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Items listed in order heard.

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

1. Agency Management Report – Key Performance Measures for 2008, Agenda Item J
2. Revised Board of Forestry Administrative Work Plan, Issue 0, Agenda Item M
3. Public Comments – Giesy and Posekany, Agenda Item 1A
4. Public Comments – Naillon, Agenda Item 1A
5. Board Member Comments – Hutchison, Agenda Item 1
6. Staff Presentation, Agenda Item 2
7. Revised Attachments 1 & 2, Agenda Item 2
8. Strike-out Version of FFAC Guidance Document, Agenda Item 3
9. Clean Copy of FFAC Guidance Document, Agenda Item 3
10. Presentation – Operator of the Year Awards, Agenda Item 4
11. Handout – Summary of Bills for 2009 Legislative Session, Agenda Item 5
12. Handout – 2007-09 General Fund Reduction Planning – up to 5%, Agenda Item 6
13. Handout – 2009-11 General Fund Reduction Planning – up to 20%, Agenda Item 6
14. Public Comment – Springer, Agenda Item 6
15. Staff Presentation, Agenda Item 7
16. Handout - Excerpt addressing State Forest Practices, Agenda Item 7

OREGON STATE BOARD OF FORESTRY

January 7, 2009 Minutes

In accordance with the provisions of ORS 526.016, a meeting of the Oregon Board of Forestry was held on January 7, 2009 at the State Forester's Headquarters, 2600 State Street, Salem, Oregon.

Appointed to the position of Board of Forestry Chair by Governor Kulongoski, effective January 1, 2009, Chair John Blackwell called the public meeting to order at 8:00 a.m.

Board Members Present:

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

Others present:

Dave Archambault, Seneca Jones Timber
Jim Bakke, Huffman-Wright
Harve and Denise Dethlefs, Bighorn Logging
David Ford, Oregon Small Woodlands Association
Jake Gibbs, Lone Rock
Wayne Giesy, Hull-Oakes
Scott Gray, Stimson
Craig Hanneman, Oregon Forest Industries Council
Russ Hoeflich, The Nature Conservancy
Bruce Herb
Samuel Howard, Stimson Lumber
Mike Huffman, Huffman-Wright
Chris Jarmer, Oregon Forest Industries Council
Tim Josi, Tillamook County Commissioner
Bill Kluting, Federal Forestlands Advisory Committee Member
Rod Kraemer, Oregon Department of Fish and Wildlife
Bill Maze, Seneca Jones Timber Co.
Greg Miller, Weyerhaeuser
Wayne Naillon, Portland United Mountain Peddlers
Dick Posekany, Frank Lumber Co.
Lory Punttenney
Gil Riddell, Council of Forest Trust Land Counties
Ralph Saperstein, Boise Cascade
Gary Springer, Starker Forests
Marck and Sarah Standley
Rex Storm, Associated Oregon Loggers
Bob Van Dyk, Wild Salmon Center
Rusty and Levi Watterson, Watterson Logging
Steve Weber, Seneca Jones Timber Co.
Ray Wilkeson, Oregon Forest Industries Council
Nicole Wilson
Burch Wright, Huffman-Wright
Rick Zenn, Oregon Community Trees
Marvin Brown, State Forester
Gayle Birch, Board Support
Dan Postrel, Agency Affairs
Jeri Chase
Jeff Foreman
Rod Nichols
Cynthia Orlando
Mike Bordelon, NWOA Director
Clark Seely, Associate State Forester
Mark Hubbard, Business Services Director
Dale Johnson, Information Technology
Diana Morris
Paul Bell, Chief, Protection Div.
Jim Paul, Chief, Resources Division
Marganne Allen
Jim Cathcart

Doug Decker
Gregg Cline
Tom Savage
Eric Perkins
Dan Shults, SOA Director
Jack Tannehill
Mike Dewey
Nancy Hirsch, Chief, State Forests Div.
Mike Cafferata, Deputy Chief, State Forests
Patty Cate
Ed DeBlander
Barbara Lee
Paul Ries

Dave Degenhardt
Rob Flowers
Brad Knotts
Jim Leisch
Jo Morgan
Lanny Quackenbush
David Morman, Forest Resources
Kevin Birch
Walter Schutt

** Appointed to the position of Chair of the Board of Forestry by Governor Kulongoski, effective January 1, 2009, Chair John Blackwell recognized new Board member Steve Wilson, Woodworkers District Lodge W1, and the reappointment of Jennifer Phillippi, Rough and Ready Lumber Company, both for a term of four years. The Board members briefly introduced themselves, and recognized the work of Cal Mukumoto during his service as meeting facilitator, in the absence of an appointed Chair in 2008.

Consent Agenda:

Chair Blackwell pulled Items K and L to receive public comment pursuant to a public request. Jennifer Phillippi pulled Item M, which was discussed under Agenda Item 7. Item C was revised by Cal Mukumoto; Item D was revised by Larry Giustina.

