

~Final~
Committee for Family Forestlands
Minutes
September 25, 2008

A meeting of the Committee for Family Forestlands (CFF) was held in the Clatsop Room at ODF's Salem compound.

Committee members present:

Ned Livingston	Gary Springer
Craig Shinn (by phone)	Susan Watkins
Sarah Deumling	Greg Miller
Rick Barnes	

Committee members absent:

Brad Withrow-Robinson	Rex Storm
Mike Cloughesy	

Staff present:

Kevin Weeks	Julie Welp
Jim Paul	Peter Daugherty

Agenda Items:

1. Review of Agenda
2. Approval of Minutes
3. Update of BOF Meeting, Private Forests Work Plan
4. 09-11 Budget Situation
5. Forward Looking Agenda. Legislative Strategy, Develop Action Items
6. Big Look Update
7. Wildland Fire POP backgrounder, Guide to Oregon Lobbying - questions
8. Communications/Other Business

Approve minutes from August 15, 2008

The minutes were approved with changes.

Board of Forestry Meeting/Work Plan

Jim Paul handed out the Private Forests Work Plan outline that will be presented to the Board of Forestry. The work plan provides better defined goals and objectives to be completed over a 12- to 18-month period. The outline also is designed to clearly connect this work plan to the objectives in the PFFO. The department is going to look at the 4-part framework that was initially presented to the Big Look committee. The context is the different tactics one can take to keep forestlands in forest; it's addressing the issue of forest conversion. There are several options: Increase the performance in the traditional forest cluster, the timber markets; increase performance in non-timber markets, such as taking advantage of ecosystem service markets. Another option is to compensate landowners, incentivize them to keep the property in forestlands, or use regulation to compel them to. Oregon tends to lean more towards regulation on this issue. It would be a good idea to diversify our approach, whether we're talking about keeping forestlands in forestland or

trying to provide public benefits off of forestlands. The work plan focuses on the non-timber market approach and what role the Board has and what the department can do to support them. Based on direction the Board has already given, the department will make a more concerted effort to make incentives more real, if possible.

Among the other Board work plans, there are ongoing efforts in terms of looking at the forest cluster that directs timber values and timber markets and trying to strengthen them. Most of this work is being done in Resources Planning. The department is also applying the dynamic ecosystem concept, recognizing that forests are dynamic and diverse and change over time, and we need to ensure that the tools we are using don't counteract that. There are still some pieces from the previous work plan that haven't been completed yet, so the new Board work plan will include these outstanding issues.

In the goals section of the work plan, the three principles of the FPFO are reiterated, the strategies, and where these issue topics in the work plan came from.

There are three objectives to the work plan. One is the how the department is going to respond to the symposium review and how we will achieve that. The department has requested the Board to give us direction to pursue a pilot program around conservation easements on family forestlands. The second objective of the work plan identifies the notion that ecosystems services might play a bigger role in adding value to private forestlands. At this time, though, the department is quite clear on what, if any, Board action is needed. Right now, we're just getting the Board up to speed on the department efforts in this area. The third objective is primarily around regulations and is a clean up of things from the previous work plan that the department hasn't finished. It also includes issues that have come up since the last work plan. One is the pesticides issue and the other is the hybrid poplar issue. The department expects to finish the work on these issues by next spring. The special resource site issue was in the previous work plan. The department will focus on the broader review of State policy on special resource site protection.

In June, the Board put into place a temporary emergency rule regarding landslides and public safety, primarily at the intermediate risk level. It's due to expire in 6 months. The intent is to ensure that practices required by the rule are achieving the standards that are set in the landslides and public safety rules. The department hoped to have a permanent rule in place before the temporary one expired, but there have been a few glitches and that isn't likely to happen. It will probably be spring before that happens. There will be a period between when the temporary rule expires and the permanent rule is in place where the old rules come back into effect. The hybrid poplar issue is in regards to intensely managed hybrid poplar plantations in Oregon. Under the current rules, they are exempt from the FPA if the trees are harvested at 12 years of age or earlier. A statute has been presented to the legislature to extend that age to 20 years or earlier. The legislature passed that issue on to the ODF for review. Rather than granting a blanket exemption, ODF is considering possibly using alternate practices or stewardship agreements to ensure the overall intent of the rules are followed.

The last piece of the work plan is regarding the Board reviewing the history of the Board using the consensus process to make decisions. The Board wants their work plans

organized around the consensus process. Private Forests hasn't yet decided how to restructure the program's work plan to work well with the Board's work plan. The department needs to define what the purpose of Private Forests is, what are the program's priorities? The department will work through all of 2009 on a very focused process. On a broader level, the Board will provide direction on where the program needs to be placing its priorities and resources. What is the best way to structure this program? Craig commented that the CFF should be involved in this discussion.

Budget

Jim provided a handout to the committee on a recent agency directors' briefing with the Governor's office. This gives agencies some direction on what the governor's expectations are for the 09-11 biennium. It also provides a summary of the rest of this biennium. Based on the September forecast, the ending balance has dropped again and there is no cushion left. The governor hasn't taken any action yet and asks that agencies be prudent in their spending for the rest of the biennium. This may change with the December forecast.

