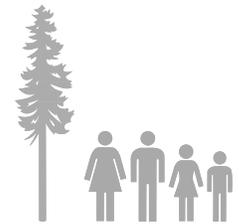




"STEWARDSHIP IN FORESTRY"

# Committee for Family Forestlands Meeting Minutes October 27, 2015



Pursuant to public notice made by news release with statewide distribution, a committee meeting of the Committee for Family Forestlands [an advisory body to the Oregon Board of Forestry with authority established in Oregon Revised Statute 527.650] was held on October 27, 2015 in the Tillamook Room, Bldg. D, ODF Headquarters, 2600 State St., Salem, OR

### ***CFF Committee members present:***

Ed Weber, Chair, Voting  
Evan Barnes, Voting  
Evan Smith, Voting  
Scott Gray, Voting  
John Peel, Voting  
Rex Storm, AOL, Ex-Officio  
Mike Cloughesy, OFRI, Ex-Officio  
Joe Holmberg, OR Tree Farm System, Ex-Officio  
Janean Creighton, OSU, Ex-Officio  
Lena Tucker, ODF, Secretary

### ***Members not in attendance:***

Cindy Glick, USFS, Ex-Officio  
Roje Gootee, Voting  
Sara Leiman, Voting  
Peter Daugherty, ODF, Ex-Officio

### ***Guests:***

Seth Barnes, OFIC

### ***ODF Staff present:***

Susan Dominique  
Paul Clements  
Chad Davis

## **Call to Order**

### **Agenda Items:**

#### **1. Welcome/Additions to the Agenda**

#### **2. Introductions**

Members introduced themselves and welcomed Janean Creighton, OSU Extension representative new to the committee.

#### **3. Approval of the Minutes**

There was a short discussion regarding identification of members speaking in the minutes. Motion was made by Scott Gray and seconded by Evan Smith that members will take responsibility to check comments attributed to them and report any errors to the recorder prior to the Approval process. It was agreed that recorded language reflects a summary of discussions and should not be considered verbatim quotes.

#### **4. Public Comment**

No formal public comment offered. Seth Barnes, Director of Forest Policy for OFIC requested to join in the ongoing discussions.

#### **5. Riparian Rule BOF Sub-Committee Proposed Prescriptions – Lena Tucker, Deputy Chief Private Forests**

*[Handout: West Side Riparian Rules Analysis – October 2015; Riparian Rule Subcommittee Package proposals; Susan Watkins Testimony to the BOF July 2015]*

When we last met, Daugherty gave you the background of the BOF principles to help guide the BOF Subcommittee’s deliberations. Guiding principles that:

- Temperature must be used for the lens of evaluation.
- Consider either a Regulatory or Best Practice Voluntary Approach.

- Needs to address equity relief for family forestland owners.
- Determines the monitoring role in implementing the decision.

Tucker referred members to their meeting packets and group of handouts, one on background and work to date, the other handout is an overview of the proposed packages. The BOF Sub-Committee on Riparian Rule Analysis was put together with the goal of providing prescription packages to inform a Board vote in November 2015. For staff and committee work whether the choice is regulatory or voluntary, it sets in motion a whole other suite of actions. Each of the two Packages proposed identified Stream Extent and Geographic region for the rule with Regulatory and Variable Retention options and a proposal to provide family forestland owners equitability with acreage and/or threshold percentage of ownership effected. If a landowner meets the exemption they would default to 50 – 70’ no-cut buffers for small and medium streams. Package #1 focus is Minimizing Temperature Concerns. Package #2 focus is on Protecting Cold Water and Achieving Desired Future Riparian Decisions with Passive Management and Variable Retention as well as an Alternate Practice Options. Tucker advised the members that the Packages are still actively being worked with. Board members may bring additional options and fine-tune the packages prior to the meeting for discussion. The BOF has done a good job of incorporating advisory committees input into the packages.

Cloughesy noted for clarification that on the equity concept, “...if the landowner meets this exemption for new rules they would have to meet 50 and 70 foot no-cut buffers for small and medium streams.” That landowners would have to meet 50 and 70 foot no-cut buffers, you said, as now exists, but they are variable retention buffers, with basal area limits. That needs to be clear. That’s a lot more onerous than current law. They need to know for sure what they are voting on. Those buffers are tough.

Tucker asked the members if they wanted to submit in-person testimony and/or Letter of Comment to the Board for the November meeting as there will be specific time set aside on the agenda to do so. She noted that Watkins last testimony to the BOF focused a lot on principles not details. Watkins on behalf of the members, expressed concern that the change to the PCW needs to be small because the increase in the PCW was small.

Cloughesy made a suggestion to form a letter to be received in advance of testimony, and that the future response should be regarding the proposed prescriptions, pros and cons. Storm added that he felt it is time to state our preference.