A. MINUTES – SEPTEMBER 3, 2008

The minutes of the September 3, 2008 meeting are approved.

B. MINUTES – OCTOBER 15, 2008

The minutes of the October 15, 2008 meeting are approved.

C. MINUTES – NOVEMBER 6, 2008

Cal Mukumoto requested a revision to page 7, under **Kelly Moore's** comments. The last sentence is revised to read: "The functions of the salmon anchor habitat strategies, and current Forest Management Plan, must support the current coho management plan."

The minutes of the November 6, 2008, meeting, with one revision, are approved.

D. MINUTES – NOVEMBER 7, 2008

Larry Giustina requested one revision to Item B, shown on page 10. The sentence is revised to read: “Larry Giustina abstained from approval, citing possible conflict of interest.”

The minutes of the November 7, 2008 meeting, with one revision, are approved.

E. MINUTES – NOVEMBER 21, 2008

The minutes of the November 21, 2008 meeting are approved.

F. ADMINISTRATIVE WORK PLAN 0, INTERMEDIATE ISSUE 2, GOVERNANCE, Quality Assurance Annual Report

Summary of the activities and status of the Department’s internal audit function.

Information, no decision.

G. ADMINISTRATIVE WORK PLAN 0, INTERMEDIATE ISSUE 2, GOVERNANCE, Summary of Quality Assurance Program Report - Reliability of Reporting for Selected Key Performance Measures

The Fire Suppression Effectiveness measure was verified as accurate; the Forest Practices Act Compliance key performance measure could not be verified.

Information, no decision.

H. ADMINISTRATIVE WORK PLAN 0, INTERMEDIATE ISSUE 2, GOVERNANCE, Annual Forest Health Report

Overview of the major insect, disease, and other damaging agents affecting Oregon forests in 2007.

Information, no decision.

I. FOREST VITALITY WORK PLAN 3, INTERMEDIATE ISSUE 5, FOREST CARBON OFFSET MARKETS, Adoption of Final Administrative Rule – Forest Resource Trust Program

Adoption of the final amendments to OAR chapter 629, division 22, relating to the implementation of the Forest Resource Trust Program.

The amendments to OAR chapter 629, division 22, relating to the implementation of the Forest Resource Trust Program, as contained in the agenda, are approved.

J. BOARD STRATEGIC PLANNING, IMPLEMENTATION AND MONITORING WORK PLAN 1, INTERMEDIATE ISSUE 2, Annual Department Performance Progress Report for FY 2007-08

Summary of the Department's Annual Performance Progress Report for fiscal year 2007-08. A handout was provided to the Board, titled Agency Management Report, Key Performance Measures for Reporting Year 2008 (Attachment 1).

Information, no decision.

K. STATE FORESTS MANAGEMENT WORK PLAN 2, INTERMEDIATE ISSUE 4, LAND ACQUISITIONS, EXCHANGES AND DECERTIFICATIONS, North Cascade District Plan

Review of the North Cascade District Plan for land acquisitions, exchanges and decertifications. Chair Blackwell noted that Mr. Van Dyk's comments, under Item 1A, should be addressed to the State Forester for Plan revision.

The Board has reviewed the North Cascade District Plan, pursuant to OAR 629-033-0015.

L. STATE FORESTS MANAGEMENT WORK PLAN 2, INTERMEDIATE ISSUE 4, LAND ACQUISITIONS, EXCHANGES AND DECERTIFICATIONS, Astoria District Plan

Review of the Astoria District Plan for land acquisitions, exchanges and decertifications. Chair Blackwell noted that Mr. Van Dyk's comments, under Item 1A, should be addressed to the State Forester for Plan revision.

The Board has reviewed the Astoria District Plan, pursuant to OAR 629-033-0015.

M. BOARD OF FORESTRY ADMINISTRATIVE WORK PLAN 0
[Item addressed during Agenda Item 7. For purposes of the automated Decision Support System, it is shown here.]

Mr. Seely addressed Consent Agenda Item M, the Board of Forestry Administrative Work Plan 0. To effectively support the Board's work and decisions over time, all of the work must be tracked. The proposed Administrative Processes Work Plan includes administrative processes, governing and ceremonial functions, and general research information. Mr. Seely referred to the revised copy of the work plan, included as Attachment 2. The revision removed budgeting and Legislative concept development from Work Plan 0; topics included in Strategic Planning, Implementation and Monitoring Work Plan Priority Issue 1.

Jennifer Phillippi stated she was concerned that budget and Legislative concept development were in the original work plan, and was pleased that they were removed. She commented that in previous years, the Board did a better job engaging with the

budget than this year. In the summer of 2008, there was an update, but no Board discussion. She stated that a work plan would assist the Board.

Responding to **Larry Giustina's** question, Mr. Seely stated there was openness in Work Plan 0 to add to, or request reports and information from the Board. The Work Plan would be modified for recurrent reports.

The Board of Forestry Administrative Work Plan 0, is adopted.

