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Attachments below are available on the web @ <http://oregon.gov/ODF/Board>

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## OREGON STATE BOARD OF FORESTRY

June 3, 2009 Minutes

In accordance with the provisions of ORS 526.016, a meeting of the Oregon Board of Forestry was held on June 3, 2009 at the State Forester's Headquarters, 2600 State Street, Salem, Oregon.

Chair John Blackwell called the public meeting to order at 8:00 a.m.

*Board Members Present:*

John Blackwell, Chair	Larry Giustina	Peter Hayes
Jennifer Phillippi	Cal Mukumoto, Vice Chair	Steve Wilson

*Others present:*

Mark Rasmussen, Mason, Bruce and Girard  
Tim Josi, Forest Trust Land Advisory Committee  
Dave Ivanoff, Hampton Lumber  
Earl Fisher, Columbia County Commissioner  
Dick Posekany, Frank Lumber Co., Inc.  
Noah Greenwald, Center for Biological Diversity  
Albert Kaufman  
Joe Keating  
Rob Kirschner  
Donald Fontenot, Sierra Club  
Bob Van Dyk, Wild Salmon Center

Phil Ruder  
Jim Geisinger, Association of Oregon Loggers  
Ray Wilkeson, Oregon Forest Industries Council  
Sarah Denmling  
Rob Russell  
Steve Cafferata  
Jay M. Browning  
Paul Harlan, Collins Pine  
Bill Kluting, Carpenters Union  
Wayne Giesy  
Chris Jarmer, Oregon Forest Industries Council  
Chuck Willen, CRA  
Rod Kraemer, Oregon Department of Fish and Wildlife  
David Hampton, Hampton Tree Farms  
David Kunert, Hampton Tree Farms  
Kevin Godbout, Weyco  
Rex Storm, Association of Oregon Loggers  
Brett Brownscombe, The Freshwater Trust  
Mike Hicks, Boise Cascade  
Meryl Redisch, Audubon Society of Portland  
Gary Springer, Starker Forests  
Ann Samuelson, Clatsop County Commissioner  
John Stagnitti  
Russell Bassett, Native Fish Society  
Aelei Sehn  
Jonathan Taylor  
David Finkel, Wild Salmon Center  
Carolyn Eady  
Ken Chaimberlain  
(illegible name)  
Jeff Light, Plum Creek  
Jennifer Jones  
Sarah Semon  
Rosevan Vickery, Sierra Club  
Jennifer Snider, Sierra Club  
Risa Ponds, Sierra Club  
Jack Lazar, Wild Salmon Center  
Brian Pasko, Sierra Club  
Jeff Hickman, ANCR  
Lisa Molinaro, ANCR/Sierra Club  
Jay Nicholas, Wild Salmon Center  
Mark Trenholm, Wild Salmon Center  
Guido Rahr, Wild Salmon Center  
Tony Hyde, Columbia County Commissioner  
Gil Riddell, Council of Forest Trust Land Counties  
Ralph Saperstein, CFM  
Joyce Sherman, NW Steelheaders Native Fish Service  
Thelma Klauss  
Jerry Rilsh  
Rita Bernhard, Columbia County Commissioner  
Roxy Hills  
Samantha Chirillo, Cascade Climate Network  
Eric Nicholson  
Paul Adams, OSU  
Bobby Hayden  
Emily Nichols  
Tomas Cervantes  
Zach Mertens  
David Moskowitz, PRC

Rick Zenn, World Forestry Center  
Tom Wolf, Trout Unlimited  
Jason Koeutge  
Ivan Maluski, Sierra Club  
David Ford, Oregon Small Woodlands Association  
Mike D. Ykzevz, Oregon Forest Industries Council  
Mike Dykzeul  
Jeff Hickman  
Chuck Willer  
Marvin Brown, State Forester  
Clark Seely, Associate State Forester  
Mary Schmelz, Board Support  
Paul Bell, Chief, Protection Division  
Travis Medema, Deputy Chief, Protection  
Division  
Jeri Chase  
Dan Postrel  
Rod Nichols  
Kevin Weeks  
Mark Hubbard, Business Services Director  
Dan Postrel, Agency Affairs  
Jim Paul, Chief, Chief, Private Forests  
Program  
Doug Decker

David Morman, Program Director, Forest  
Resources  
Nancy Hirsch, Chief, State Forests Division  
Mike Cafferata, Deputy Chief, State Forests  
Division  
Jeff Brandt  
Barbara Lee  
Henk Stender  
Jeannine Rice  
Liz Dent  
Jennifer Wiekel  
Mike Bordelon  
Rosemary Mannix  
Ron Zilli  
Gary Lettman

**Consent Agenda:**

A. ADMINISTRATIVE WORK PLAN 0, IBI 5 – MINUTES - APRIL 20, 2009

**The minutes of the April 20, 2009 meeting are approved.**

B. ADMINISTRATIVE WORK PLAN 0 – IBI 2 - GOVERNANCE, Forest Health Report

Summary of major insect, disease, and other damaging agents affecting Oregon forests in 2008 and update on sudden oak death eradication program.

Information, no decision.

C. STATE FORESTS WORK PLAN 2, IBI 2, – REVIEW AND REPORTING REQUIREMENTS, Research and Monitoring Annual Report.

Progress report of the State Forests Research and Monitoring program, 2008.

Information, no decision.

D. PRIVATE FORESTS WORK PLAN 6, IBI 3, LANDSLIDES AND PUBLIC SAFETY, Update on Landslide and Public Safety Rule Revision Process.

Update on scope and process of revising Division 623, Shallow, Rapidly Moving Landslides and Public Safety Rules.

Information, no decision.

E. ADMINISTRATIVE WORK PLAN 0, IBI 1, ADMINISTRATIVE PROCESSES, Rangeland Protection Association Budgets

Approval of 2009-2010 budgets of Rangeland Fire Protection Associations: Burnt River, Crane, Fields-Andrews, Ironside, Silver Creek, Post Paulina, Twickenham, Brothers Hampton, Juntura, Vale and Jordan Valley Rangeland Fire Protection Associations.

**The Eastern Oregon Rangeland Fire Protection Association budgets provided as attachments to staff report are approved.**

F. ADMINISTRATIVE WORK PLAN 0, IBI 1, ADMINISTRATIVE PROCESSES, Annual Letters to the State Forester

Contents of the annual letters received from the non-operating Forest Protective Associations and written responses to those letters.

