe w/Milestones

January	Information	Receive a status report on the Elliott habitat conservation plan / forest management plan processes including the IMST report.
<hr/>		
April	Decision	Direct Department to begin rulemaking.
	Information	Receive results from the rulemaking process.
November	Decision	Direct Department to conclude rulemaking .

Resources Required

The resources necessary to support this work must be prioritized between this, the other board work plan products, and division operations. No additional funding is likely to be available – the agency will be facilitating this process with existing resources.

Monitoring Achievement of this Objective

Progress on this issue will be evaluated based on approval of the new HCP or new forest management plan.

Intermediate Board Issue 9—Evaluate opportunities for improving economic performance on Board of Forestry forestlands (timber and ecosystem services)

Historical Context

In 2007, the Board adopted nine performance measures intended to inform it of outcomes resulting from State Forests’ forest management plans. The Division completed work under the 2008 Clatsop/Tillamook Strategies project that focused on identifying a management approach to best meet all nine performance measures on the Clatsop and Tillamook State Forests, and the established targets for these forestlands. This project indicated the target for performance measure #3 of increased revenue on these forestlands could not be met by relying only on timber harvests and existing business practices.

Additionally, economic conditions at the local, regional and national level have dramatically declined, resulting in coinciding declines in the revenue derived from timber sales. This economic downturn has consequences for the ability of the Division to meet sustainable harvest projections and revenue distributions to the Trust Land Counties, and to maintain services that contribute to all nine performance measures.

The Division is examining opportunities for improving economic performance. Such opportunities include evaluating the merit of certification, exploring new opportunities that may require Board-level discussion (changes to statutes) and re-examining business practices within the Division.

In April 2010, Board directed the Department to manage the Gilchrist lands consistent with the Eastern Region Long Range Forest Management Plan and continue exploring and potentially securing a carbon pilot project on those and adjacent lands. In July 2010, the Department recommended not submitting a legislative concept for wind energy due to lack of staff to support the legislative process.

In 2010, ODF conducted an investigation of the feasibility of a forest carbon project on the Elliott State Forest as a means to improve overall revenues realized from this asset. Results of this analysis indicated that, as a consequence of a number of protocol requirements, ODF would not be able to meet its mandate to “maximize revenue to the Common School Fund over the long term, consistent with sound techniques of land management” through the sale of carbon offset credits.

Board Products

1. The Board will provide policy direction where needed.
2. The Board will receive periodic updates related to:
 - a. Gilchrist Carbon Project related to The Conservation Fund’s acquisition of the Gilchrist Tract and carbon project development on the new Gilchrist State Forest. The Department will seek endorsement from the Board before entering into a Project Implementation Agreement with the Climate Action Reserve.
 - b. Ecosystem market opportunities.

Research and Information Needed

Staff will continue scoping this work, and develop background and/or issue papers relative to identified opportunities for use in supporting any discussions and decision-making.

Stakeholder and Public Involvement

Staff will review and seek input on the potential new management approaches and strategies with beneficiaries, advisory committees and the public.

Timeframe w/Milestones

March	Discussion / Decision	Receive progress on listing GSF carbon project with the Climate Action Reserve and DOJ analysis of required project documentation, and make decisions as needed.
--------------	-----------------------	--

Resources Required

The resources necessary to support this work must be prioritized between this, the other board work plan products, and division operations. No additional funding is likely to be available – the agency will be facilitating this process with existing resources.

Monitoring Achievement of this Intermediate Board Issue

Board monitoring will depend on the direction and decision the Board provides as these opportunities are explored and presented

Intermediate Board Issue 10—Review and revise OAR 629-035-0020, -0030, and any other components of Division 35 the Department deems necessary to ensure an efficient and effective policy decision-making framework for the both the Board and the Department.

Historical Context

Events leading to the development of the current “Greatest Permanent Value” (GPV) rule and other planning rules associated with State Forests management.

1993: A conflict arose over a timber sale in the Cascade foothills. In subsequent dispute resolution mediation, the Department agreed to enter rulemaking on long-range planning and greatest permanent value.

1995: Legislative Session – In response to growing concerns about harvest levels by the counties and others, the Department’s budget for the 95-97 biennium included a budget note directing the agency to work with the counties on a policy statement that would clarify the purpose of the lands, and more clearly codify the counties interest in these lands.

A task force was appointed and charged to develop a policy statement describing the purpose of the lands and the relationship between the state and counties. Efforts were focused on developing a legally defensible interpretive rule to evidence the understanding of the counties in transferring these lands to the state, and to describe the continuing relationship, as well as interpret the statutory language and reflect the applicable judicial decision.

1998: These concerns and subsequent actions culminated in the administrative rules adopted by the Board.

2001: The Board adopted the Northwest and Southwest Forest Management Plans (NWFMP & SWFMP)

The 2001 NWFMP represents the Board and Department’s interpretation of the GPV rule at that time. With adoption of the plan, the Board adopted a key assumption, one validated at the time by scientists: If we focus on developing high levels of diverse fish and wildlife habitat in this mostly even-aged forest, we would in the process meet people’s desires for other benefits, such as timber revenue, jobs, and other social benefits.

June 2009: Eight years of experience has shown that a stated goal to provide both high levels of improved wildlife habitat and timber production was not achievable. Thus, the Board decided to make revisions to the NW & SW FMP’s that will result in a rebalance of the social, economic and environmental benefits being provided. The Board also decided to revisit the foundational

policy framework (the GPV rule and other related planning rules), of which the plan was built upon.

At the November 2009 meeting, the Board directed the Department to proceed with review of current administrative rules Section 629, Division 35, as directed in June, by including consultation with the Forest Trust Land Advisory Committee and public input through a public advisory committee, with a focus on promoting the most desired set of forest benefits and efficient decision-making processes.

At the June and July 2010 meetings, the Board discussed the GPV rule and at the September and November 2010 meetings, the Board discussed the planning rules.

Board Products

1. Board review and approval of the full narrative descriptors of the GPV and planning rule developed from discussions with the Board in 2010.
2. Board review and approval of rule concepts for GPV and the forest management planning rule that can be used to develop rule language that will be considered by the Board prior to initiating rule making.
3. Public involvement that results in final approved Oregon Administrative Rules related to GPV and forest management planning.

Research and Information Needed

Staff will continue preparing for this work, and communicate with the Board on process and preparation of work products. Resources necessary to support this work must be prioritized between other field and staff work.

Stakeholder and Public Involvement

TBD

Timeframe w/Milestones

March	Discussion/ Decision	Review and discuss narrative descriptors of GPV and the planning rules. Approve narrative descriptors for rule concept development.
September	Discussion/ Decision	Review and discuss rule concepts for GPV and the planning rules.
November	Decision	If indicated, direct the Department to begin rulemaking for GPV and the planning rules.

Resources Required

The resources necessary to support this work must be prioritized between this, the other board work plan products, and division operations. No additional funding is likely to be available – the agency will be facilitating this process with existing resources.

Monitoring Achievement of this Intermediate Board Issue

Board monitoring will depend on the direction and decision the Board provides as these opportunities are explored and presented.