ACTION AND INFORMATION:

1A. **PUBLIC COMMENTS**

Bob Van Dyk, Wild Salmon Center addressed Consent Items K and L, the North Cascade and Astoria Districts' Land Acquisitions, Exchanges and Decertifications Plans, specifically the Astoria Districts' plan. Suggesting improvements, he stated that a section that addressed biological implications would be beneficial. He stated that the Plans were not reviewed by staff biologists or the Oregon Department of Fish and Wildlife. He also suggested that a section addressing key recreation issues would be helpful, with review by the Oregon Department of Parks and Recreation and local county recreation planning groups. He noted that the Plans should include a summary matrix of the specific parcel issues to make them "user friendly."

He expressed concern over Davis Basin Parcel in the Astoria District Plan. He stated the parcel included several miles of Columbia River frontage. He suggested the parcel be kept in public ownership, as it was a significant parcel.

Chair Blackwell noted that Mr. Van Dyk's comments should be addressed to the State Forester for Plan revision.

Wayne Giesy, family forestland owner, and Dick Posekany, Frank Lumber Co., suggested the 20 year volume of new growth on all of the forests in Oregon be immediately scheduled for harvest for the economic and related benefits to the citizens of Oregon, specifically those in rural Oregon (Attachment 3).

Rick Zenn, Oregon Community Trees, an advisory committee to the Department, expressed pride in the Urban Forestry Program, and briefly described the group's efforts to improve education about the value of trees in Oregon. He provided each Board member with a complimentary copy of the Oregon Community Trees 2009 calendar. He noted that Oregon's Arbor Week, was April 6-12, 2009.

Wayne Naillon, Portland United Mountain Peddlers stated that a grant of \$50,000 was given to the Forest Grove District to work on the Wilson River Trail, which required a \$24,900 match of funds or trail work from the Department to meet the grant guidelines (Attachment 4). Due to budget constraints, Randy Peterson, Forest Grove Recreation Unit Manager notified Mr. Naillon that funds were not available. Mr. Naillon urged the Board to direct use of South Fork crew time as the match for the grant. **Mike Bordelon,** Northwest Oregon Area Director, noted that funds were available when the grant was proposed in 2007, and that the South Fork crew time was currently fully committed. Discussions were underway to hold the grant open until

matching funds were available. **Chair Blackwell** suggested that Cycle Oregon could, perhaps, assist with funding, and urged Mr. Peterson to contact him. *[Mr. Naillon provided comments later in the day; for continuity, his comments are shown here under the Public Comment Agenda Item.]*

1. STATE FORESTER AND BOARD MEMBER COMMENTS

Bill Hutchison provided a four-point summary of his impressions of the Board's 2008 discussions and direction relative to the Forest Management Plan (Attachment 5), in preparation for discussion scheduled in March 2009. The summary listed amendment recommendations.

State Forester **Marvin Brown** noted that in March 2009, staff would bring the revised State Forests Work Plan to the Board for consideration, and would reflect the direction given to the Department by the Board in November 2008.

Jennifer Phillippi urged the Department to provide minutes of meetings to the Board as soon as possible.

Bill Hutchison reiterated his request for meeting summaries.

Peter Hayes suggested the Department prepare a distillation of the key points of the Board's November direction to staff. He recommended **the Board review Mr. Hutchison's summary and provide comments to staff to be discussed in March, for the purpose of endorsing a distillation. With Board consensus, Chair Blackwell so ordered.**

2. BOARD STRATEGIC PLANNING, IMPLEMENTATION AND MONITORING WORK PLAN 1, INTERMEDIATE ISSUE 1, BUILD SUPPORT FOR SUSTAINABLE FOREST MANAGEMENT AND INCREASE RECOGNITION OF THE BOARD'S ROLE IN LEADING OREGON IN FOREST POLICY FORUMS, 2011 *Forestry Program for Oregon*

David Morman, Forest Resources Planning Program Director, utilized a PowerPoint Presentation (Attachment 6) to describe the purpose, elements and definitions within the *Forestry Program for Oregon*. He provided revised drafts of the Board's statements on its mission, vision and values, and goal statements, for the Board's consideration which will be included in the draft 2011 *Forestry Program for Oregon* (Attachment 7). Mr. Morman noted that the proposed text would remain in draft form until the full 2011 *Forestry Program for Oregon* was approved by the Board, following opportunities for public review and comment. Staff will return to the Board in November 2009 to propose objectives and draft *Forestry Program for Oregon* background narratives.

The Board worked through Attachment 7, revising language, which was captured and shown on the screen. The following bullets list key discussion points.

Mission Statement:

- Ecological [science based] vs. environmental [politically based]. “Environmental” is right, yet must be mindful of the commitment to the ecological aspects of science.
- For simplicity, use “lead Oregon” rather than the “lead the people and the State...”
- Remove “Inspire” - leading includes inspiring.