For reference Tucker noted Susan Watkins testimony to the BOF. She ended with the “*The CFF recommends that the Board adopt voluntary measures with robust monitoring to evaluate the effects actual practices have on fish. If mandatory regulations are deemed necessary, the CFF recommends they be limited to the SSBT stream reaches in the Coast Range because of a lack of study data outside that region.*” [Handout: Susan Watkins testimony to the BOF June 2015.] The Sub-Committee is seeking to provide opportunities for the landowners to actively manage within the Riparian buffer to get to a Desired Future Condition (DFC). So there is an Option for the distribution of the trees to get the larger trees to provide structure and accelerate development.

Member Comments (bulleted):

- The idea of accelerating the development, is very doable. These are some of the highest producing lands in the state and they develop quickly.
- What I like is giving people options on how to get there is probably a good thing. We have to have some trust in the BOF that the proposed packages are all going to do a reasonable job in that respect.
- I will start by admitting that I would be highly sensitive to the verbiage that we use in any of this, because the FPA Rules through the Paired Watershed Studies, etc. already protect streams. The only issue at hand here is the Protecting Cold Water criteria.

Tucker: Angie Lane, ODF Operation and Policy Analyst, is mapping out the Secretary of State’s process on crafting the rule language, and the notification process. The BOF probably won’t provide specific details on the language; that work will fall to the committees involved. It’s a year’s worth of work to go through the public input process to crafting the language. So public meetings around the state to will look at proposed language.

- It would be helpful to the Board to know whether or not this committee is consistent with the rest of the small landowner community. Also to recognize the complexity of the issue and how best to encourage stewardship and voluntary contributions to gradually progress towards improved shade and conditions.

Tucker reminded the Committee that her role is to support you in what direction you want to go and get the Chair ready to provide testimony. You may just choose components you like rather than just one of the packages.

- Any rule is just the minimum acceptable behavior.
- There isn't a need for the equity exemption if we go with Package #2. It's a good concept but the baseline is the same as the exemption.
- The equity exemption is *not* a great concept, because in providing equity, it is discriminating, creating winners and losers and dividing the small landowner community. It politicizes the FPA and creates division. No matter where you draw the line acreage-wise it creates division and political discrimination in forestry via the FPA.
- Washington State has this exemption of 20 acres or less. One consequence is some subdivide their lands into 20 acre parcels.
- There are always unintended consequences.
- All these restrictions get put on timberland owners but not on agricultural owners. Dividing regulation may not be the best framework for policy. I worry that having this 'exemption' might drive parcelization which is a much bigger impact on the industry *and* water temperatures.
- I think it would be a key message for the CFF to make, that we feel there is not as much data as we would like the results of real world implementation and recommend that there be more resources made available for follow up. That will help everyone have confidence in the decision-making process going forward.

Answering a question on monitoring with a rule packages, Tucker noted that it is our Program role to do active monitoring for rule effectiveness. The BOF could direct ODF to do active monitoring on any subset of these prescriptions and put that into our work plan for the Monitoring Program Strategy.

There was further discussion on the pros and cons of each of the Sub-Committee's Riparian Rule package proposals.

- Package #1 is a less risk adverse in terms of meeting the PCW policy goal. But it is not conservative in terms of impact to landowners. Whereas Package #2 may not provide enough certainty of meeting the goal. My bias is if you put in a one size fits all it creates animosity, frustration and resentments that do not go away.
- Package #1 is it has the potential to have negative impacts on the riparian resources by keeping it a dark corridor. Not allowing light to get production going, as there is science saying opening up some areas to sunlight produces bigger fish.
- Speaking for the environmental community, one of the concerns is not just about the PCW but there are lots of road impacts, landslide impacts to water and fish populations are not rebounding the way that we hope. There are some factors that have nothing to do with what we are doing on the ground. 0.3 C degrees can have significant lasting impacts. At some point there can be a tipping point in viability.
- Our studies show there is downstream recovery.
- Whatever science we do have, we've only got good data on a few regions. It strikes me that with all of our ability it makes more sense to tread more gently into the process and gather more information. There is still so much uncertainty in all these areas especially given that it is questionable whether the high cost proposal will bring the desired results.
- Adaptive Management is great in concept but hard to pull off.
- Looking at Package #1 in all these discussions I've been somewhat skeptical and put off by the notion of the costliness of the no-cut buffer. It's going to be costly no matter what. But I think we are assuming that everyone has Site Class 1 Doug Fir and they are anticipating the loss of all of this wonderful timber. I think it is overstating the situation. It could be, but these Westside streams are very steep and the best timber is generally not along these streams.

*(Topic discussion was continued later in the meeting but posted here for continuity.)*

- Holmberg: I'm here also representing OSWA and they are deeply involved. So OSWA is positioned and as I understand it, is falling back on the RFPC recommendations. That's good for Oregon Tree Farm too.
- I would suggest a choice be made, if not, then say why not, re-iterate specifics about voluntary and robust monitoring and then say if we had to choose between the two we would prefer #2.
- The salient point that jumped out at me, is that the PCW violation is small, the problem is small and the fix should be small. Package #2 is a much smaller fix and Package #1 seems to be overkill. Monitoring is key.
- If you go with a measured response (small fix to a small problem) you really need to have a strong monitoring system to back it up. Options are good, being able to focus on both on reducing the patchiness and spatial continuity, it really is a good match with what the RipStream findings were. I don't want to talk for the rest of the committee but if we say we don't want an exemption for small landowners, if that is the consensus of the group, it would be important to get that out. Do we want to create a double standard, where someone has a weaker protection? I know that the Board knows this, I think it's important to reiterate that forest landowners of all sizes are bearing the cost of this and other land uses are not.
- There's lots of people that will say, if you care about water temperature then the upper reaches are just as important as where the fish happen to be.