Information, no decision.

G. ADMINISTRATIVE WORK PLAN 0, IBI 1, ADMINISTRATIVE PROCESSES, Revised Forestland Protection Agreements, Clackamas-Marion and Linn Forest Protective Associations

Approval of Clackamas-Marion and Linn Forest Protective Association revised forestland protection agreements.

**The Clackamas-Marion and Linn Forest Protection Association revised forestland protection agreements are approved.**

**ACTION AND INFORMATION:**

1. STATE FORESTER AND BOARD MEMBER COMMENTS

**Marvin Brown**, State Forester said that the department has been working on the budget (Agenda Item 6) and that there are a few fires so fire season is beginning.

**Peter Hayes** repeated his request made in the April, 23, 2009 Grants Pass meeting that the Board have a discussion on how Board decisions are made, and handed out a copy of a document stating why he thinks this is a fundamentally important issue.

1A. PUBLIC COMMENTS

**Wayne Giesy**, family forestland owner, asked why the Department of Forestry is incurring 10% more reductions than other resource agencies and whether the public can do anything to help.

1B. FOREST TRUST LAND ADVISORY COMMITTEE COMMENTS

Tim Josi, Tillamook County Commissioner said that the counties are not satisfied with the Department's planning alternatives. Mr. Josi asked Mark Rasmussen, Mason, Bruce and Girard, to present an alternative plan which reflects how the counties would like the forest to be managed. His presentation compared the Department's alternatives and model runs to the Wood Emphasis model runs. His conclusion was that the department's runs weren't intensively managed, a large percentage of the forest was unavailable for harvest.

Mr. Rasmussen said given the counties' revenue objectives of generating 90% of the revenues available under the Forest Practices Act, the remaining 10% of revenue could be used to determine how habitat objectives could be achieved. He said that shorter rotations would maximize revenue return.

Steve Wilson asked whether the land unavailable for harvest was only on state owned land. Mr. Rasmussen answered that his evaluation was on state owned land.

Tim Josi said that he is working hard to protect the viability of logging, wood products, and other forestry related jobs in Tillamook County. He said that rural economies are hurting at this time. Further job losses would result in a loss to the economy. He asked that the Board not make a decision today on the State Forests' recommendation, but continue to work on a strategy that the counties would find acceptable.

Jennifer Phillippi asked Mr. Rasmussen if he had statistics on numbers of people employed per million board feet. Mr. Rasmussen said he didn't have those numbers but would provide that information.

## 2. STATE FORESTS WORK PLAN 2, IBI 6 – Improve Northwest Forest Management Plan, Species of Concern Evaluation

Mike Cafferata, State Forests Deputy Chief, provided an updated table of Management Scenario model outputs for the North Coast Districts. Mr. Cafferata said that, over time, volumes may change but the comparative relationship should remain the same.

Mr. Cafferata gave an overview of the staff report, which compared two specific model runs, one an attempt to meet the Performance Measures with Species of Concern Strategies, (labeled "PM with SOC",) and the other the current Forest Management plan with draft Habitat conservation plan (referred to as Base case or FMP).

Jennifer Wiekkel, Wildlife Biologist, State Forests Program and Liz Dent, Aquatic and Riparian Specialist, presented the results of the analysis looking at the effects of the two management scenarios on species of concern. The 57 page report included 40 species of concern, comparing the two models over an 80-year timeframe.

Jennifer reviewed the analytical framework providing an example using the marbled murrelet. The analytical framework is:

- 1) Identify species
- 2) Identify limiting factors
- 3) Identify assumptions (how forestry affects limiting factors and how habitat use relates back to limiting factors).
- 4) Select surrogates (i.e., factors pulled out of the model to make comparisons).

For the marbled murrelet, reductions in late successional forest are the limiting factor. The primary assumption was that suitable habitat was most likely found in older forest stages. The surrogate was the amount of forest and age class over 100 years. The analysis looked at model outputs and trends, and then compared the two models. It was determined whether surrogates would be maintained or enhanced on the landscape over time. The final step was to look at results and determine likelihood that habitat will be maintained over time. The analysis is best used to compare the two model scenarios; it is tailored for the Board's decision making process. It is not appropriate to use these results to predict the impact of SOC for models outside of the range analyzed.

Ms. Wiekel provided an example of the results of one surrogate (i.e., the amount of complex structure). There was a high likelihood for this surrogate to be maintained and enhanced over time. The FMP reaches 51% complex structure by 2080, the PM with SOC reaches 30% by year 2080.

Under both models, of the 16 species evaluated, none were predicted to have a low probability to be maintained and enhanced. Under FMP, all had a high probability that habitat would be maintained; 15 had a high probability that it would be enhanced. Under the PM with SOC, 15 had a high probability of being maintained; 14 a high probability of being enhanced. The two species with moderate probability are the American marten and the red tree vole.

Liz Dent, State Forests Program, discussed key findings of fish results. Under the base case model, the majority of species have a high probability to maintain habitat and a moderate probability to enhance habitat. Two of the species have a moderate probability to maintain habitat. Under the PM with SOC, the majority of species have a moderate probability of maintaining habitat, two species have high probability to maintain habitat. For all species there was a moderate probability to enhance habitat over time.

The key factors driving differences were in species that were negatively associated with younger forests and clear-cut harvesting, but the overarching conclusion is that both models have a moderate to high probability of meeting the PM target 6 "to maintain and enhance habitat for species of concern".

Board and staff discussion followed the presentations clarifying the analysis process and the results.

### **Public Testimony:**

Noah Greenwald, Center for Biological Diversity, urged the Board to reject the proposal to move to PM with SOC. He said it would place the state in jeopardy of enforcement of Federal laws. He asked that the methods of analysis be peer-reviewed. There was no consideration of the baseline condition of the actual species, such as the tree vole. If the Board allows the Department to increase the cut, Federal enforcement of the Clean Water Act and Endangered Species Act will be enforced.

Albert Kaufman is concerned about our planet, particularly climate change and the increase in temperature on the planet. Forests like the Tillamook are part of the lungs of our planet. Trees combat rising carbon levels. He recommended the Board read the book "Hot, Flat and Crowded", which predicts that areas where there is less rain will get less rain, and areas where there's little rain will get more rain. We need to be more careful logging on steep slopes to prevent landslides. Jobs were brought up as an issue. If a job we are supporting is cutting out our lungs, should we

support that? He said it would be similar to supporting jobs where people make landmines. It's important for our society in general to think about the types of jobs we support.