Vision Statements:

- 4. Add “to achieve the Board’s mission”; delete “responsively to Oregonian’s aspirations and values”.
- 6. Delete “cost”

Value Statements:

- 3. Diverse, resilient forests are needed; incentives are necessary; markets shape the nature of the landscape. Revise to: “...and aesthetic values, their existence alone warrants their stewardship and enhancement.”
- 6. Strike “strong”, it is subjective.
- 7. Remove “with each other”, “strongly” and “with each other and with Oregon’s forests”; add “water and ecosystem services”. Change from negative to positive statement: “...and their continued vitality must be assured in the face of...”
- 9. All lands contribute to multiple values; blend the deliverance. Enlibra principles – delete bullets, reference in footnote.
- Must highlight the unique challenges in rural Oregon. An affirmative action statement for rural existence in Oregon is needed; keep the original “Healthy Rural Oregon” value statement. Develop objectives to encourage private forestlands to deliver values.

Goal Statements:

- Community needs are addressed in Goal B.
- Congruity between the value and goal statements – missing markets before mandates. The concept of sound economic policies and ensuring adequate social and economic benefits are imbedded in Goal A and Goal B and will addressed through the objectives.

With Board consensus, the text below reflects the Board’s approved revisions:

Oregon Board of Forestry Mission Statement

The Board of Forestry's mission is to lead Oregon in implementing policies and programs that promote environmentally, economically, and socially integrated and sustainable management of Oregon's public and private forests.

Oregon Board of Forestry Vision Statements

If the *Forestry Program for Oregon* is implemented successfully, Oregon will have:

1. Healthy forests providing an integrated, sustainable flow of environmental, economic, and social outputs and benefits.
2. Public and private landowners willingly making investments to create and maintain healthy forests.
3. Statewide forest resource policies that are coordinated among natural resource agencies.
4. A Board of Forestry recognized as an impartial deliberative body operating openly to achieve the Board's mission.
5. Citizens who understand, accept, and support sustainable forestry and who make informed decisions that contribute to achievement of the vision of the *Forestry Program for Oregon*.
6. Adequate funding for the Department of Forestry to efficiently and effectively accomplish the mission and strategies of the Board of Forestry, and department personnel policies that encourage and recognize employees, allowing them to meet their full potential in providing excellent public service.

Oregon Board of Forestry Value Statements

The Board of Forestry values:

- 1. A global context.** We believe Oregon's forests are important to the global environment, economy, and society, and that forest managers, government agencies, interest groups, and all other Oregonians should consider the impact of their decisions at local, state, national, and international levels.
- 2. The dynamic nature of Oregon's forests.** We recognize that Oregon's forests are diverse, dynamic, and resilient ecosystems at a landscape scale. A broad range of forest conditions exists naturally, and various forest values, in proper proportion, are mutually compatible over time.
- 3. The intrinsic value of Oregon forest resources.** We believe that while Oregon's native forest plants, animals, and ecosystems provide economic, scientific, cultural, recreational, and aesthetic values, their existence alone warrants their stewardship and enhancement.
- 4. Active management.** We believe Oregon's forests should be actively managed to maintain forest health, to conserve native plant and animal species, and to produce the products and benefits

people value. In this context, we define "active management" as the application of practices through planning and design, over time and across the landscape, to achieve site-specific forest resource goals. Active management uses an integrated, science-based approach that promotes the compatibility of most forest uses and resources over time and across the landscape.

5. Meeting current and future needs. We believe forest resources should be used, developed, and protected at a rate and in a manner that enables people to meet their current environmental, economic, and social needs, and also provides that future generations can meet their own needs.

6. Landowners and the public sharing responsibility for sustainable forests. We believe forest sustainability depends on the contributions of both landowners and the public. We support the private landowner's right to practice forest management in a manner that meets or exceeds Oregon's Forest Practices Act. The public must also play an active role by supporting incentives and other non-regulatory methods that encourage continued investment in Oregon's forests to maintain and enhance the public values provided by private forests.

7. Forests that contribute to quality of life. Oregon's forests and the state's rural and urban populations are interdependent. We believe Oregon's forests play a significant role in providing all Oregonians a high quality of life, including products, jobs, water and other ecosystem services, recreation, tax revenues for purposes such as education and public safety, and a quality environment.

8. Healthy rural Oregon. We believe a healthy rural Oregon, which relies on working landscapes, is vital to the quality of life enjoyed by all Oregonians.

9. Different landowners playing different roles. We believe different land ownerships play different roles in achieving the full suite of environmental, economic, and social needs met by the forested landscape. Family forest landowners play unique and valuable roles in Oregon's forest landscape, and their continued vitality must be assured in the face of threats by development, regulation, and economic challenges.

10. Informed public participation. We value broad-based, informed public participation and consensus-based decision-making whenever possible. *[The Board's decision-making processes are informed by the Principles for Environmental Management in the West adopted as a policy resolution by the Western Governors' Association in 1999, 2002, and 2005. See <http://www.westgov.org/wga/policy/08/enlibra8-15.pdf>.]*

11. Continuous learning. We are committed to continuous learning. The results of forest management policies and programs should be evaluated and appropriately adjusted based upon ongoing monitoring, assessment, and research.