**Action Item:** *Weber agreed to draft the letter and requested a documentation of this particular discussion from the recorder. He will send it out to members for review and feedback for a final version.*

Tucker acknowledged that staff will email the letter to the BOF for you prior to the meeting. At the meeting, Daugherty will have a spot on the agenda, asking the Advisory Committees to come forward. You will have time at the table to verbally present to the BOF if you so choose.

Weber: My sense is that we want to be there.

#### **6. After the Fire Assistance Update – Lena Tucker, Deputy Chief, Private Forests Division**

*(Topic moved to later in the agenda.)*

#### **7. 2014 Compliance Audit – Paul Clements, ODF Private Forests Compliance and Training Coordinator**

Paul Clements had been before the committee before providing the 2013 Compliance Audit Report. Some members were present at that time others weren't familiar with it. Clements went over how we evaluate the implementation of best management practices. Our objective is to have an Audit that is statistically sound, systematic and objective. We use this information to have an informed dialog about what's going on. As a Key Performance Measure for our Agency, the rate of compliance is something that the legislature uses to qualify how well we do what we are supposed to do. As background, requirement for the audit was put into a budget note in 2011. This was after the Private Forests Program took 40% reductions in the previous biennium. Looking forward the legislators wanted us to be whole but wanted a check on our effectiveness and instructed the Department to audit with private contractor doing the work. As part of that process, we are to use contract field foresters to collect data on sample sites. In the FPA there are 178 standards. We are looking at 57 in this process. We don't look at fish passage, wildlife concerns or landslides. In 2013 we started, 2014 was the second go 'round. 2014 we did a 100 sample sites around the state. We started with an interval of time and got the entire list of Notifications of Operations for that time period and of that we took a subset of those who actually completed a timber harvest activity. From that we got a sample stratified by landowner type and area of the state. The object is to create a sample which is proportionate to the activity in a region. Private Industrial Lands log more often than non-industrial private lands so we look more frequently there. In 2014 the distribution had NW Oregon with the most sites. PI is Private Industrial and PNI is Private Non-Industrial. The 'other' ownership type is State Forests and municipal/county ownerships. Those distinctions are a landowner type designation. Because we draw this out of our notification system we might come across 'apparent non-compliance'. This process is *not* about enforcement but a resolute look at people's actions on the ground and the day-to-day administration of the FPA by our foresters. If you don't follow the rule's specifications we make a note; if it results in resource damage we call it 'apparent non-compliance'. And there is an

administrative part of the audit focusing on written plans, whether needed or followed. A fundamental thing to realize is that best management practices are in statute and rule not voluntary. There are almost 20,000 applicable segments that we looked at and evaluated. 992 times there was non-compliance affecting resources. But that represents a 96% compliance rate statewide. This system is designed to parse the data out by Area or by Ownership Class (PI, PNI, Other), we also can sort it by number of rule applications. There are more operations in the west than the east. We can also parse it out by Rule Division to see where our high and low results are. Other Wetlands was the lowest compliance. Our contractors systematically sample all the roads, all the stream crossings and protection standards for streams. Each point was marked by GPS. Type N streams are a focus. Private Non-Industrial ownerships are a different world with different influences and values but still under the same standards. As I come to talk to you, I want you to understand that the process is fairly uniform but we recognize the ownerships are not uniform. On all Private Industrial (PI) and Non-Industrial lands (PNI) we need to ask for written permission to put a private contractor on private lands. Private Industrials generally provide access, but private non-industrials the catch per unit effort is low. Some units were not suitable for the audit, where harvests wasn't done, harvests were too small, etc. The effort to get non-industrial permissions is huge. To get our sample size the amount of effort to get the non-industrials is disproportionately large. But beyond the permissions issue there is no way to know what the compliance would be. We have to have a formula for site selection to establish an objective basis for an informed discussion. I want every consumer of this information to be comfortable that we are not cherry-picking this. When operations are active we have authority to visit the site, but once completed we do not, aside from reforestation checks.

This is the second year of this effort. We've had issues with concerns for privacy from the landowners and have had a confidentiality statement as part of our outreach. As our process evolves we are beginning to see interest in providing reports back to landowners of what we found. We ask the contractors to take pictures of what they find and locate by GPS. (*He provided pictures to show examples of N-Type Small streams that are in units that operators and landowners may not have awareness of.*) We see the issue of small stream crossings being a problem everywhere. So that is an issue needing an educational effort. The data suggests that we really need overall awareness of the standards for Small Type N streams. Another issue of low compliance is slash in streams. Outcomes from this process may initiate us to revisit the purpose of some of our rules. How *much* slash would impair water quality? We want the measurements to be precise.

