

## Forest Resource Trust Advisory Committee Meeting

### Minutes October 23, 2008

A meeting of the Forest Resource Trust Advisory Committee was held on October 23, 2008, 10 am to 3 pm, at the Oregon Department of Forestry (ODF), 2660 State Street, Salem, Oregon.

#### *Committee members present:*

John Breese	Rick Fletcher	Mike Heath
Mike Haasken	Sara Vickerman	

#### *Committee members absent:*

Mike Atkinson	Matt Delaney	Ken Everett
Jim Johnson	Tom Stoops	

#### *Staff present:*

Jim Cathcart	Linda Price	Steve Vaught
Jennifer Weikel		

#### *Guests present:*

Kevin Bergquist, Wells Fargo Bank	Jeffrey Kee, Oregon Water Trust
Sara O'Brien, Defenders of Wildlife	Michael Pope, Oregon Department of Fish and Wildlife (ODFW)
Jean Reiher, Yamhill Basin Council	

### **Agenda Items**

1. Call to Order / Introductions / Welcome Attending Public
2. Review / Approval of March 6, 2008 and May 15, 2008 Minutes
3. Developing a Fund Raising Strategy for the Forest Resource Trust – Work Session

#### AM - Overview of Potential Programs to Leverage

- Oregon Conservation Strategy – Michael Pope, ODF&W
- Lower Columbia River Recovery Plans – Jim Cathcart
- Model Watershed Projects – Jean Reiher, Yamhill Basin Council
- Farms to Forests Program – Jeffrey Kee, Oregon Water Trust

#### PM – Drill Down Exercises – Specific Opportunities for Forest Resource Trust Programs

- Oregon Conservation Strategy – Sara O'Brien, Defenders of Wildlife
- Other Potential Programs as Time Allows

4. Update - Proposed Administrative Rules – Forest Resource Trust Programs
5. Member Roundtable – Announcements / Information Sharing
6. Next Meeting

*Note: The minutes are prepared in chronological order of the agenda even though the agenda items were covered in a different order at the meeting.*

## **1. Introductions**

Mike Heath, Interim Chairman, called the meeting to order. The invited guests were introduced and welcomed by the committee.

## **2. Review / Approval of March 6, 2008 and May 15, 2008 Minutes**

The minutes were approved as written.

## **3. Developing a Fund Raising Strategy for the Forest Resource Trust – Work Session**

Jim Cathcart asked how we position the Trust to deliver financial and technical assistance to primarily family forestlands. Today we are doing a set of analyses with existing conservation strategies in Oregon that would like to see specific actions taken on private forestlands, but are in need of an infrastructure to deliver financial and technical assistance. We hope to identify the role the Trust might play in implementing those strategies. The goal is to secure additional funds for the Trust for the purposes that we identify today.

**Background of the Trust** - Jim gave some background about the Trust and the authorities that the Trust has to obtain funds.

- The stand establishment program was the only program authorized under the original statutes. The program is a loan program where landowners are required to pay back the funds provided if the monetary benefit from the Forest Resource Trust's investment.
- Stand establishment program projects are funded primarily with monies provided by the Klamath Cogeneration Project to offset carbon emissions of that energy facility per the terms of its site certificate.
- Historically, there has not been much landowner interest in this program for a variety of reasons –though significant improvements have been made in simplifying and making the loan program more attractive through the Committee's work adopted as final administrative rule amendments by the Board in January 2007.
- The 2007 Legislature authorized the Trust to implement financial and technical assistance through a straight cost share program as an alternative to loans.
- We are currently in the process of getting revised rules adopted to implement the Forest Resource Trust's cost share program using our existing infrastructure and procedures used for federal cost share programs.
- The Forest Resource Trust statutes are flexible to allow funds from any source and to allow the Trust to enter into agreements that detail the use of the funds to the specific purposes of the funding source (as long as these purposes are not in conflict with the overall purpose of the Forest Resource Trust); for example, to only be used in a particular region for a particular emphasis purpose with detailed terms and conditions for the types of practices that can be funded and the amount of cost share for reimbursement. Thereby tailoring specific funds to specific purposes.
- The cost share structure is one that landowners are accustomed to and will attract wider participation.

- The loan program will still be available for certain landowners and certain practices such as timber production whereby an asset value is created and in the future when the landowner profits from that value, the loan is repaid or partially repaid.
- Final rule adoption is scheduled for January 7, 2009 when the BOF gives its approval.