Forestry Program for Oregon Goal Statements

Goal A: Promote a sound legal system, effective and adequately funded government, leading-edge research, and sound economic policies.

Goal B: Ensure that Oregon's forests provide diverse social and economic outputs and benefits valued by the public in a fair, balanced, and efficient manner.

Goal C: Maintain and enhance the productive capacity of Oregon's forests.

Goal D: Protect, maintain, and enhance the soil and water resources of Oregon's forests.

Goal E: Contribute to the conservation of diverse native plant and animal populations and their habitats in Oregon's forests.

Goal F: Protect, maintain, and enhance the health and resiliency of Oregon's dynamic forest ecosystems, watersheds, and airsheds.

Goal G: Enhance carbon storage in Oregon's forests and forest products.

3. FOREST VITALITY WORK PLAN 3, INTERMEDIATE ISSUE 2, FEDERAL FORESTLANDS, FFAC Guidance Document

Kevin Birch, Forest Resources Planning Senior Policy Analyst, provided an updated strike-out version of the draft Guidance Document (Attachment 8) that included minor editing revisions for clarity made by the Federal Forestland Advisory Committee, and the final draft of the Executive Summary. The Executive Summary was a condensed version of the Guidance Document. A clean copy of the final document (Attachment 9) was also provided. Mr. Birch noted that Steve Hobbs, the Federal Forestlands Advisory Committee Chair, was unable to attend the Board's meeting.

For the benefit of the new Board members, Mr. Birch summarized the process that the Federal Forestlands Advisory Committee [FFAC] undertook to develop its final Guidance Document. He noted that there were no substantive changes between the document reviewed by the Board in November 2008, and the final presented at today's meeting. The Executive Summary was the only new addition. He also noted that a few minor changes would need to be made to the Acknowledgements section.

Jennifer Phillippi stated she was not comfortable with the Executive Summary. She asked for, and received from Mr. Birch, assurance that the FFAC supported the document, and the Executive Summary.

With Board consensus, Chair Blackwell ordered:

The edits to the Guidance Document are approved, and the draft Guidance Document is adopted.

Following the Board's approval of the Guidance Document, the implementation phase was discussed. Mr. Birch relayed Steve Hobbs' suggestion that the Board consider a formal roll-out ceremony with the Governor. Mr. Hobbs also suggested that the Board form an ad-hoc committee of Board members and FFAC members to discuss implementation of the recommendations, and moving forward.

Chair Blackwell agreed to discuss moving forward with Mike Carrier, Governor Kulongoski's Natural Resources Policy Director. Cal Mukumoto suggested that acknowledgement of the work and members of the FFAC, and Steve Hobbs' role as Chair be included in a formal roll-out ceremony. Peter Hayes suggested that the design of the ceremony include comments from the FFAC members to tie the work to the lives of Oregonians.

Jennifer Phillippi noted that the kick-off should include implementation of the recommendations. Noting that formation of a Federal Forestland Liaison Program was unlikely due to budget constraints, Mr. Birch stated that it could still move forward with existing resources. Personnel from various agencies could be identified to work on the collaborative projects. Forestry Department field staff could represent the Department with the collaborative projects, and Salem staff could provide data analysis and literature reviews, etc. A letter from the Board could be helpful in that process.

A number of FFAC members have expressed willingness to talk with key Legislators about funding. In the absence of that funding, staff has held discussions with the Policy Consensus Center about using vehicles such as Oregon Solutions to provide neutral facilitators, and assist the State in searching for grants and opportunities for funding to support collaborative projects.

Discussions will also take place with Sustainable Northwest about partnering opportunities to leverage efforts. Opportunities for federal funding will also be sought.

Assessing forest conditions and on-the-ground project planning will require discussions with the U.S. Forest Service and Pacific Northwest Research Station about using available expertise, data-sets and tools.

A Memorandum of Agreement may be necessary to develop relationships that would last beyond current political cycles.

Staff is participating with a group from the Council of Western State Foresters and Western Forestry Leadership Coalition to implement the national recommendations.

Marvin Brown noted that an ad-hoc committee of Board and FFAC members, as suggested by Steve Hobbs, would be a valuable asset. **Chair Blackwell suggested that staff report to the Board on its work with the Governor's office for a roll-out of the document, and develop a resolution of appreciation for the participants for consideration at its March meeting.**

4. ADMINISTRATIVE PROCESSES WORK PLAN 0, INTERMEDIATE BOARD ISSUE 4, Private Forests – Operator of the Year Awards

Chair Blackwell unveiled the new Operator of the Year Awards Plaque that listed all Operators of the Year, dating back to 1981. The plaque will be kept on display

at the Department's headquarters, and occasionally travel for display around the State, providing continuing recognition of the annual winners of the Operator of the Year Awards.