Samantha Chirillo, Cascade Climate Network, also with Cascadia Rising Tide. Ms. Chirillo mentioned YouTube Forestdefense.org "Don't Clear-cut Our Future". She said to expect resistance if the Board decides to clear-cut forests. To reduce forest complexity and salmon habitat via clear cutting is the wrong direction since we are experiencing global warming. The counties could spend their 2/3 of the revenue building new roads, which contributes to climate change. We need to reinstate a timber harvest tax. It would be a corporate carbon tax which would discourage clear cutting. There's still mature and old growth forest on state lands, but if we convert them into plantations were putting all future uses of our forests at extreme risk.

Joe Keating, with Oregon Wildlife Federation, Director and Projects Coordinator, also Coordinator for Back to the Wall. He didn't think the current plan was very good but at least it was an attempt to keep balance. He recognized the Board's challenge to balance the needs of the counties and the needs of protecting natural resources. However, if today's recommendation is accepted there will be a grass roots movement against it, because it is moving towards liquidating natural resources. If the Board proceeds with this plan, the only alternative would be to give control back to the people by making the current forest a state park. He said he understands in financially difficult times it's tempting to cut down more timber for revenue, but that the Board should resist doing that.

Roxy Hills spoke as a concerned citizen and a person who appreciates Oregon State Parks. Our states natural beauty attracts people to Oregon; she's never heard anyone say they were attracted to Oregon to see the clear cuts. To clear-cut our state parks would put us deeper into recession. We can't afford to lose jobs or lose money in tourism. Ms. Hills listed several of the state parks enjoyed by Oregonians. She said people gain renewal from State Parks, and that during a difficult economic time more people will use parks as a form of recreation. Nature is also important to children who are increasingly more involved with technology, less with nature. Old growth forests like Cape Lookout shouldn't be clear-cut.

Chair Blackwell acknowledged that Oregon has some of the best state parks in the country.

Eric Nicholson is a concerned citizen who felt it was important enough to take the day off from work to speak at the meeting. He cares about the beauty of the state and our country. The jobs that would be created by clear cutting would be temporary whereas to create jobs from tourism keeps the beauty of our state and creates the source of long term job possibilities. Clear cutting decreases the ability of the land to hold water. This would harm streams and rivers and increase global warming. It contributes to landslides, which can result in loss of lives. It also increases the risk of forest fire.

Jeff Hickman asked any anglers in the audience or those interested in north coast rivers to join him. He is a longtime fishing guide and fisherman. He wants permanent protected areas in the Tillamook and Clatsop forests for fish, wildlife and recreation. Any major changes to the plan should have an independent peer review. Our forests are still recovering from historic burns and overharvest. Keep the 50% target for older forests. Salmon Anchor Habitat should be permanent until salmon recover. Timber prices are low; this isn't the time to increase cuts. Why hasn't the department considered the effect of their proposal on carbon storage? Fish and fishing create jobs. He introduced Zach Martens (sp), owner of Flies in Portland, who employs 6 full time employees. Fly companies have to keep in mind that they have to be near good fishing. Fisherman support the economy through their lodging, meals, and shipping in local areas.

Rob Russell, former fishing guide in Tillamook County. The value of these forests is not about money, it's about the health and well being of the northwest Oregon. There's no protection in the northwest Oregon. Our forefathers watched it get burned down from reckless logging. He said the Board shouldn't feel burdened by the financial condition of the counties. The counties may need money but that is not the Board's job; the Board's job is to protect the forests. We need salmon anchor habitats; keep the 50% structure goal as the minimum.

Merrill Redisch, Executive Director, Audubon Society of Portland, requested that the Board stay with the current plan. The current plan has flaws but provides considerably better protection for watershed health and fish and wildlife habitat. Under the base plan there's a goal of 50% complex after 70 years versus 30% after 80 years. The amount of older forest patches increases under the current plan, whereas new growth increases under the PM with SOC. Species of concern prefer older forests habitat for survival. The new plan proposes a 40% increase in harvest. We've already learned that the current harvest level is not sustainable, so how can more harvesting be sustainable? Under the PM with SOC, draft HCP and owl clusters would be replaced with SOC plans which have not been peer reviewed. Portland Audubon will continue to advocate for a balanced management approach for the Tillamook and Clatsop forests, which the current plan achieves better than the PM with SOC.

Sara Denmling, said any short term financial gain from additional harvest pales in comparison to the interest that is accruing. Older trees are more valuable; they maintain habitats and provide recreational opportunities. People come to Oregon to see our forests. Lots has changed since the contracts with the counties were put into place. Alternative financing for the counties would be an advantage to Oregon as opposed to cutting down trees. Any hasty use of our forest is shortsighted and limits options for future generations.

Brett Brownscombe, Conservation for Freshwater Trust, testified that his organization has been working collaboratively with private landowners on the restoration of habitat. When the current FMP was created they engaged with the Department to work on the creation of Salmon Anchor Habitats. Salmon Anchor Habitats remain critical. Actions that put watershed health and fish recovery more at risk or that don't lead to enhancement for a relatively small change in timber production run contrary to a long term plan of forest and watershed health. The PM with SOC doesn't consider long term economic options other than timber production.

Following public testimony, the Board broke for a morning break.

3. STATE FORESTS WORKPLAN 2, IBI 6 – Improve the Northwest Forest Management Plan, Evaluation of the achievement of all nine performance measures for two management approaches

Barbara Lee, State Forests Policy and Planning Unit Manager, presented an assessment across all nine performance measures for the two models (base case or Forest Management Plan with HCP, aka FMP) and Performance Measure with Species of Concern (PM with SOC).

Ms. Lee briefly went over the background of the development of performance measures. Ms. Lee then compared relative differences for two management approaches relating to their impact on the performance measures. Details are in the staff report.

- Performance measures 1 – 3: The assessment indicates the PM with SOC would result in an improvement on asset value of approximately 0.4 % over the base case.