Weber: When you are talking about this one example, slash in streams, do your contractors grade it on any kind of scale of severity?

Clements: One of the questions that comes up is if it is non-compliant why aren't you writing tickets? According to the standards of the study, impaired doesn't always equal violation. We have guidance from our rules, however, when its sediment going into streams where we do quantify amounts to determine violation. Some places there is a little more degradation, such as sediment in streams, in others not so much. Wheelbarrow amounts versus truckloads. That's where we are interested in furthering that conversation of what different measurement protocols are in place to give decision makers detailed data as much as we can.

Weber: You are talking about taking the information you are gathering and having it inform higher level decision making. If you show that and give them a sense of severity, decision makers can use it effectively, if not, without describing the severity it will be such a blunt instrument.

Clements shared the results by each Rule Division.

Cloughesy summarized that in order to be non-compliant, you have to have a rule apply, standards that are not met and some effect on a protected resource. Are those the same standards they use for writing tickets?

Clements: In our enforcement mechanism, the presumption under administrative rules, is that we inform with a Notice of Violation. But there is another notification step, a Written Statement of Non-Compliance. It says, the FPA rule applies and you haven't followed the rule and damage may occur. We use that often as an instrument to acknowledge that the rule hasn't been followed, but the damage hasn't happened yet. It gives the landowner/operator a chance to mitigate the damage.

The Summary with regard to 2014 is that we didn't see a lot of change from 2013. We will continue for 5 years and see where it is after that. The most enforced rule for this agency is on reforestation, and then road related problems are next.

Storm: To provide context, the purpose of this study is to inform the compliance community. It's not an enforcement tool. One of the products to come from the Audit is using this information as a training tool. Every winter we have contractor training programs. Results from the audit inform key topics. Because compliance only occurs through knowledge and expertise.

Clements: The total compliance after 25,000 sample points is 96%! Currently, we are sending out a letter from the Department explaining our audit process and asking permissions, which also includes a Confidentiality Statement. A few days we follow up and try to gain verbal permission and answer any questions the landowner may have.

## 8. Issue Statement to BOF on Forestland Tax Issues: What do we want to say? – Mike Cloughesy

[Handout: Forest Tax Policy Ideas – October 2015]

Cloughesy provided a summary sheet he put together based on the feedback we got from the Tax Symposium Round Table discussions and follow-up survey done for us by the Aldo Leopold Foundation. Before planning the Symposium CFF spent most of 2013 meetings listening to various tax experts that we invited to come and talk to us. The idea was to find out what the main issues are as they saw it in forestland accounting in Oregon. There were 5 main areas that came out of those discussions loud and clear:

1. **Education.** In the past, there had been strong education in taxes from OSU, DOR and ODF but those opportunities have been missing for a while, and those with the institutional knowledge have retired out. We had a chance to meet with Dean Thomas Maness at OSU and gave him feedback on this topic. Partly as a result, OSU hired Tamara Cushing, as Starker Chair, and established a Business Specialist in Forest Business Taxation. So part of what we uncovered in our efforts has been partially solved in OSU's new focus. The other part was that education *is* important to landowners and that can come from OSU Extension, but others need to educate as well. Participants wanted similar messages and a concerted effort from all agencies involved. The Symposium itself was very well accepted and appreciated and it was a good start. Participants agreed that CFF has a role in future symposiums. We need to note that the education of tax professionals themselves is also important. It's not only the forest landowners that don't know enough, but tax preparers don't either.
2. **Property Taxes.** People are really happy with the property tax system we have in Oregon with the forestland deferral, and that property tax is based upon the value of the land to produce a crop. It's not a severance tax, or an ad valorem tax. It's not based on the timber value, but the value of the land to produce the timber. People think that's really fair. People at the Symposium from other states remarked that they wished that they had the Oregon system in their states. That's something we need to recognize. Also, one thing that came up was the Small Tract Option. That Option makes the annual tax payment less for small landowners by postponing some of the tax till they harvest. So that was a real important thing for small landowners, but it was also a real expensive thing for the counties. We heard from both of the assessors that attended, that it was a real thorn in their side to have to treat family forestlands differently. They see it as an extra expense and effort to them to collect less tax revenue. So one of the messages is, we should support policy which backing the Small Tract Option and that keeps the Forest Deferral. We should not go back to any kind of tax based on the value of the timber. Another thing that came up under Property Taxes is that many forest owners feel that farmers get better breaks than they do. The committee didn't analyze what breaks the agriculture sector gets in comparison, but landowners wanted to make sure we heard them say that they want to get the same considerations as agriculture gets.
3. **Forest Products Harvest Tax.** "The tax law exempts the first 25 thousand board feet (MBF) of timber harvested by an owner each year. The receipts from this tax program are dedicated to the partial funding of state-run programs that promote forest research, fire prevention and fire suppression, forest practices act administration, and improve public understanding of Oregon's forest resources." The landowners pay about \$4 per 1000 bd. ft. What they are worried about is the legislature is trying to bring back the Severance Tax to pay for a part of the costs of fire. Both Industrial and Non-industrial landowners are clear that they don't want that to happen. They didn't like returning to the Severance Tax that would serve the General Fund needs.