The PowerPoint presentation, acknowledging the work of the Operators of the Year is included as Attachment 10.

Dave Degenhardt, Forest Practices Field Coordinator introduced Kirk Ausland, Stewardship Forester from John Day. Mr. Ausland introduced **Rusty and Levi Watterson, Watterson Logging**, winners of the Eastern Oregon Regional Operator of the Year Award.

Eric Perkins, Stewardship Forester, Forest Grove District, introduced **Harve Dethlefs, Bighorn Logging Corporation, and Samuel Howard, Stimson Lumber Company**, joint winners of the Northwest Oregon regional Operator of the Year Award.

Jack Tannehill, Stewardship Forester, Roseburg, introduced **Mike Huffman, Butch Wright and Jim Bakke, Huffman-Wright**, winners of the Southwest Regional Operator of the Year Award.

Chair Blackwell presented each Regional winner with a plaque, commemorating their achievements.

Information, no decision.

5. STRATEGIC PLANNING, IMPLEMENTATION, & MONITORING WORK PLAN WORK PLAN 1, INTERMEDIATE ISSUE 4 – 2009 LEGISLATIVE CONCEPTS AND INTERMEDIATE ISSUE 5, BUDGET UPDATE

Legislative Concepts Update

Dan Postrel, Agency Affairs Program Director, provided a handout titled "Summary of Bills for 2009 Legislative Session" (Attachment 11), and briefly summarized each bill, and the legislative process. The Department has proposed four bills:

- HB 2215 - Extension of Current Large-fire Cost Responsibility for Oregon Forest Land Protection Fund
- SB 189 - Forestland Classification
- HB 2216 - Board of Forestry Bonding Authority; Forestland Acquisition
- HB 2214 - Forest Products Harvest Tax Rate

Regarding HB 2216, Larry Giustina asked if the repayment of bonds would only be through timber sale revenues from the purchase parcel. Marvin Brown responded the bonds would be paid as a State Forest Management expense, which could be generated anywhere in the State. Mr. Giustina noted that the less the expenses were, the higher the county payments would be, which would offset General Fund dollars. Mr. Brown responded that the current governing statute specified how much money was retained by

the Department. Repayment would be within the State Forests budget (approximately 5%).

Peter Hayes asked if the HB 2216 was written in a way that would not preclude revenue from sources other than logs. Mr. Brown stated the bill did not specify revenue from State Forests; it could be repaid with Federal Forest Legacy funds, trust funds, or funds from other sources.

Information, no decision.

2007-11 Budget Update

Clark Seely, Associate State Forester, briefly reviewed the Department's budget process and the Governor's recommended budget, which included a 10% General Fund reduction for the Department. The Department chose to take that reduction in the Private Forests Program, approximately \$6.6 million. None of the Department's General Fund-based proposed policy packages were included in the Governor's recommended budget: most notably the Wildfire Reduction Act package; the Private Forests Landowner Services package; and, the Federal Forest Coordination package. The Governor's budget also proposed a number of fund-shifts between General Fund and other funds, principally in the Fire Program. General Funds were moved out of the budget, and replaced with either increased landowner assessments, or used State Forest's Forest Development Fund [FDF] dollars to back-fill the General Fund changes. The total impact on the FDF was \$7.8 million for the biennium.

The Governor's recommended budget included a \$5.1 million General Fund special purpose appropriation to deal with severe fire seasons. The budget also includes the Department's proposed policy package for additional resources (6 positions) for the State Forests Program to continue implementation of the Forest Management Plans, a placeholder for the State Forest land acquisition, and a placeholder for 4 positions and \$4 million to move forward for the Sudden Oak Death Eradication Program, should dollars become available from the Federal Government.

Mr. Seely summarized the Department's 2007-09 General Fund Reduction Planning process for up to 5% reduction (Attachment 12), and the 2009-11 General Fund Reduction Planning process for up to a 20% reduction (Attachment 13).

2007-09 up to 5% General Fund reductions:

- Cutting a two-year budget over a few months amplifies the reductions
- Accumulated savings account for half of the 5% scenario; program reductions are also needed.
- Fire Program cuts include firefighter safety equipment, fitness testing and training; arson investigations, fire prevention and operational efficiencies.

2009-11 up to 20% General Fund reductions:

- Deteriorating economic outlook prompted reductions request from Legislative Fiscal Office.
- Options in reducing General Funds are limited.

- Private Forests reductions will be in resource protection, landowner assistance and other services that help retain healthy forests.

Mr. Seely noted the Department only has General Funds in the Fire Program and the Private Forests Program, central government service charges and debt service on construction bonds.

Responding to Peter Hayes' question of Board involvement, Mr. Seely suggested Board members could communicate with peers, constituents and local legislators.