**Overview of Potential Programs to Leverage** - Potential partners presented their strategies to the committee:

- Oregon Conservation Strategy – Michael Pope, ODFW presented a power point that is a brief overview on this subject.
  - The written document on this strategy is over 400 pages prepared by Oregon for federal funding of its programs.
  - The strategy was adopted by ODFW’s commission in 2005.
  - Michael sees potential for agencies to work together to implement and improve strategies especially in our current budget short fall.
  - The strategy is a blueprint for fish and wildlife conservation in Oregon.
  - Every state had to come up with a conservation strategy in order to receive federal funding.
  - Oregon’s plan is recognized as one of the top five state plans in the nation.
  - This strategy does not replace existing plans such as the Oregon Plan for Salmon and Watersheds.
  - It is not a regulatory strategy; it is purely voluntary and works as an umbrella for existing plans.
  - It includes partnerships with many other agencies and organizations.
  - Citizen stakeholders identified 6 key conservation issues. A seventh issue may be added soon concerning climate change impacts on fish and wildlife.
  - The strategy includes collaboration with other agencies and groups. Mike described such a relationship between ODFW and U.S. Department of Agriculture, Natural Resource Conservation Service (NRCS) and also with Oregon State University Extension’s Master Naturalists program. Conservation Opportunity Areas (COAs) within regions are defined to identify those where “the most bang for the buck” can be obtained.
  - Michael also described conservation easements specifically the Noble family ranch project, 200 acres near Philomath. Zoned for 2 acre residential so it is very valuable and likely to be developed. The easement process was completed and the owner was paid \$2.5 million for the perpetual conservation easement. Another project Michael described is the Zena Timber property, west of Salem, with 2,000 acres which recently sold to Trust for Public Lands including the conservation easements. Bonneville Power Administration funds are being used to ensure wildlife values are maintained.
  - Summary by Jim, the niche for the Trust when looking at properties like the Zena that have a conservation easement, would be to provide the cost-share monies necessary to implement the practices necessary to uphold the conservation values of the property.

- **Model Watershed Projects** - Jean Reiher, coordinator for the Yamhill Basin Council (YBC) spoke about the Model Watershed Program (MWP):
  - MWP was started by Bonneville Environmental Foundation (BEF).
  - Mike Heath is also a member of the YBC.
  - Watershed Councils usually get grant funds from the Watershed Enhancement Board (OWEB).
  - These funds had no requirement for upkeep of projects although there were 2, 5 and 10 year reporting requirements.
  - Now BEF has partnered with Meyer Memorial Trust creating the MWP which grants \$100,000 for 10 years including funds for monitoring.
  - OWEB funds are limited with most money spent up-front, getting the project started using volunteer labor including children, with poor survival of trees planted. Environmentally the results are poor although public awareness of environmental issues is raised.
  - With more funds, survival rate of trees, planted by professionals, should be improved.
  - Only 501C3 tax exempt private nonprofit corporations or someone with a fiscal sponsor may apply. YBC is not a 501C3 and cannot apply for MWP funds.
  - SWCD and NRCS want to be involved and could act as YBC's fiscal agent. They want money for their existing programs however YBC is concerned that they may take over the funds.
  - Currently letters of interest are being accepted for MWP funds for projects for watersheds in the Willamette Basin.
  - The top 6 projects will each receive \$5,000 to develop a second phase proposal for securing 10 years of funding.
  - YBC is submitting a letter of interest addressing such threats to the environment as development, chemicals in the water and fish passage.
  - The Forest Resource Trust could be a partner with YBC to provide the delivery mechanism for getting funds to private landowners so specific MWS program get the projects are done. Follow-up would be to work with the YBC to identify specific projects that are needed to get financed on private lands.
- **Farms to Forests Program** – Jeffrey Kee, Oregon Water Trust (OWT) spoke to the committee next:
  - OWT is a private entity which just merged with Oregon Trout. Their name will change soon.
  - OWT is solely dedicated to putting water back in streams using a variety of tools including outright purchase, split season leases and changing point of diversion.
  - The Farms to Forests Program (FFP) is one of their programs. In this program, an owner enters into a long term lease with OWT and agrees to not

use water to irrigate during the lease. In return the owner is paid for the water rights but maintains control of the land.