4. **Income Tax**, when we first started in this project, Sara Leiman gave us a booklet from Yale looking at forest taxes nationwide. One of the big conclusions from that was that Income Tax is really where it's at nationwide and the big driver in Oregon too. What tends to separate it out is that federally you get Capital Gains and on State we don't. The other thing that came up is the limitation of expensing only \$10,000 on reforestation which is thought to be too low. The way the rules are, the first \$10,000 you can expense against current income the rest you have to capitalize. It doesn't recognize the true costs of reforestation. The State should recognize Capital Gains. That would be desirable.
5. **The Estate Tax** applies to the least amount of money collected. There are only 3 states that have an Estate Tax, Oregon is one of them and we have one of the highest rates. The phrasing has been changed from Inheritance Tax to Estate Tax. Landowners in Oregon are at a disadvantage, but putting in a Natural Resource Tax Credit raises the amount that is shielded from taxes. It's imperative that we keep the Credit because it helps protect the landowners and land. It's a family issue. The Natural Resource Credit protects the first \$3.5 million or \$5 million, a big amount of money that you don't have to pay tax on. That's important so families aren't prompted to sell their land or cut their timber to cover the taxes. The most common mention was that we should repeal the State Estate Tax. Every single group at the Roundtable discussions identified that as the #1 thing that came up. Federal limits are so high that unless you are really big, it is not significant.

Cloughesy completed his summary and posed the question of how the Committee wanted to respond to the Board on taxes.

Weber: When I think about the effort CFF went through last year and this summary, I think there is enough important information here that can help decision makers on the BOF, and Legislators. Perhaps something simple to disseminate. Something along the lines of this summary to raise awareness of what's going on. The second point is that regarding Education, participants suggested that CFF have more of a role of providing education through future symposia along these types of topics should be something we consider.

**Action Item:** *Invite Tamara Cushing, OSU to address the committee on what educational topics and delivery system she has found to be successful in building her program and integrating the use of Ties to the Land.*

Cloughesy: The thing that I worry about, when I presented this idea to my (ORFI) Board, there were a couple of people that said, "Are you sure you want to tell everybody what great a deal that Oregon forestland owners have with taxes?" Not that it is unfairly great, but we worked hard to get a tax system that is fair. So how much do we really want to say? We want to be real careful writing this up.

Smith: When we talk about taxes I think it's important to recognize two things. How Oregon compares to other states and in fire funding and the other costs of forestland ownership. Costs are pretty much annual and revenue is periodic. I would include the Forest Protection Assessment costs. I think it's important to create a recommendation that's digestible and reiterates the importance of the issue to landowners addressed to the BOF and other Natural Resource staff or legislative committees. CFF saw taxes as an issue falling through the gaps of other programs and organizations, so it makes sense to pick it up and spur conversation where needed.

Cloughesy: This summary is just notes for CFF, you would need a more polished format to go to the Board.

**Action Item:** *Cloughesy to forward an electronic version to Janean Creighton and Ed Weber to work on. Come up with something and then distribute it out and bring it back for discussion and editing at the next meeting.*

## 6. After the Fire Assistance Update – Lena Tucker

If you will remember at the last meeting we had Ron Graham, new Deputy Chief from the Protection from Fire Division and so we tag teamed the After the Fire Assistance topic. At that time Emergency Management Office (EMO) was just rolling out their Hazard Mitigation Grant Program to be used on FEMA declared fires in the State. That money has been allocated and the application processes have gone out to those counties that had FEMA declared fires. The way I understand it, the counties will be making the decisions where to use those funds. Our ODF folks are engaged with

counties, to help determine immediate needs and focus. The big concern right now is erosion control. The Farm Service Agency (FSA) and the National Resource Conservation Service (NRCS) are signing up landowners to accomplish certain forestry practices, again with the big focus on erosion control. They are doing those signups now that will fund landowners to do practices such as grass seeding, erosion control, contour felling. They are exploring what they could do for reforestation. But reforestation is a longer term event especially with issue of seedling availability. So NRCS is trying to figure out how that need fits in with the way they allocate dollars. I don't have metrics on how many landowners have signed up for assistance and what the most common uses the funds are going to, but I will be requesting that information to prep us for legislative days.

LUNCH

### **9. Federal Forest Health Initiative – Chad Davis,**

Tucker prefaced Davis' presentation by reminding members that ODF received \$5 million in our budget to increase the pace and scale of Federal projects. Chad Davis from our Forest Resources Planning Program, became a program of one with this funding and is leading this initiative. Meg Mitchell, USFS has been invited to speak with us on the Good Neighbor Authority at the next meeting.