- PM with SOC reflects a 54 million annual MMBF increase in harvest volume. Direct economic impacts from this increase would include: family wage jobs in rural communities, transportation improvements, and increased sales.
- PM with SOC would increase revenue distributions to counties by \$11.6 million, and \$6.6 million to the state annually.
- Performance measures: 4-5 (environmental benefits). The analysis showed both approaches would achieve forest health. Under PM 5, for both models, a 15 % hydrologic connection to road network would likely be realized within a 10 year time frame. PM 4, reducing number of road crossing for fish to less than 2%, would likely be achieved.
- Performance measure 6: Both management approaches are likely to maintain and to some degree enhance habitat for species of concern. Both achieve the complex structure target of 20% in 20 years. The base case would likely achieve a higher quantity of complex structure in a shorter timeframe.
- Performance measures 7 – 9, social benefits. This is more directly tied to the ability to invest due to the availability of revenue. There would be a dip in the base case model (FMP), so likely there would be a reduction under the base case at this time. PM with SOC would give the Department the ability to increase recreation, educational opportunities, and the Tillamook Forest Center. Under either approach, use of state forests is likely to increase because of the Tillamook’s proximity to a large populated area, and because, during economically challenging times, people spend recreation dollars more closely to home.
- Revenue target of 30 - 35% increase would not be met under either approach.

**Public Testimony:**

**Phil Ruder**, Professor of Economics at Pacific University, has authored a study of an alternative management plan for the Tillamook and Clatsop forests. He urged the Board to reject increased harvest. Multiple use management plans contribute to the economic vitality of adjacent regions. The economic benefits of increased harvest have been exaggerated by the Department and county analysts. Increased recreational opportunities in the older growth forests will contribute to the growing coastal businesses oriented towards tourism and retirees. There’s no sound empirical or theoretical evidence that there will be a significant increase in economic benefits or a significant number of jobs created by this plan. It is a shame that the harvest of timber funnels so much revenue to counties. Managing more of the forests as natural areas would yield economic benefits to local counties and the state. It would serve the citizens of the state to compensate the counties to preserve the state forests.

**Rob Russell** said Oregon lost timber jobs to mechanization a long time ago. He recently saw a study showing the economic benefit to recreation and wildlife viewing in Tillamook and Clatsop county; it’s more than \$800,000. It isn’t about money, but the importance of preserving these forests.

The Board had no further discussion on this agenda item; Chair Blackwell moved onto the next agenda item.

4. STATE FORESTS WORK PLAN 2, IBI 6 – Improve the Northwest Forest Management Plan, Recommendation

Nancy Hirsch, State Forests Division Chief, provided a PowerPoint presentation illustrating benchmarks that shaped the development of the current Northwest Forest Management Plan. State Forest lands are managed as multipurpose lands. The economic expectations of the plan were not realized; the timber volumes were significantly less than the alternatives that had been presented when the plan was approved in 2001. In 2006, a modeling effort using inventory that was not previously available informed the Board. The result indicated that the draft HCP wouldn't provide the economic benefits originally predicted. The Board then decided to use Performance Measures to evaluate outcomes; nine Performance measures and targets were developed by the Board.

Ms. Hirsch mentioned that the iterative process of reporting progress to achieve performance measurement targets can result in improvements to the plan. She referenced the anchor of the current plan, Chapter 3, which includes the goals for environmental, social, and economic components. The Species of Concern strategies were developed to address the direction in the performance measure targets, specifically performance measure 6.

Mike Cafferata, State Forests Program Deputy Chief, outlined the staff report. This included the decision between the Species of Concern strategy and the draft Western Oregon Habitat Conservation Plan. If the Board decouples the Forest Management Plan from the draft Western Oregon Habitat Conservation Plan, the Board can make policy choices around balance. Following these choices, the Board can decide whether a Habitat Conservation Plan would work best to meet Federal Endangered Species Act requirements. Mr. Cafferata also outlined choices between management scenarios and possible options open to the Board.

Marvin Brown, State Forester, condensed the recommendation in the staff report. The Department is recommending the HCP be dropped at this point, that the SOC strategy be substituted, and that structure goals be recalibrated from 40 – 60% to 30% - 50%. Mr. Brown said these are the limits of the FMP under the current policy framework. He mentioned that the process of developing management plans is a constant conversation that improves and adapts to economic and legal changes and new scientific knowledge.

Mr. Brown mentioned the comment by Meryl Redisch using the term “unsustainable”. He said harvest levels have varied because we have continued to improve upon our knowledge of how to implement this plan, and that we have harvested and will continue to harvest at a rate substantially below annual growth.

Chair Blackwell asked for a motion.

**MOTION:** Steve Wilson moved to adopt the recommendation

**SECOND:** Cal Mukumoto seconded.

Jennifer Phillippi commented on earlier public testimony stating that manufacturing improvements creates job loss. She said mechanization in sawmills produces more lumber; it takes less timber to produce the same amount of finished lumber.

Chair Blackwell noted that more of the public were signed up for testimony than time allowed, so the testimony time was limited to 30 minutes as published on agendas.

### **Public Testimony:**

Dave Ivanhoff, VP of Resources for Hampton Lumber, said structure based management had shown that promised timber output levels are not achievable. The Council of Forest Trust Land Counties and the industry wouldn't have supported the FMP if they had known timber outputs would be where they are at today. He said structure based management compromises forest health and productivity. Given the number of acres set aside for old growth statewide, he questioned the contribution of the 3% of state owned forest land for old growth. He asked the Board not to support the recommendation.

Ray Wilkeson, Oregon Forest Industries Council, said Oregon should have one forest management standard; that should be the Forest Practices Act (FPA). When the Board adopts a different standard, it carries a message that there's something wrong with the FPA. If the state thinks there's a problem with the FPA they need to provide evidence to illustrate those problems.

Ann Samuelson, Clatsop County Commissioner, read that on May 27, 2009, the Clatsop Board of County Commissioners unanimously passed a resolution in support of the logging industry. She spoke in support of the Department's increase in timber harvest in the Clatsop and Tillamook Forests. The revenue goes to education, law enforcement, and other programs and supplies employment to local residents. She said that loggers and Clatsop county residents are conscientious stewards of the forests. She mentioned that in 2005, Judge Richard Baron ruled that the agreement between the counties and the state that the state manage the forest for the economic benefit of counties amounts to binding contract.