Gary Springer, Starker Forests, commented that the proposed cuts in the Private Forests Program would jeopardize Department sustainability and was unacceptable (Attachment 14). He added that shifting more of the financial burden from the public to landowners, was not a solution to the problem, but rather another disincentive to own and manage forestland. He urged the Board to call on the assistance of its regional Forest Practices Committees, and the Committee for Family Forestlands, as well as the Oregon Forest Industries Council, Oregon Small Woodlands Association and the Oregon Society of American Foresters. Mr. Springer recommended the Department to engage its supporters and fight for the best near-term outcome and begin searching for creative, new long-term solutions to better position the Department for the future.

Mr. Hutchison, Ms. Phillippi and Chair Blackwell endorsed Mr. Springer's recommendation.

Information, no decision

6. PRIVATE FORESTS WORK PLAN 6, INTERMEDIATE ISSUE 0, Draft Work Plan

Jim Paul, Chief, Private Forests Division provided an updated draft of the Private Forests Work Plan [previously titled the Forest Regulation Work Plan] for the Board's review, discussion and approval. He reviewed the Primary Board Issue and background, the Intermediate Board Issues, and the recommended approach for moving forward on work plan issues (Attachment 15).

Mr. Paul focused on the Primary Board Issue: "How will the Board clarify current Private Forests program policy governance – at the statutory level, *Forestry Program for Oregon* strategic planning level, or otherwise – to effectively address the current and emerging challenges on private forestlands in order to fully realize the *Forestry Program for Oregon* vision of sustainable forest management across all Oregon's forestlands? What, if any, changes to program funding sources and/or mechanisms are needed in order to best ensure desired outcomes are achieved?"

Mr. Paul noted that the next evolution of the primary challenge of keeping forestlands in forestland was fragmentation development. Non-forest profitability was on the rise. More than half of Oregon's family forest owners were over 65, and many were in the 70s or 80s, creating the potential for many forestlands to change hands in the next few years. Fire was also an issue that fragmentation development could worsen. Data showed that development increased the likelihood of human-caused fires, which were more expensive due to increased dwelling density. Loss of habitat was generally permanent.

Forestlands provide a range of goods and values related to ecosystem services. Forestlands produce Oregon's highest water quality; approximately 50% of Oregonians get their drinking water, partially or totally, from surface water, most of which is forestland.

Retaining forestlands provides future opportunities in carbon sequestration, and renewable energy through biomass electrical generation or bio-fuels. Private forestland conservation benefits include forest sector infrastructure, high water quality and fish and wildlife habitat, healthy rural economies and a tax base for essential services.

He described a four-part framework of general strategies to meet expectations of public benefits from private lands:

1. Improve timber resource economics
2. Improve non-timber resource economics
3. Compensate/incentivize landowners
4. Regulate/restrict landowners

Mr. Paul provided an excerpt from a 2002 publication from the National Academy of Science that evaluated forest practices schemes around the county (Attachment 16).

Following the overview presentation, Mr. Paul briefly described the proposed Intermediate Board Issues and topics, timeframes and products contained in the proposed revised Private Forests Work Plan. He closed stating staff would develop a Private Forests Issue Paper for Board consideration in March 2009.

David Ford, Executive Director, Oregon Small Woodlands Association (OWSA), expressed support for the revised Work Plan. He stated that OSWA would be actively engaged with the Legislature on the budget issues to help restore funding to the Private Forests Program. The Program was fundamentally key to family woodland owners to ensure the appropriate services and assistance.

As landowner demographics change, there was a greater need for assistance and reliance on the Department to educate, and provide the tools and assistance necessary to effectively manage the lands into the future.

He urged the Board to look to its existing mechanisms for public involvement and not create new advisory groups.

Following public comment, the Board began its discussion of the proposed work plan.

Responding to **Mr. Giustina's** question of the budgeted percentage for monitoring and research, Mr. Paul stated there were three monitoring staff members in Salem. The Private Forests Program has two Geotechnical specialists, with one half-time geo-tech from the State Forests Program. The Governor's recommended budget eliminated two of the three Geotechnical Specialists.

Cal Mukumoto suggested that the funding issue should be addressed soon; long-term solutions must be found. He supported less regulation, and lower costs to landowners; incentives were needed.

Peter Hayes suggested revisions to Intermediate Board Issue 3:

- In addition to the Forest Practices Act and Land Use Planning system, articulate a third tool, such as incentives that effectively motivate private forest landowners to voluntarily manage to standards higher than the legal minimums.
- The task was larger than salmon and water issues – it was about ecosystem issues, and was bigger than the Oregon Plan. Refer to continuing statewide efforts to restore and maintain natural capital, including examples such as the Oregon Plan.

In addition to forest fragmentation and development pressure – conversion to non-forest uses, Mr. Hayes suggested there was a third challenge: ecological simplification of forestlands. There were many important qualities to mono-culture, even-aged plantations, but across the State, many forests that used to be mixed-species and mixed-ages, had become plantations, mostly driven by market pressures. It should be addressed as a co-equal issue with fragmentation and development. There was a trend, in certain areas of the State, of increased numbers of listed species, and species of concern. Listed species constrain the ability to actively manage. Simplification was also leading to lost productive capacity and reduced ecosystem services. Serving the common good, through growing complex forests, penalized those landowners. He recommended adding “forest simplification” to an existing Intermediate Board Issue, or adding it as a new one. There was a body of research about forest simplification, and a number of people at Oregon State University were available to assist. He proposed the Board acknowledge “simplification” as an issue, and develop a set of market driven incentives.