- The land can be returned to farming in the future.
- So far there are approximately 90 projects. One project in Southern Oregon is the Evans Creek (Martin) project funded by the Forest Resource Trust to convert farm to forest land. Next Tuesday there will be a tour of the project to help market the FFP and FRT to interested landowners. FFP hopes to partner with others including DEQ and NRCS for additional funds.
- Discussion by the group included why the FRT is involved. The reason is the funds provided by FRT allow the land to be converted to forest which does not need irrigation and gives the owner more incentive to enter into the lease with OWT. Jim Cathcart said as FRT gets additional funds for additional practices, more lands may qualify for FRT funds and more owners will be motivated to enter into leases with OWT.

### **Drill Down Exercises - Specific Opportunities for Forest Resource Trust Programs**

- Oregon Conservation Strategy – Sara O'Brien, Defenders of Wildlife, Audrey Hatch, ODFW and Jennifer Weikel, ODF have been working with Jim Cathcart to look at how to use the Forest Resource Trust as one means to fund desired practices necessary to implement the Oregon Conservation Strategy. The approach is to drill down beyond the general Conservation Strategy Goals and Conservation Opportunity Area priorities and needs to identify specific practices or actions from family forestlands needed to implement the conservation strategy.
  - The workgroup overlaid non-industrial private forestland cover data with Willamette Valley conservation opportunity areas (COAs) to identify which COAs were the most dependent on contributions from family forestlands. Based on this overlay, the Sandy and Yamhill Oaks COAs were prime candidates to conduct the drill down.
  - For each COA they looked at the Oregon Conservation Strategy and developed recommended activities for that would fulfill the conservation priorities and needs for that area. Sara showed a power point presentation.
  - Their goal is to turn this into an action item document for use by landowners to help them identify specific practices they can do on their land.
  - The forest management practices identified for the Sandy River area include: reforestation, thinning, restoring and maintaining riparian areas and stream buffers, improving water habitat, maintaining large trees, maintaining patches of red alder and control invasive species. Everything is very site specific.
  - For the Yamhill Oaks area, forest management practices recommended by the Oregon Conservation Strategy include: fire suppression, reduce fir encroachment, complex habitat structure, maintain open canopy that is oak dominated and control invasive species by maintaining and increase native understory species especially grasses and forbes, thin or remove conifers, maintain downed logs and snags.

- Jim Cathcart said now the committee needs to identify funding sources for additional these practices. Currently only carbon mitigation monies are available to fund Trust stand establishment program projects.

### **Discussion and Next Steps**

- For the Trust, Jim prefers getting the money first and then look for projects. Better than putting time and effort into finding projects and then looking for funds.
- Sara suggested meeting with OWEB and discussing getting funds up front.
- Rick Fletcher said strategically targeting conservation areas would be using OWEB funds better than they are currently used – funds are given to owners who apply without much thought to strategy or outcomes.
- Sara added that ODF's commitment to engage with its traditional constituency the implementation of conservation strategy. That alone would be an extraordinary achievement.
- ODF's coordination of efforts and funds of various agencies that have similar objectives in the same conservation area would be another advantage and selling point.
- Steve Vaught said we could look at existing stewardship plans within a conservation area and identify those that fit the strategies or objectives of the various agencies and funds.

### **Action Items**

- A subset of this group needs to meet with OWEB to discuss getting funds for Forest Resource Trust projects. Sara Vickerman will lead this subgroup, Jim, Michael Pope, Mike Heath, Jean Reiher and Sara O. will participate. Jean will include the Yamhill oaks area in the letter of interest and FRT could be a partner if YBC is awarded \$5,000 to develop a plan. Jean said she has only been in her job as YBC coordinator for a year and she did not know what FRT did until today's meeting. There are 12 other new watershed coordinators within the Willamette Basin. FRT should contact them to partner with them also to help convince OWEB to give funds for projects. This group will meet to plan what to say to OWEB and then meet with OWEB.
- 319 Grant in Rogue Basin – Jeffrey is applying for funds. It includes technical assistance and outreach and additional practices. ODF could partner with OWT on projects.
- Native fish conservation plans within large basins like the Willamette and subbasins including the Clackamas and Sandy Rivers. FRT would fit better in upland restoration efforts and perhaps the loan program structure would be appropriate with these owners. This is another opportunity for FRT to partner with others to secure funds for projects.