Bob Van Dyk, Wild Salmon Center, did not support this recommendation. He asked for a scientific peer review of any major changes to the current plan, that the Salmon Anchor Habitat strategy be continued, and that the Department explore incremental improvements across all values. He said Wild Salmon is open to more permanent protections on some areas and more intense harvest on others. He mentioned a letter that former governor Kitzhaber had previously sent to the Board and offered copies of the letter. He said that harvest has been unsustainable under the current FMP. He referred to a previous slide the Department had presented and said the second line on table should be labeled "timber harvest" not "economic benefit"; "social benefits" should say "ODF budget" because that's how available recreation expenditures are determined.

Donald Fontenot, State Lands Issue Coordinator for Oregon Chapter of Sierra Club, supports a science based implementation of the plan, free of the politics that can cloud decisions of long term public interest. The members of the Sierra Club are greatly concerned about the management of public lands. The forest management plan currently works to a achieve balance of values; the proposed changes do not. Increasing timber production when prices are at a low is like selling off your retirement when the market

hits the bottom. The Department should be investing in its biological value. The Board should complete a peer review of the proposed changes. The Sierra Club recommended that the Board not support the proposed changes to the FMP.

Jay Browning, gyppo logger and concerned citizen, said under any plan used we should utilize resources better. Low value timber that isn't getting utilized could be used for bio fuels. As an employer of 130 people, he's concerned about jobs. If he thought his company created global warming he'd stop doing the work he does. He said his company manages for forest health. He's concerned about the increased risk of forest fire. He said clear-cutting as a practice hasn't been done for about 40 years, most management leaves trees and buffers, though some fail. He mentioned devastation from storms.

Rex Storm, Associated Oregon Loggers, urged the Board to amend the FMP to a 35% increase from the previous annual revenue to the counties. He also urged the Board to reject the Department's recommendation and 1) discontinue pursuit of an HCP; 2) use a Habitat of Concern Strategy; 3) make significant forest plan revisions using an accelerated incident command process; 4) amend the FMP for improved balance towards sustainable attributes with greater favor towards economic and social values. In the base line scenario, the 100% maximum wood emphasis isn't truly 100%; it's about 84%. He said the counties should have a greater say in how the forest is managed. The current strategies are high cost and create lower revenue for counties.

Carolyn Eady serves on State Forest Advisory committee. She said the scope and type of changes proposed would have serious consequences on the ecosystem. She asked the Board to be sensitive to the battered condition of the forest. She mentioned the consequences of the 2007 storm and ODOT's policy of cutting scenic buffers near Cannon Beach. She said the biologists at today's meeting noted that the final evaluation provides a limited perspective that the management scenarios will maintain or enhance habitat. She said a peer review is needed. She supports creative thinking to get more money to the counties.

Tom Wolf, Executive Director of Oregon Council of Trout Unlimited, supported the comments of the Wild Salmon Center. An outside peer review is needed. Continue protection of Salmon Anchor Habitats. He does not support the current recommendation. He concurs more work needs to be done to provide more protection for the environment, for increased jobs and county revenue, but that the current recommendation wouldn't do this. He questioned the value of the social benefit in the recommendations; more trees cut would limit forests for people to hike and fish in.

### **Board Discussion:**

Cal Mukumoto asked if social values could be expanded upon. Mike Cafferata answered that access and safety in the forest are covered under this plan. Other social benefits are creation of jobs. Cal Mukumoto said the while working with the tribes in 1990 they found that what the Bureau of Indian Affairs wanted and what the tribes wanted were two different things. Mr. Mukumoto brought up the concept of a peer review.

Nancy Hirsch said the recommendation doesn't include a peer review because the Department worked with the state's best technical experts by working with the Department of Fish and Wildlife.

Peter Hayes and Cal Mukumoto commented on the public testimony critique that the Department sees saw log revenue as the only economic value. Mike Cafferata said that a huge amount of economic value comes from saw logs, but economic value also comes from the fishing industry which the Department has goals to maintain. The Department has done work to find other ways to raise revenue, such as campground fees, wind resources, and carbon markets.

Larry Giustina said funding for the State Forests program comes from forest revenue, so every time we want more peer review, research and monitoring, it costs money. We have an obligation to the counties to make a return, but it should be taken into consideration that the Department is currently making cuts.

**MOTION:** Jennifer Phillippi motioned to amend the recommendation. We have a long way to go in the PM with SOC plan. That structure based management is imbedded in that plan concerned her. The obligation to the trust counties hasn't been met; a process to develop a revised or new FMP to meet that responsibility and efficiently meet economic, environmental and social goals should be discussed.

Proposed amendment as follows:

- Replace Recommendation #3: The Northwest FMP has not met its obligation to the trust counties. The Board directs staff to develop a new FMP to meet that responsibility and more efficiently meet economic, environmental and social goals. Reference the broader FPFO to initiate this process.
- New Recommendation: Amend GPV rule in current FMP that would legally allow the Board to implement the revenue outputs of the PM with SOC recommendation.
- Replace Recommendation 2: Put draft SOC on hold until future analysis and operate with take avoidance and Salmon Anchor Habitat until the FMP is re-written.

Chair Blackwell said he personally objected to the concept that the Board hadn't met it's obligation to the counties. He said their interests are at heart even if the economic aspect hasn't performed on these interests. He agreed that the FMP needs a fundamental re-write and there should be a revisit of the GPV.

NO SECOND TO MOTION: Chair Blackwell asked if there was a second; no second.

Larry Guistina said some the items Ms. Phillippi mentioned should be considered in the future.

**MOTION:** Larry Giustina motioned an amendment to the recommendation (**Attachment 23**). In summary, the amendment states:

- The Board review Greatest Permanent Value.
- Review Chapter 629, Division 035 rules.
- Draft concepts for OAR revisions back to Board by April 2010.

- In the interim, the Board direct staff to implement Recommendations 1-3 in the staff report.

**MOTION SECONDED:** Steve Wilson seconded the motion to amend the recommendations per Larry Giustina's motion. He said the Board has to look at whether the Department is doing what the Board directed them to do; he thinks they have. He said he can find no better peer than ODFW for the PM with SOC model. Mr. Wilson said he's concerned that timber workers and the indirect jobs that are supported would be displaced if the Board doesn't consider the economic factors.

Cal Mukumoto agreed that the Board needed to have the discussion about GPV. He said that a peer review would be appropriate.