Larry Giustina commented that landowners were moving to multi-species where possible and were seeing the economic advantage. In western Oregon, the old-growth stands were not multi-species until the Douglas-fir begins breaking down. The technical expertise was necessary for landowners.

Cal Mukumoto stated that barriers to forest landownership must be removed, and then incentives provided.

Jim Paul suggested that ways to create more complex forests could be a Board policy objective, and that simplification could be addressed in the Issue Paper presented to the Board in March 2009. Alternatively, the simplification issue could be included in the Primary Board Issue, and addressed through the 2011 *Forestry Program for Oregon* strategies.

Chair Blackwell polled the Board regarding the execution of the simplification issue.

Steve Wilson asked for more information regarding simplification, and did not object to its being combined into the primary issue. **Cal Mukumoto** recommended addressing the issue through the *Forestry Program for Oregon* and rolling it into the primary issue in a non-regulatory fashion. **Bill Hutchison** suggested it be addressed in the issue paper, with more information provided. **Jennifer Phillippi** commented the

work appeared to be a large project in the light of budget constraints in the Private Forests Program. She urged seeking alternative funding for the Program to address the existing issues. **Peter Hayes** noted that simplification was tied to the viability of forests, and was a long-term issue. **Larry Giustina** commented that expertise and monitoring was necessary to assist landowners to move in the direction of simplification. **Chair Blackwell** noted that he felt an obligation to research the issue himself before the March meeting. He suggested strengthening the 2011 *Forestry Program for Oregon* strategy.

Jim Paul suggested addressing Program funding mechanisms in June 2009.

With Board consensus, Chair Blackwell ordered:

The Board of Forestry Private Forests Work Plan is approved, with the issue of forest simplification to be considered within the Issue Paper Discussion on the Primary Board Issue. The Department is directed to start work on the Board products, beginning with the development of a Private Forest Issue paper for the March 2009 Board Meeting.

7. ADMINISTRATIVE WORK PLAN 0, INTERMEDIATE ISSUE 3 – SPECIAL REPORTS, Decision Support System Update *[Discussion of Agenda Item M took place during this item. For purposes of the automated Decision Support System, action and discussion is shown under the consent agenda.]*

Clark Seely, Associate State Forester, joined by Dale Johnson, Contract Project Manager and Diana Morris, Information Technology Program Records Manager, provided a brief background summary and update of Phase 2 in the new automated Board Decision Support System (DSS). The system was designed to provide the information repository framework and initial capabilities for work plan organization, meeting management, issue scan development and information search for effective decision making for the Board and the Department. The DSS was one component of the broader Forestry Business Improvement Initiative.

In April or May 2009, the Department will begin work on Phase 3 of the project. Phase 3 will be the final phase of the project and will include the full records/document manager. Phase 3 is a more robust tool set for issue scan/work plan/task management, progress and performance management tools, linkages with the sustainable forest management indicators, a public access portal, and additional training. Phase 3 will broaden the scope of DSS to include the Department decision-making efforts as well as the Board's. Phase 3 will also be built with an external consultant, and will be bid and awarded based on a separate request for proposal process. Staff will fully implement the DSS and finalize the system governance in Phase 3.

Marvin Brown unrolled a 15 foot, 2 year timeframe map-out to illustrate the processes to be managed in an orderly system. Mr. Seely noted the ability to inform the Board of time based points would be built into Phase 3 of DSS.

Responding to **Steve Wilson's** question of funding for the DSS process, Mr. Brown stated that funding was secured through Phase 3 through a bond certificate of participation. It was viewed as a capital investment.

Dale Johnson provided a demonstration that reviewed the organizational principles and search functions of the Decision Support System, Phase 2. The system will be up and operational to view the March 4, 2009 Board meeting material. The system will be in use for the April 24, 2009 meeting. Clark Seely commented that the system would result in an incredible savings of staff time. Board members will be provided a Department supplied notebook computer for access to the DSS.

Chair Blackwell observed there must be a common understanding among Board members for decision documentation.

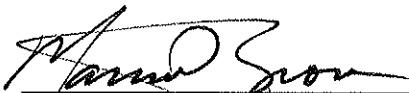
Information, no decision.

There being no further business before the Board, Chair Blackwell adjourned the public meeting at 4:42 p.m.

** EXECUTIVE SESSION

Pursuant to ORS 192.660(2)(i), the Board met in Executive Session to discuss the State Forester's performance review. The session began at noon and adjourned at 12:49 p.m.

Respectfully submitted,



Marvin Brown, State Forester and
Secretary to the Board

GB