BOARD OF FORESTRY MEETING
November 2, 2007
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PURPOSE OF TESTIMONY:

- To discuss the OSDF Forest Management Plan (FMP) in NW Oregon, with specific reference to the Astoria, Forest Grove, and Tillamook districts and review possible modifications to optimize Greatest Permanent Value (GPV) and improve forest health;

BACKGROUND:

- Current FMP was approved in January 2001;
- The management strategy for state lands utilizes Structure Based Management (SBM), which is designed to create different/complex stand conditions across the landscape over time;
- NW Oregon harvest levels (Astoria, Forest Grove, and Tillamook), around which OFIC and trust counties based FMP support, was modeled to be 279 MMBF/year;

FACTS:

- Current land management strategy compromises forest health;
- Riparian management standards under the current land management strategy are more restrictive than those of the FPA without the scientific justification to do so;
- NW Oregon harvest levels have not achieved the desired/expected output levels of 279 MMBF/year since plan implementation began in the spring of 2001;
- Oregon's forest products sector, and those communities/counties in which it operates, needs the timber volume and revenue flow that accrues from state lands;
- OSDF's state-of-the-art Harvest & Habitat (H&H) model, which was completed in late 2005, has confirmed the following:
    a. The current FMP with an HCP will produce about 180 MMBF/year, as compared to the 279 MMBF/year output level modeled at plan inception;
    b. The H&H Model shows that the same land base managed under the FPA will produce a Long-Term Sustained Yield of 320 MMBF/year;
    c. The Net Present Value (NPV) of the current management plan is less than 50% of the NPV calculation if the land was managed under a more traditional approach utilizing the FPA as the regulatory framework; (Approximately 971 million dollars under the current plan vs. 2.4 billion dollars under conventional management) (Under the current land management strategy, the return on asset value ranges from only 1.2% to 2.4%);
- Based on OSDF estimates, the annual volume growth on the 500,000 acres in the Astoria, Forest Grove, and Tillamook districts is at least 360 MMBF/year; the current management strategy harvests no more than 50% of the annual growth and would

therefore appear to be inconsistent with the intent of the original transfer from county to state ownership of these lands;

ISSUES:

- Oregon's trust counties have expressed dissatisfaction with the timber output and revenue flow under the current management strategy vs. what was believed to be possible at plan inception;

- Oregon's forest products sector has been dependent on imported volume, primarily from the state of Washington and British Columbia, to replace lost federal supply since the early to mid 1990's; new manufacturing capacity in Washington is beginning to intercept this imported volume; another wave of downsizing of Oregon forest products sector is likely unless public timber supply is improved; (Forest health, community stability and the "Social Fabric" of rural Oregon will be compromised);

- Some of the silvicultural strategies embodied within the principles of SBM may not be appropriate across the entire landscape due to the adverse environmental impacts brought about by "piecemeal" and catastrophic blowdown events, and with issues like the management of timber affected by the Swiss Needle Cast (SNC) disease:

    a. "Piecemeal" blowdown (not enough volume to justify a salvage operation) results in resource waste with the potential for insect/fire outbreaks due to unnatural accumulations of slash and woody debris;

    b. Catastrophic blowdown, especially in stands of rotation age timber that have been thinned results in resource waste (snapped-out and broken trees); salvage operations involving second and third entries to the same site at significant additional harvesting cost, result in lower stumpage receipts and unnecessary site disturbance; and salvage logging is inherently more dangerous to our logging contractors and their employees;

    c. Thinning of SNC affected stands compromises optimum stumpage receipts, especially after unacceptable stand conditions mandate a high-cost second entry harvest;

RECOMMENDATIONS:

- Under the adaptive management philosophy of the FMP, modifications to the FMP now appear to be in order after six years of implementation experience:

    a. Silvicultural strategies should be re-evaluated, especially in stands and timber types susceptible to windthrow;

    b. Areas of moderate to severely impacted Douglas fir stands should be converted to disease-resistant species in order to achieve the Desired Future Condition (DFC) in a more timely manner;

c. Policy choices, including changes in stand structure targets, time-frame for achievement of the DFC, riparian management strategies and all other aspects of the FMP should be re-evaluated to make certain the objective of achieving GPV is accomplished;

SUMMARY: Appropriate modification to the current land management strategy will not only improve/enhance forest productivity and the well-being of timber dependent communities, but also, and just as importantly, simultaneous achievement of environmental objectives and healthier forest conditions will be realized as well;