Davis has been working on aspects of collaborative development and building capacity around Federal Forest Health and active management on Federal Forests before the program's inception in the 2013-15 biennium with \$2.8 million. Stepping back in time, in 2007, the BOF asked Kevin Birch, Director of the Forest Resources Planning Program to convene, a Federal Forests Advisory Committee to advise the Board about what Oregon could do to move the needle forward on Federal Forest management. There was a report offered and eventually adopted by the BOF calling for State action, even back in 2009, including the use of State dollars as needed. It identified local collaborative groups as a model to move past disagreement and frustrations around some of the management issues on the eastside. Another group spilled out of this called the, Implementation Working Group. That group took a little bit of time to get up to speed on how they could help push the needle forward but they were the ones that envisioned and pushed forward the \$2.8 million package for the last biennium and the \$5 million budget package for this biennium. So back in 2011 Gov. Kitzhaber put \$100,000 of Strategic Reserve Funds on the table coming as a recommendation out of this Federal Forest Workgroup to do layout work on the Malheur. That paved the way for how a State's funds could be used. At the same time, the groups around that table: included AFRC, TNC, Sustainable NW, a host of individual collaborative members, ODF and OFRI. The group is staffed by Oregon Solutions and convened by the Governor's NR Policy Advisor Brent Brownscombe. There is no statutory responsibility, no formal charter. It is a working group with the attention of the Governor's office with that attention folks keep showing up at the table. The group noted that making the case for State funds to be used for Federal Forests is a big leap of faith. So, they needed to make a business case with a Restoration Economic Analysis, something that that group co-funded at the request of the legislature. Governor Kitzhaber carried forward the \$2.8 as the first rendition of the program. For the \$5 million package, the Department carried that concept forward. The funds are from Lottery proceeds, they are not Lottery Bonds, they are not General Fund dollars. The economic assessment largely asked the question of what the Return on Investment is if we double the acres treated in Eastern Oregon. The answer was clear that there *was* a business case. There was 5.7 to 1 return to State and local economies that spills out of restoration. Every dollar invested saves \$1.45 in restoration prevention and suppression on the fire side. These are Federal lands and State money. To be clear ODF doesn't spend any money fighting fire on Federal ground. And this \$1.45 is actually saving the Federal government which then, theoretically, can come back into the prevention management side through the Federal system. That is the kind of accounting for dollars we have to be careful about.

In 2013-15 this version 1.0 was looking at what we did in the first biennia with this fund but the efforts were limited to the dry forests of eastern and southwest Oregon with significant focus in the Blue Mountains. Largely, that was because that's where the Forest Service had increased public attention towards getting ahead with restoration needs. The driving assumption out of the work is that there is a significant uptick needed on social license to do management and the National Environmental Protection Act (NEPA) shelf stock things. We did not use Agency funds to implement treatments. We did not take State funds to do pre-commercial thinning work. What we asked was how do we get projects into the hands of contractors that are better equipped to do that work? The Legislature wanted to make sure the Forest Service was also putting money on the table as they were already at work in the Blue Mountains of eastern Oregon.

The program has 3 kinds of general components. The first two components are really about collaboratives. How do we help support, promote and push forward a collaborative approach? There is a grant program that OWEB is the implementing partner for. We know that dry forests and ponderosa pine systems have been the sweet spot. But if we are going to do restoration across the landscape we are going to have to move beyond the eastside. There were 4 contractors that were awarded contracts under a competitive basis to provide a suite of technical assistance including science support. The Nature Conservancy, Sustainable NW, U of O did some workforce development work, and Eco Trust did some communications work. The bulk of the work was in that organizational capacity and science support pieces.

The third piece of this program is what the Federal Government's responsibility is. So the Fed's responsibility is to do NEPA work and implement treatments by going through a public process. So what did the State do? We looked at the front end of NEPA to get data into the planning process itself. Once NEPA was done, how do we do pre-sale assistance into the hands of the contractors? So our effort is on both sides of the environmental analysis aspect. We used a variety of mechanisms to do this. On the pre-sale side we used a lot of ODF seasonal folks extending seasonal appointments from the fire shop and did issue some State contracts which put us in a unique relationship where we were working with some Federal contractors using State funds. The real focus of this implementation partnership piece to answer the questions; what are we testing; how are we innovating a business practices; how we are reducing the unit cost per acre planned; or unit cost per board foot harvested; how are we reducing the time and/or the cost of doing these activities? Davis provided examples of project work underway or completed.

In the spirit of transparency, with the Federal Forests Work Group we needed to put some real eyes on this, to see if we actually are making a difference. Some of this is just transparency of expenditure, reporting out. In the report, is a breakdown of that technical assistance and science support funding, as to where the money goes, geographically where those Implementation Partnership funds hit the ground. At this point the focus is in the Blue Mountains. It was roughly, not by design, about half and half split between the planning activities (Data collection, LIDAR, Heritage surveys, etc.) and the pre-sale assistance. Half and half went to each side of NEPA. So remember we put in \$2.8 million across a relatively large region of the state, some of which went to support collaboration. The Forest Service was responsible to match. I would say that the significant increase in focus on this work, collectively, has made this difference. The volume sold has gone up. Portion of commercial acres treated has gone up in the last couple of years. That's something we want to continue to monitor. With the \$5 million I'm committing to redoing this kind of report so that we have an ongoing level of understanding on whether this is working or not. We also looked at jobs, a 16% increase in jobs in Eastern Oregon from restoration treatments. What we did with this funding is to come up with a protocol to evaluate how many jobs (aspen restoration, pct. work) forest and watershed restoration jobs are created and what are they contributing. Records of Decision, (Forest Service signing projects into action) over 2012 -2014 we saw 137,000 acres of restoration projects going forward in the Blue Mountain region alone. I need to get that number for the rest of Oregon. And at the same time, collaboratives were working on another 465,000 acres. This takes time. Continuous monitoring will tell us whether collaboration as an approach is working or not working.