Peter Hayes asked if there was an alternative for people unable to testify, because public testimony had been limited due to time constraints. Chair Blackwell said seven people were unable to testify due to the time limit; if they brought written testimony the Board would read their submissions.

Peter Hayes said he is committed to the human dimension of the decisions. The Board shouldn't sacrifice long term prosperity in favor of short term results. The Board should base decisions on policy and science, not short term politics or personal opinion. A key point for him is that work can't be done without relying on modeling, though the validity of modeling is only as strong as the assumptions behind the models. He has serious concerns that the assumptions are false, (e.g., value is equal to money; the industrial model will endure over the long term). When he looks at Chapter 3 in the current plan, he considers "maintain biodiversity over the landscape" as an economic value as well. Mr. Hayes asked if the product of the decision will be to manage the forest to save natural capital or to manage the forest for financial gain at the potential expense of natural capital. Mr. Hayes said he could support Larry Giustina's amendment, but would have some added items before he could support it:

- Amendment to not go below 40% until a series of conditions were met.
- Conduct a rigorous peer review; integrate climate change issues into the amendment.
- Reaffirm a commitment to biodiversity.
- Take a serious look at creating high conservation value zones.

Chair Blackwell said the Board has the authority to make decisions and be corrective in their process if necessary. He said Mr. Hayes' points are germane to the conservation and the rewrite of the plan, but he wouldn't recommend including that in the decision.

**VOTE:** Chair Blackwell asked for a vote on the staff recommendation as amended.

Vote: Four yay, two nay. Yay: Steve Wilson, John Blackwell, Larry Giustina, Cal Mukumoto. Nay: Jennifer Phillippi, Peter Hayes.

Following the Board's vote, ~~Chair Blackwell ordered~~ the Board decided: *(modified as suggested in July 31, 2009 Board meeting reflected in page 4 of July 31, 2009 minutes)*

1. Remove reliance on the draft Western Oregon Habitat Conservation Plan for development of strategies for species of concern in both the Northwest and Southwest Forest Management Plans; maintain HCPs as a potential future

tool for federal Endangered Species Act compliance.

2. Approve use of Draft Species of Concern (SOC) strategies as the Department's approach for managing SOC, with the acknowledgement that several planning steps still need to take place before the SOC strategies are final; replace existing habitat conservation language with policy-level principles of these strategies in the plan, develop SOC plans for districts outside the north coast districts, and place specific management standards in policy at the Division level.

Conduct peer reviews and adaptive management as necessary to achieve policy-level principles in the FMPs.

3. Revise the Northwest Oregon Forest Management Plan to allow a different balance of economic, environmental, and social benefits that better reflect those considered in performance measure development discussions; specifically, modify the complex forest structure range from 40 to 60 percent of the forest to 30 to 50 percent of the forest.
4. The Board recognizes that Oregon Administrative Rule Chapter 629-035-0020(5) directs a 10-year review of Chapter 629-035-0020(5). This Section 0020(2) of Chapter 629, Division 035, defines the "management focus" required of the State Forester to secure "Greatest Permanent Value." This review was to have been completed before March 1, 2008.

Pursuant to that requirement, staff will begin development of recommendations to revise not only 629-035-0020 (2), but also any other portions of Chapter 629, Division 035, necessary for the development of a new plan (or plans) for the Board's Northwest and Southwest State Forests.

5. The Board finds that the existing Division 035 administrative rules and subsequent Forest Management Plan are founded on assumptions that have not born true. For that reason the fundamental policy framework that defines "Greatest Permanent Value" in administrative rule should be questioned and revised appropriately. Also, if new plans are to be developed, a more efficient planning process, as spelled out in OAR, is also in order. Staff should present draft concepts of the OAR revisions to the Board no later than April 2010.
6. While this work is being completed, the Board directs that staff proceed with the Recommendations 1 through 3 in the staff report as interim measure for improving outputs in a way that still follows the principles of the current Forest Management Plan.

#### **AWARDS PRESENTATION – Mary Rellergert Forestry Education Award**

Mary Rellergert served as the Oregon Department of Forestry's Education Coordinator in the Tillamook State Forest. She was a gifted and passionate forest educator whose work touched the lives of tens of thousands of students and teachers. The Mary Rellergert Forestry Education Award is a joint project of the Oregon State University's Oregon Natural Resource Education Program, and the Oregon Department of Forestry.

Each year, outstanding forest educators are recognized for their contribution to forest education in Oregon.

Chair Blackwell presented the Mary Rellergert Forestry Education award to Lori LaMarche, John Mayer, and Dick Powell.

5. BOARD STRATEGIC PLANNING, IMPLEMENTATION AND MONITORING WORK PLAN 1, INTERMEDIATE ISSUE 2, MEASURING PROGRESS, 2009 Board Governance Performance Self-Evaluation

Due to time constraints, Chair Blackwell rescheduled this agenda item for the July 31, 2009 Board meeting.

6. BOARD STRATEGIC PLANNING, IMPLEMENTATION AND MONITORING WORK PLAN 1, IBI 5 – Biennial Budget Update

Clark Seely, Associate State Forester, updated the Board regarding the Ways and Means subcommittee hearings on the Department's 2009-11 biennial budget. On May 6, 2009 public testimony was taken. Twenty-eight people testified with very positive support.

The May 15, 2009 revenue forecast showed 2007-09 general and lottery fund revenues potentially in a negative balance, and showed an additional \$530 million shortfall for the 2009-11 biennium. On May 18, the Co-Chair's budget was proposed to reconcile the current biennium projected shortfall as well as creating a balanced budget for the 2009-11 biennium. Five elements are in the framework of the Co-Chair's budget:

- Federal Stimulus dollars.
- State Rainy Day funds.
- Reductions to some state central government service charges.
- New state revenues.
- Budget Reductions/ Fund shifts.

Budget reductions would represent about a 12 percent reduction. Under discussion is placing about 1 billion dollars in reserve during the next biennium.