For 09-11, the forecast for the State has dropped by \$270 million. The budget hole for just the essential budget level is now at \$500 million. This means there will be some cuts at the essential budget level. Agencies are also being told they can not necessarily count on base budget levels for the next biennium. There are also several ballot measures that could have a significant effect on the budget. For his essential budget level proposal in December, the Governor is considering denying all general fund POPs; looking at 10% general fund reduction, across the board, in essential budget levels, and also a 10% reduction in lottery funds, if needed; and denying other fund fee increases on analysts' recommendation. There will be an appeal process before December on these issues before the Governor makes his decisions. Gary asked what the role of CFF should be. Jim replied that Clark Seeley is the best one to ask about this, but Jim's sense on this is that, at this point, there is no real avenue for stakeholders' input into the Governor's budget proposal in December. Individuals do have the option to send a letter to the Governor with their concerns. Craig thinks the CFF needs to be engaged in this issue, perhaps making a general statement about the committee's support for various budget items. Make sure the Governor knows where the committee, as representatives of family forestland owners, stands. The department, at this time, hasn't found the need to adjust the way we do business, or hold any vacancies open. We don't see any real change between now and next June. We need to plan for a 7% reduction as real or a very strong possibility for the next biennium. If someone has a better solution for improving the revenue stream, now is the time to bring the concept forward.

Jim went on to fill the committee in on the status of how the department is addressing the 10% reduction. The Private Forests Program and the Protection from Fire Program are the only two programs in the agency that use general funds. In the past, when this kind of reduction was required, it was across the board, with funds being reduced in both the Private Forests Program and the Protection from Fire. Right now, both programs are operating on very lean funds. We are the point where any reduction in either program will reduce service levels. For Fire, that means reducing initial attack, which will affect public safety and resource protection. Because of this, it's likely the 10% reductions will come out of the Private Forests Program. An estimated \$3.9 million needs to be cut from the budget. This is just general fund dollars, which means there will be a loss in matching harvest tax dollars. This is the equivalent of the program's budget in 1990. The department should

learn by mid to late November how successful our appeal was and then we'll have a better idea, number-wise, what will be coming out of the budget. The department will release that information to interested parties. Gary offered to draft a letter from the CFF to the Governor indicating the committee's support of the Private Forests Program POP and the wildfire reduction POP. Gary wasn't sure about adding a piece about the committee's concern about the agency's 10% reduction coming out of the Private Forests Program budget and the effect it would have. Jim offered to have Paul Bell or Travis Medema come to the next CFF meeting to address committee concerns regarding fire protection and fuels reductions.

Forward Looking Agenda

Much of the committee's time in the next few meetings will be spent on the budget issue. The committee discussed what the CFF's role is in the development of the department's legislative strategy. Based on the committee charter, it's within CFF's purview to make recommendations on budget issues and other topics in support of family forestland owners. Greg stated that actually having a committee legislative strategy may muddy the water some, since each member can, individually, lobby the legislature and if their own organizations are also represented, it becomes more political at that point. He's not sure how effective that is relative to keeping the committee productive and focused on advising the Board. Peter commented that Craig was concerned with where the line is between providing information and lobbying. Gary remarked that he thought that the proper legislative role for the CFF is to promote legislative concepts through the Board of Forestry. Timeline-wise, it's too late for the committee to weigh in on the 2009-2011 biennium, but we need to be preparing for the 2011-2013 biennium. Gary recommended someone from OFIC and OSWA attend the next CFF meeting and give their take on the next legislative session and what the issues will be for forestland owners.

Big Look

Peter asked Sarah what her concerns were with the Big Look and she remarked that she didn't know why ODF wasn't already a stakeholder. The two things that she thinks are changing are potentially giving a lot more control to the counties and dividing the land into essential and non-essential lands, lands that are important to the State and lands that are not important. The implication is that the non-important lands can be developed. Gary commented that it's being recognized that land-use laws are rather inflexible. Work is being done to make them more flexible, more site-specific, with more local control and less State control. Peter listed a couple examples of non-essential lands in this area as being oak woodlands, and wetlands. These lands don't produce a lot of wood-fiber.

The discussion turned to highest and best use of land. Usually, which land use makes the most money is the best use of the land. If a piece of land can earn more as a resort than as a tree farm, that is what many landowners are going to do. Ned said that "highest and best use" needs to be defined. High economic returns aren't necessarily the highest and best use. Conservations easements were also brought up. What incentive is there for an organization to finance a conservation easement on someone else's property? In some cases, such as BPA, they are legally required to. Other organizations are trying to provide wildlife habitat. Peter remarked that conservation groups are moving towards working forests. To save something strictly for conservation with no production is very expensive. Peter told the committee that the Board gave approval to go ahead with the pilot project with BPA. The

Trust for Public Lands is taking the lead on developing a proposal with information provided by ODF.

LEEDS Statement

Peter handed out copies of the State of Oregon LEEDS statement from the Department of Energy, OFRI, and ODF. It explains the State's support of the LEEDS Certified Wood Credit Language provisions. The Board of Forestry developed principles that should drive Oregon certification, such as adhering to the Montreal Principle. Right now, LEEDS identifies certain certifiers, FSC. There are several other internationally recognized certification systems. During the last legislative session, ODF testified that the State should not adopt the LEEDS standards for the State's buildings because there is a competing Green Globes organization. The department recommends more of an outcome-based system rather than a label-based system. LEEDS should specify they would use wood from any certification system that met certain standards, rather than only accepting wood that has FSC chain of custody.

Other Business

Some committee members wanted clarification of lobbying rules. One is whether or not mileage and fuel costs count towards the \$100 dollar per quarter threshold for registering as a lobbyist. The Ethics Commission response was that living expense or the cost of going somewhere (including gas and mileage) do not count towards that \$100 threshold.

Susan asked Peter to provide the committee with information on how Washington uses State funds for their riparian areas. Peter is putting together something similar for the Board and will provide the same information to the CFF.

Next meeting

October 30, 2008, in Salem