



Chair Imeson, State Forest Decker, and board of forestry members, for the record my name is Seth Barnes and as you know I represent the Oregon Forest and Industries Council, serving as the Director of Forest Policy.

I want to comment today on the State Lands Forest Management Planning effort, namely the information that was recently provided to the Board of Forestry (BOF) subcommittee at its October 19<sup>th</sup> meeting.

As many of you know, following that subcommittee meeting we sent a letter to Chair Imeson, the subcommittee members, the governor's office, and State Forester Decker regarding this issue. I am providing copies of the letter for all of you here with my testimony today. I will be brief with my comments, however, I urge you to read the letter provided.

The issue before us has to do with determining the baseline information from which we can begin to discuss management options for this forest. You can't consider trade-offs until you have a good understanding of the facts as they stand today. The modeling effort underway by the Department of Forestry (ODF) staff is crucial in providing that baseline. At the request of ODF, OFIC contracted with an expert in the field of biometrics and forest modeling to participate with two other experts in an effort to review and improve the modeling. These experts have extensive resumes and work histories, spanning from public to private clients all over the Pacific Northwest and beyond. These individuals make up the Technical Expert Review Group (TERG). Engaging subject matter experts of this magnitude and experience has the potential to significantly improve the accuracy of the model and the confidence of all parties involved. Their involvement is all for not, however, if the department fails to follow through with the critical information they provided.

At the October subcommittee meeting they provided important information regarding the foundation of the modeling exercise. They informed the department that their starting inventory was too low, their estimates of soil growth capacity were too low, and their projections of forest growth and yield were too low:

1. The starting inventory for the model has been lowered dramatically, 12-15% reduction in standing volume! Or nearly 2 Billion board feet!
2. The model is currently using information regarding soil productivity that is artificially low when compared to real existing soil data. Using estimates from models as a surrogate for measured soil quality is not acceptable, especially where actual data is available.
3. Future growth yields should be estimated at higher rates than what are currently modeled. Growth projections in this model are lower than ones used for this same forest over a decade ago. Current forestry consistently outperforms past projections of growth throughout the region.

The TERG provided other suggestions, I focus on these three because they are so significant.

We feel strongly that the foundation of the model used in this process should be without bias or imbedded with policy calls. This is about inventory and growth potential of the forest. It is our opportunity to view the facts as they stand. Every effort should be made to be as accurate as

possible in the modeling effort, not overly ambitious or conservative, but accurate. It was our understanding that this was in fact the purpose of the TERG itself, to share insights from experts in this field in order have shared confidence in the model. There will be a time and place to argue the merits of given tradeoffs from policy considerations, but this foundation is not the place for these discussions.

To this day, the department has not said how or when they intend to address the information provided by the TERG. As outlined in our letter, the department must be clearly directed to follow-through on the TERG input. At this point there are no other priorities that should be higher than responding to these concerns and incorporating the suggested revisions put forward by these experts. The summaries of the previously modeled outputs regarding volume projections, revenue calculations, as well as conservation outputs is, in our opinion, entirely meaningless given the magnitude of the information provided by the TERG.

Furthermore, as a point of information for this board, while attending the FTLAC meeting last week we heard that the department will be considering a 52/48 plan as they look to incorporate a "third zone approach". How can we be considering a third zone if we don't even have a solid model of outputs from the 70/30 plan?

The department must be directed to adhere to the concept of the 70/30 compromise. Fix the model as suggested by the TERG members, and remove imbedded policy decisions within the model. Once these corrections have been made, run the model again, this will allow us to see where the 70/30 compromise truly gets us. We firmly believe that this has tremendous potential to meet and exceed our goals of financial viability and conservation uplift.

Thank you,

Seth A. Barnes  
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October 21, 2015

Mr. Tom Imeson, Chair  
Oregon Board of Forestry  
2600 State Street  
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Dear Chair Imeson,

Over the past several months all of us have been grappling with the concepts surrounding the NW State Forests Management Plan and the 70/30 compromise. Central to this process is the modeling effort undertaken by the Department to test alternative policy choices and inform decisions. As we engaged with Department of Forestry (Department) staff we became aware that achieving a shared confidence in the model would be critical as the planning process unfolded. Somewhere within that conversation the idea for a Technical Expert Review Group (TERG) was put forward by the Department as a means to achieve that shared confidence. We were, and continue to be, completely supportive of the work of this group. Engaging subject matter experts of this magnitude and experience has the potential to significantly improve the accuracy of the model and the confidence of all parties involved. That potential is only realized, however, as suggested improvements are incorporated into the next model.

The report from the TERG at the Subcommittee meeting on Monday was the first substantive input into this process. We were struck with the quality and extreme value of the information they provided. They included the following points, the first three of which have significant impact on any modeling runs when predicting growth, yield and resultant harvest outputs;

- 1) A change in underlying growth models that may be appropriate for future calculations, should not be a reason to reduce beginning inventory numbers. This decision inappropriately reduced the inventory by 12-16% (approximately 2 billion board feet) prior to any modeling. The beginning inventory should be re-set to the projections previously determined, regardless of the growth and yield model employed in the FMP process moving forward.
- 2) Growth and yield models are too conservative and need to be reconciled for today's stands and future stands. Previously determined growth projections, including H&H, should be incorporated into the model. TERG members made other specific recommendations regarding growth and yield that should be incorporated into future modeling efforts.
- 3) Site Class needs to be reconciled with known values in order to be as accurate as possible.
- 4) The model should be allowed to more elegantly target conservation and production goals on both "production" and "conservation" acres, thus optimizing the capabilities of the land.

- 5) An unconstrained model should be run on the production zone allowing the inventory to come down and greatly accelerating harvest. After this model is developed; policy choices can be over laid by the Board to see how those choices affect financial viability, harvest levels and resultant standing inventory.

In order to capture the value of this review the Department must be clearly directed to make these adjustments to the model. We request that the Department be directed to run an unconstrained model utilizing the original beginning inventory and the original H&H growth and yield data assumptions as suggested by the TERG. The model should be unconstrained by policy choices such as rotation age and standing inventory. We ask that staff be directed to accomplish this run prior to the November 5<sup>th</sup> Board of Forestry meeting.

Furthermore, the Department should be directed to model a volume and value departure that would achieve long term financial viability. Such a departure would allow conversion of Hardwood and Swiss Needle Cast stands on an accelerated basis, thus getting the forest growing in a more healthy and sustainable fashion sooner. Allowing these conditions to persist on the forest is simply poor stewardship and reduces long term growth and harvest potential for the benefit of the Trust Counties and the Department.

As you know, we have been constructively engaged in this process from the beginning. We have strived to help the Department meet both of the expressed goals; increased conservation and financial viability. Furthermore, we recognize the need to optimize the return on this incredible asset for the good of all Oregonians, but especially those most impacted in the rural communities surrounding these forests. We continue to support the 70/30 compromise as the pathway to achieve these goals. We are confident that if modeled correctly this plan has the potential to meet these goals in an optimal manner.

Finally, we would greatly appreciate a response to our suggestions and request prior to the November Board of Forestry meeting.

Sincerely,



Seth A. Barnes, OFIC Director of Forest Policy

Cc;

Doug Decker, State Forester

Sybil Ackerman, Board of Forestry Member

Mike Rose, Board of Forestry Member

Gary Springer, Board of Forestry Member

Brett Brownscombe, Natural Resources Advisor, Governor's Office