For the Department, the budget proposals would mean:

- A 15 % total general fund reduction; about 6.7 million dollars.
- The 15 % general fund reduction represents a 50% cut in the Private Forests program. This would result in loss in services for the insect and disease program, Forest Practices Act administration, administration of Oregon Plan for Salmon and Watersheds. About one-half of the stewardship forester positions would be eliminated; additional support and monitoring staff positions would be eliminated.
- The 15 % general fund reduction, resulting in loss of employees in the Private Forests program, will also impact the Protection program because many of the staff are trained and involved in fire fighting.
- Fire Protection would see a 25 % reduction in general funds allocated to the program. There's also a proposal that the Protection program share agency administration costs. The changes won't result in reductions in resources or staffing, but a fund shift formula from 50% general fund and 50% private landowners assessment fees to 45% general fund, 55% private landowner's assessment fees.

Based on the fiscal year 2010 Protection budgets, the impact analysis indicates the assessments will increase by 11 cents per acre. If the proposed coverage of fire program sharing agency administration costs is approved, the assessment fee would increase by 25 cents per acre for landowners.

- The Governor's Recommended Budget includes a \$5 million reserve in the Emergency Board for the Severity fund.

The date for the next work session isn't set; it's likely to happen in the second week of June.

Mr. Seely summarized the State Forests revenue forecast which are down and unlikely to recover for several years. At this time positions are being reduced – 35 layoff notices have recently been presented. The Department moved through that process with as much care and personal contact as possible.

The quarterly turnover for harvest tax was received for May 2009 (Jan – March quarter); it was about 500 million board feet, which was about 12% less than forecast. The 2009-11 harvest level is just over 6.8 billion bf; in comparison, in 2005-07 it was 8.4 billion bf. For 2009-11, the forecast is just over 6 billion bf.

The Department is working with the Forest Service, BLM and NOAA fisheries to receive Federal Stimulus funds. Currently we expect about \$30 million in federal funds, much in grant money that will go to landowners and contractors. National forestland cooperative work is another opportunity for improvement projects using stimulus funds, however, the Department has to feel confident that the infrastructure in the department is intact. There's a strategy to keep some employees employed using this "bridge" between the layoffs and projects created by stimulus funding.

Jennifer Philippi asked if the timing for layoffs and federal job creation was synchronized. Mr. Seely said the initial round of State Forests' layoffs has begun but that the Department hopes that Private Forests' layoffs will be synchronized with the federal projects. The department will reference the layoff list before advertising positions externally.

John Blackwell asked if the legislature will consider broader issues than fiscal issues if they reconvene session next year. Mr. Seely said there will likely be a January – February 2010 session, but he didn't know if the session would focus on fiscal issues alone.

Peter Hayes asked if the Board would hear what the implications are from the loss of Stewardship Foresters (e.g., enforcement the Forest Practices Act). Mr. Seely said that there would be discussion brought to the Board, perhaps on Agenda Item 7, but also in the July 2009 Board meeting legislative and budget summary reports.

## 7. PRIVATE FORESTS WORK PLAN 6, IBI 0

Jim Paul, Private Forests Division Chief reviewed changes to the Work Plan:

Updates to the issue paper:

- Bottom of page 3, additional text regarding definition of fragmentation.

- Updated graph – “Oregon Timber Consumption and Harvest” to update late 1990’s data.
- Additional context around term “fragmentation” as opposed to “conversion”. It was noted that Oregon hasn’t seen significant conversion, especially in comparison to Washington state.
- Building density and Pre-commercial Thinning – Increased fire costs in Wildland Urban Interface Areas.

Notifications sorted by areas indicate that a significant number of notifications occur where there is an increased risk of fragmentation due to dwellings.

Per Larry Giustina’s request, Peter Daugherty, Private Forests Division Deputy Chief, defined Wildland Fire Interface as land adjacent to urban growth boundary and nearer to increased housing density.

Mr. Paul reviewed the revised policy objectives that were discussed at the March 2009 Board meeting.

- Added parenthetical: increased density of structures and parcelization. Elaboration of “conversion” (page 10 of Staff Report, Attachment 1).
- Objective 3: Added sentence regarding the importance of monitoring if the Department’s are going to use non-regulatory methods.
- Objective 4: Re-worked to make less specific, make the objective to support general land use planning and policies to ensure a stable forest land base and encourage investments.
- Objective 5: Sentence added about net harvest vs. - net consumption.
- Objective 8: Regarding resource site protection within the statutes and the Forest Practices Act. There’s a need to revisit these to see if there is an appropriate policy. The Department hasn’t had the resources to work on all species inventories; this was brought to the Board for guidance on how to continue with resource site protections. Three options are:

A) Full implementation of existing statutes which would require a Policy Option Package.

B) Continue with status quo and acknowledge status, given budgetary constraints.

C) Explore other avenues, such as non-regulatory or market based approaches and relying on mechanisms such as the Federal Endangered Species Act.

On page 12, Staff Report, Attachment 1, suggestions for direction around pursuing alternative public funding mechanisms were added:

- 1) Equitable and aligned with Private Forests objectives.
- 2) Have a connection to benefits provided by Private Forests.
- 3) Have a more stable revenue stream than the General Fund revenue.
- 4) Have a diversified revenue stream.

Mr. Paul outlined policy objectives for funding mechanisms:

- If the Department becomes more involved in ecosystem service markets a fee would be involved. Mr. Mukumoto mentioned the possibility of certification.
- If the Department becomes more engaged in land use, a fee would be involved.
- Fees for recreation, public use and public access fees
- Municipal water surcharges.
- Ballot measure 36 lottery dollars mandated at some level to the Private Forests Program.

Mr. Paul framed the above with a need to look at what can and can't be done due to loss in staff and potentially changing rules to reflect loss of ability to enforce them.

Larry Giustina asked if there were FPA regulations involving resource sites that haven't been addressed. Jim Paul said that there are references around species inventory requirements that are within the FPA. The inventory has not been done for most of those species.

Peter Hayes asked why the special resources sites haven't been worked on prior to the reduced budget. Jim Paul said that inventory was done for the spotted owl and marbled murrelet, but that over time other priorities, such as increased complexity on riparian rules and Coho listing, superseded the work on special resources sites. Peter Daugherty added that inventory was done but it was a challenge to get technical reviews completed. The Department attempted to move forward at the Board's request; however a committee could not be formed because no one offered to serve on the committee. A coordinated statewide approach was then requested, which brought the issue back to the Board under the broader FPFO policy, the purpose of today's discussion.