### **4. Update – Proposed Administrative Rules – Forest Resource Trust Programs**

Jim reported that a hearing was held on August 26<sup>th</sup>; no one attended. The only comments on the proposed rules were:

- One formal comment from Defenders of Wildlife (copies of her letter attached). Sara Vickerman gave some background for the comment she made to ODF.
  - Sara wanted to add conservation lands to those lands eligible for trust funds.
  - Currently the county zoning categories are inconsistent. Suggest not use the term “zoned” in the rule, use “designated” instead.
  - Lands eligible for FRT must be outside the urban growth boundary (UGB) so that eliminates some of the questions about zoned vs. designated (for special use). Most land outside the UGB is zoned either farm or forest.
  - The committee agreed to revise the language in the permanent rules to “land identified in the county comprehensive plan for farm, forest or conservation use”.
  - Jim will run this change by LCDC and the Attorney General’s office to make sure the wording change is ok with them.
- There was one comment by the Committee for Family Forestlands (CFF) based on an August 15<sup>th</sup> briefing provided by Linda Price. One minor change was made to the proposed rules to address the comment by CFF concerning the original wording “free from all requirements under the forest practices act”.
  - CFF recommended revising it to read “free from all obligations under the forest practices act”. Staff agreed with their recommendation and made the change to the rule.
  - All lands are subject to requirements of the FPA, some landowner actions trigger obligations under the FPA. The change made that distinction.
  - CFF was very supportive of the proposed rules especially the inclusion of restoration practices and supported the cost share program.
- Next steps include the following:
  - With these two changes, a staff report will go to the BOF on December 6, 2008;
  - The BOF will consider the rules as a consent item at their meeting on January 7, 2009.
  - The BOF asked for a marketing outreach plan for the FRT to get the word out about the new rules. Kevin Weeks and Jim are working on that. How does an owner get a cash flow for Ecosystem services? They are cost driven with traditionally no commercial value or income. The FRT could market it as a way to do that for owners when they create a conservation habitat. Need to come up with answers to these type of questions before we market FRT to owners. Jim distributed copies of a fact sheet Kevin Weeks developed for the Trust’s Forest Establishment Program.
  - As funds become available for other programs, a fact sheet will be developed for them as well.
  - Also a new brochure is being developed for the Forest Establishment Program. It will be available soon.

## 5. Roundtable

- Voluntary Ecosystems Marketplace was discussed
  - Sara Vickerman said in the Willamette Valley the marketplace is not operating yet, policies are still being discussed.
  - There are markets for carbon operating currently that could be expanded to include other services such as clean water.
  - A conservation registry could be used to track credits and debits and also include maps of where projects are needed, proposed and completed within a conservation area.
  - Projects could be marketed to investors who would contribute funds to offset the ecological footprint of their business or lifestyle.
- Other
  - OWEB's biennial conference is being held in Eugene in November. The topic is climate change.
  - A suggestion to invite representatives from other groups such as Trust for Public Lands and OFRI was made. Also someone could be attending landowner conservation easement meetings. Michael Pope attended one of a series of meetings. It is a legislative group trying to interest legislators to introduce legislation to allow transferrable development rights (TDRs) to include conservation easements to go from urban to rural areas for conservation. Developers may be able to have open space in rural areas in place of open space in urban and pay for conservation easements.
  - Jim said the FRT will not compete with other groups when they are trying to secure funding but once they find funding, they could look to the FRT as a partner to implement projects on the ground. ODF has proven mechanisms for providing the technical assistance and delivery of other services.
  - Jim suggested the subgroup convene a one day workshop and invite other groups to help us to develop landowner menus for conservation strategy. What is the next step? The subgroup will meet at a future date.
- Report on Forest Establishment Program Activity by Jim –
  - One new project signed up over the summer;
  - 45 acres fell out of the application process, one owner withdrew application and the other was determined not to be underproductive.
  - Five projects applied for are currently under review, containing 133 acres total and
  - Two applications on hold for different reasons.
- Jim will continue to work to interest new members to fill vacancies on the committee. Representatives from ODF&W, OFRI, OSWA and OWEB are needed. Kevin Berquist would be included at that time also. With more member nominees, the BOF would need to approve their appointments.

## **6. Next Meeting**

~~Thursday, February 12, 2009, from 10-3 p.m., here at Salem Headquarters, Bldg. D, Santiam Room. Lunch will be provided.~~

(UPDATE: The February meeting has been cancelled; the next meeting is scheduled for May 14, 2009 from 10 am to 3 pm, Oregon Department of Forestry, 2600 State Street, Salem, Oregon, Building D, Santiam Room.)