What I haven't highlighted in this report, is that we've also seen private sector investments. Boise Cascade put \$5 million into their NE Oregon operation. We are also seeing the investment and the beginnings of a biomass breakdown facility coming to the John Day area. What Doug Decker has challenged me to do, is say this is one time funding, but if this is something we believe we have a role in, then start to do the groundwork to put the structure in place for it to have a life here. That will be up to the Legislature whether they will fund us or not. We are starting to talk about this as a base program that does a few different things. I am working through the Agency now around a core business statement and what are the principles of the program. We do have the staff as part of the \$5 million dollar program, so we will be hiring 4 people that are not 100% funded. One here in Salem to do overall program support and west side focus. And each of our EO districts will have a Federal Forest Health District Coordinator on staff at the District Level to do that marrying of opportunity and needs more locally that I have been able to do in Salem. Working with the field is a significant part. Going forward, if the State pulls its funding, we may still have an implementation role with the Forest Service. It may be federally funded through Good Neighbor. Good Neighbor is a mechanism to move Federal funds through to a state for a state to do implementation. Name anything that happens inside the bound of the Forest Service, the State could do that if it made sense and there was capacity for building social license to do it ourselves. And I do think that is one of the

significant challenges and opportunities and needs of this program is to let, particularly the conservation community, see us as an honest implementer in this way with the collaboratives and the Forest Service. Being more transparent about those tailored decisions, it is easier to get buy-in before rather than after the fact.

Storm: This is really an experiment in the State investing dollars in Federal Forest Management. It's something we need to do, Chad's team is doing a great job. It is a very difficult experiment. In one level it is triage, of desperate need. Anything or everything that can make a positive difference.

Davis: Other states are trying some other things. We are first to put General Funds on the table. All states recognize this issue and are trying to do something based on their political realities. With Governor Kitzhaber's leadership, the support of a strong conservation community and the timber industry in this state, we were able to go down this path. We'll have to see if it plays out over multiple biennia as a success or not.

### **10. Reforestation after Catastrophic Events – Lena Tucker**

Our big question on the eastside is what we do with burned over areas of marginal lands? The probability of success with reforestation is very low, shade is a limiting factor, with shade needed to protect the seedlings. In some cases, the burned soil may have developed hydrophobic properties because it has burned so hot. We are also in a drought. We have all these things stacked up against landowner in their ability to reforest. What we are talking about is a confluence of range juniper and pine in that transition zone. How did the pine get there to begin with, what encroached on what? Once people harvest that pine in the intermediate zone in Site Class VI or higher lands it triggers the reforestation rules. Those forests established in better times, with more moisture. It's going to be hard to get trees re-established. It is a very subjective call in terms of where we can get reforestation success.

As background, in the year 2012 this committee tackled Oregon's Eastside forests and many issues and areas of concern. One of the key issues you picked was the Oregon FPA and its application to eastern Oregon forest conditions. The recommendations when this committee presented this to the Board, were to direct ODF to utilize the EO Regional Forest Practices Committee to review the FPA statutes and rules and make recommendation to the Board for revisions to rules so eastside operations could become more effective and efficient. The focus was on three main bullet points: reforestation incentives and flexibility after catastrophic events; site tailored Riparian Management Area rules focusing on Active Management in Riparian areas; Incentives to improve ecological conditions on family forestlands and specifically their streams. Fast forward to 2012 we had the Barry Point Fire out of Klamath/Lakeview; 2013 devastating fire year; 2014 devastating fire year; 2015... in 2012 after Barry Point the EO RFPC did get involved in looking at the applicability of FPA rules especially as related to marginal lands on the eastside. These are the transition sites where juniper meets pine forest. Specifically, Site Class VII under 20 cubic ft. is exempt from reforestation. What kicks in is Site Class VI and Site Class V on the eastside. If you do a normal operation that takes it below the stocking level you have to reforest. If you happen to be in the path of catastrophic fire, wind storm, insect or disease outbreak and you decide to salvage harvest reforestation rules kick in. What the EORFPC started looking at is the probability of success of reforestation on those marginal sites. Site VII is off the books. Site Class VI and possibly Site V you may have pockets that aren't such a high site class. If you are taking trees out of those pockets the FPA says you must reforest. The landowner knows, the Stewardship Forester knows, there is thin, rocky soils, harsh sites, southern exposures, even if there may be a few black logs to salvage. But even if they replant, they know you probably aren't going to get a good success rate because there is no shade, we are in a drought as well, and limited availability of seedlings. We can extend the timeframe and modify all we want. But we don't have the leeway to waive requirements, or suspend. If you harvest you have to replant. Foresters are challenged. This landowner want to reforest, and they are getting maybe \$150/thousand off the black logs if they get ahead of others at the mill. Landowners generally want a forest back here. They could go for a land use change, grazing, etc. But, then we are reducing the forest cover. We want to help them make good decisions to reforest where we know they will be successful. What we are finding is that the EORFPC found the rules don't allow for this on the landscape. Each year, fires are creating this situation again and again. They are working through a Plan for Alternate Practice, waiting on some of this, looking a soil maps and vegetation communities and trying to make an informed decision to help the landowner get their forest back. The RFPC is interested in what adjustments can be made to the rules for what is happening on the ground right now. We don't specifically have a Plan for Alternate Practice in the rules for this. We do have rules that allow for extension of reforestation timelines.