**Public testimony:**

David Ford, family forestland owner and Executive Director of the Oregon Small Woodlands Association. The Oregon Small Woodlands Association is interested in the Department's budget because small woodland owners anticipate greater assistance needs in the future for family landowners. The Department needs to look to other funds other than general funds. He said there appears to be a disconnect with the public, because the Department didn't get as much money as other natural resource agencies and the public seems to enjoy forest resources. He was encouraged that the department is considering funding alternatives such as lottery funds. Fees, however, concern him. The administrative component of collection of fees is an additional cost to those who are providing such things as carbon and clean water. Those fees should come to private landowners, at least in a percentage split with the Department. The landowners are providing the ecosystem services through their management activities. He urged the Board to directly engage with legislators if they are not limited in doing so. With regard to resource site protection, small woodland owners think option B is the most prudent.

Larry Giustina asked Mr. Ford if he had any thoughts on land use conversion or a final harvest fee for service as a funding mechanism. Mr. Ford said people are using the services of the department without the intention of reforestation. If they convert within five years those costs should be recouped.

Chair Blackwell opened Board discussion about staff revisions.

Larry Giustina asked if the revisions had gone to other stakeholders. Jim Paul said they hadn't, they were first brought to the Board today.

Chair Blackwell shared his opinion that the less the agency relies upon the general fund the more predictable a funding stream the agency would have. He shared his success using lottery dollars with ballot measure 66 for State Parks. Reauthorization for natural resources would be beneficial, however staff should be cautious of becoming too involved. He suggested a senior member of the Board or perhaps someone outside of the agency could explore this larger vision for natural resource agencies.

Peter Hayes suggested that page 3 of the Staff Report, Attachment 1, misses part of the point. Economic viability make it increasingly difficult to own family forestland in Oregon should be added. Also, non-regulatory methods should state that the top priority is to get the job done, regardless of whether it is through a non-regulatory approach. A goal of maximizing economic vitality on number 5 could focus on growing quality versus quantity. Growing higher quality may make sense in the current global market. Regarding special resources, the fundamental issue is the desired outcome. Is that to satisfy statutes or to protect natural capital (i.e., species)? Jim Paul pointed out that the Federal ESA is relied upon to prevent extinction; the FPA is agreed upon as a contribution to provide for these species. The question is whether the landowners can rely upon the ESA or if additional requirements such as the FPA are needed.

Peter Hayes suggested that on number 9, Developing Principles and Standards, "working with others" to develop these should be added. It's not inclusive enough since the Agency is one player in a bigger scenario. Jim Paul said he thought there is a subsection in the statute that references cooperation with others in a broader context. Marvin Brown said that Senate Bill 80 has a requirement to cooperate and facilitate this by setting up a formal structure directing the Department of Agriculture and the Department of Forestry to participate under DEQ leadership.

Peter Daugherty said he was worried about economic viability per board foot. Peter Hayes said that sometimes we assume wood is wood and board feet are board feet; how can we have more vitality without cutting as much.

Cal Mukumoto asked how recreational use fees would be administered for privately owned forests. Jim Paul said the Department would look into how to administer fees. Larry Giustina said that there would probably be a harvest tax. Marvin Brown said that when private landowners offer recreation on their land there's a liability, and that the agency may help them fund and collect fees.

Jim Paul said that an option the agency will work on before September 2009 would be to include some of the expectations of private landowners into the broader Objective Number 7, by taking a deliberate look at what is expected of private landowners in terms of public policy from a regulatory perspective.

It was suggested that the Private Forests program present an update on this topic at the July 31, 2009 Board meeting.

8. ADMINISTRATIVE WORK PLAN 0 – IBI 1 – ADMINISTRATIVE PROCESSES, 2009-10 FY District Budgets and Estimated Rates

Paul Bell, Protection Program Chief and Travis Medema, Protection Program Deputy Chief, presented the annual Fire Protection district and fiscal budgets. Mr. Medema provided the history of the need for Fire Protection budgets. Large fires in Western Oregon in 1902 consumed more than 700,000 acres. Later, companies formed private fire patrols. Around 1911, the first Oregon Fire laws were created and the first State Forester was named. Fire Patrol laws, cooperative agreements and forestland owner associations followed. The Department currently provides protection on 15.8 million acres.

The guiding policy of fire protection is to conserve forests through the prevention and suppression of wildfires. The complete and coordinated forest protection system has three primary missions:

1. Protection of life.
2. Protection of forest resources.
3. Structural Protection.

Three geographical areas of Northwest Oregon, Southern Oregon, and Eastern Oregon contain the protection districts. The state and federal systems are coordinated. Each of the individual districts are funded by district fiscal budgets.

There is a pro-rate between private and government landowners that is within the fiscal budgets. The legislature ultimately sets these pro-rates (currently the rate is 50% private landowner, 50% state). Mr. Medema informed the Board that the legislature is considering changing the 50/50 split to a 55% landowner/45% state split. Additionally, the legislature is considering HB 2215 which would result in private landowner and state funds matching large fire deductibles, rather than the current "vertical" approach. Fiscal Year 2010 encountered challenges because the fiscal budgets, biennial budgets, and legislative sessions aren't synchronized.

Mr. Medema presented a video that demonstrated aircraft deployment on a fire.

Mike Dykzeul, Director of Forest Protection for Oregon Forest Industries Council. He asked the Board to endorse an adequate level of protection. Industrial landowners working with the state took personal responsibility to take additional cuts prior to the Department's cuts. The legislature made cuts in deferred payments and maintenance; the cuts are not sustainable. This year there is an adequate level of money in the this fiscal year's budget for protection ; but beyond this year the budgets will be short.

Larry Giustina asked if the landowners support the 50/50 split. Mike Dykzeul said that they do.

The recommendation that the Board approve fiscal year 2010 budgets presented in the Staff Report was presented.

Larry Guistina asked if the budgets are 50/50 or 45/50. Paul Bell said that the budgets are independent of the rate; the legislature sets the ratio.


Chair Blackwell asked if there was an objection to the recommendation. There was no objection.

**DECISION:** Recommendation to approve the 2010 budgets were approved.

Steve Wilson made a closing comment that with all of the current cuts to the Department, the Board should consider whether or not the Board is overtaxing the Department.

There being no further business before the Board, Chair Blackwell adjourned the public meeting at 5:05 p.m.

Respectfully submitted,

  
Marvin Brown, State Forester and  
Secretary to the Board

MS