Another thing that we are seeing, is family forestland owners, with small acreages are not dependent on managing their land for a continuing growing and harvesting of trees. The minute those people salvage log their trees we say they must reforest. Is the highest value purpose of that lot for the continuous growing and harvesting of trees?

Isn't it up to the department to determine and interpret what that means in the rule when the trees that are growing are incidental to the use of the property?

Tucker: It could. We don't have specific guidance on where to draw that line. We have stewardship foresters taking notification for harvests on fence line trees. We haven't really gone into this yet. I'm asking the question, scoping this issue. We are going to focus on Site V and Site VI rules on the east side. But this *is* a statewide issue. The issue was primarily for catastrophic events. But this scenario could occur anywhere. Is it possible to have an emergency clause in our rules to handle these events?

Smith: I think you have pointed to a need for flexibility that currently doesn't exist. Maybe micro-site mapping, or creating acreage limit requirements.

Peel: It's not just a question of reforestation but having the expertise and financial assistance with site prep. It would require nurturing and nourishing. Without significant financial incentives or assistance it would be hard. Would there be cost-share programs that can assist with seedlings? The costs are so much higher and the returns lower.

Tucker: ODF does not have cost-share funds. The State of Oregon does not fund landowner assistance the way it used to. We don't even have the reforestation tax credit, which has sunsetted. At this point we are just introducing the topic. We can revisit this discussion in the future. Our time is really going to be focused on the EO RFPC and the reforestation rules and the Plan for Alternate Practice. I just want to open the idea of the bigger picture. Next month we will have a speaker on Climate Change for you. I will keep you posted on the work of the EO RFPC.

### **11. Coho Draft Recovery Plan – Lena Tucker**

Tucker provided a link for the Plan with additional components and suggested implementation plan. Members were given the Executive Summary. We invited a NOAA representative in November that can do some outreach with you. Members were asked to review the summary and get some draft questions ready for that meeting. I will prep the representative on what your committee is looking at. There are some alarms going off for us with this plan. How do we count the original Oregon Plan? I will prep the NOAA guest on how the committee advises the BOF on factors affecting family forestlands.

NOAA is doing a lot of outreach, so they were glad to have the invitation. We will be coming up with agency comments on the plan, in conjunction with ODFW. The Governor wants a State response.

*(Continuation of the Riparian Rule packages. Conversation is under Topic #5.)*

### **12. Action Items**

#### **Action Items:**

- *Weber agreed to draft the letter and requested a documentation of this particular discussion from the recorder. He will send it out to members for review and feedback for a final version.*
- *Invite Tamara Cushing, OSU to address the committee on what educational topics and delivery system she has found in building her program and the use of Ties to the Land.*
- *Cloughesy to forward an electronic version to Janean Creighton and Ed Weber to work on. Come up with something and then distribute it out and bring it back for discussion and editing at the next meeting.*
- *Tucker to send out the link to the Coho Draft Recovery documents as homework prior to November.*

- *Cloughesy to launch proposal for the Partnership for Forestry Education, of which CFF is a member along with OSWA, ODF, OSU, OFRI and Tree Farm, to develop an outreach to the landowners who have ownership of at-risk lands effecting water as identified in the American Forest Foundation report on Western States through the Yale TELE Workshops.*
- *Invitation to Mike Taylor at IFA to address the committee on seedling availability.*

- **Membership Search Committee**

Update, Leiman's term is up in July, but she requested to step down and vetted 3 people to replace her. Two are interested in joining and can come to the next meeting. Leiman has been working with Gray, if agreeable she will follow up with invitations for November 17<sup>th</sup>.

Cloughesy: They are good, strong members of OSWA in Washington County. They work closely with Amy Grotta.

**Action Item:** *Email to Sara to invite potential members. (Weber)*

- **Future Meeting Dates:**

Our next meeting is scheduled for November 17<sup>th</sup>. (Creighton won't be available that date.) Other dates chosen for the winter are: December 10<sup>th</sup>; January 19<sup>th</sup>; February 23<sup>rd</sup> and March 17<sup>th</sup>.

**Action Item:** *Elect Co-Chair at the November meeting.*

**Adjourned** at 3:00 pm.