

Forest Trust Land Advisory Committee

Oregon Department of Forestry Salem, Oregon

Draft Minutes February 27, 2009

Pursuant to notice made by press release to newspapers of general and local circulation throughout the state and distributed to persons on the mailing list of the committee and the members of the committee, a regular meeting of the Forest Trust Land Advisory Committee (FTLAC) was held at the Department of Forestry in Salem, Oregon.

Present Committee Members

Tim Josi, Tillamook County Commissioner, Chair; Patricia Roberts, Clatsop County Commissioner; Anthony Hyde, Columbia County Commissioner; Earl Fisher, Columbia County Commissioner; Faye Stewart, Lane County Commissioner; Susan Morgan, Douglas County Commissioner (via telephone conference); Nancy Hirsch, Chief State Forests Division, Oregon Department of Forestry

Absent Committee Members

Mike Propes, Polk County Commissioner; Chuck Hurliman, Tillamook County Commissioner

Present Department Staff

Clark Seely, Associate State Forester; Mike Cafferata, Deputy Chief, State Forests Division; Jeff Foreman, Public Information Officer; Mike Bordelon, NWOA Director; Dan Shults, SOA Director; Tom Savage, Astoria District; Don Everingham, State Forests Program; Doug Decker, NWOA; Joan Tenny, State Forests Program; Andy White, NWOA; Jeff Brandt, State Forests Program; Ed Deblander, State Forests Program; Greg Cline, North Cascade District; Dave Lorenz, Western Lane District; Steve Laam, West Oregon District; Rob Nall, State Forests Program; Tod Haren, State Forests Program; Henk Stander, State Forests Program; Rosemary Mannix, State Forests Program; Barbara Lee, State Forests Program; Gary Lettman, Resources Planning; Mary Schmelz, Agency Affairs

Opening Remarks – Tim Josi

Tim opened the meeting and proceeded with introductions. Anthony Hyde motioned approval of October 17, 2008 meeting minutes. Patricia Roberts seconded the motion. Meeting minutes approved.

Department of Forestry Updates – Nancy Hirsch

Two new Board of Forestry members have been appointed, John Blackwell (Chair) and Steve Wilson. Nancy has met with them to discuss State Forests' background and current issues.

Clark Seely will retire from ODF this year. Recruitment has begun to fill Clark's position.

Three projects targeting Federal Stimulus dollars are moving forward: 1) State Forest Health Improvements, 2) State Forests Ecosystem Restoration in Lane County, 3) Hazard Mitigation Fuels Treatment within Wildland Urban Interface. State Forests Ecosystem Restoration in Lane County may encounter obstacles. It's expected that stimulus projects will create jobs in local communities.

Anthony Hyde has had conversations with firms interested in biomass work in the Pacific Northwest. Solid research to demonstrate that biomass projects are economically feasible would attract investors. ODF employs a Biomass Specialist in Douglas County who is working on these issues.

HB 2216/Gilchrest – Doug Decker

The current landowner intends to use the land for real estate subdivisions. ODF would like to acquire the land to keep it contiguous in forestland. While researching funding options, ODF realized the bonding cap was outdated (i.e., too low). HB 2216 would raise the bonding cap, allow acquisition of land with easements on it, and fine tune the payback mechanism. There has been a public hearing on the bill; a subcommittee is addressing issues raised in the public hearing. Paul Levesque, a member of the sub-committee, will bring knowledge regarding the nuances of Chapter 5.

Public Comments

None

State Forests Division Priorities and Board Work Plan 2009 – Mike Cafferata

The first priority in this difficult economic time is to continue to do good work on the ground implementing Annual Operations Plans. In addition to this, Mike Cafferata outlined other priority projects planned for the State Forest Division this year.

Patricia Roberts asked whether ODF interfaces with county watershed counsels. Nancy Hirsch said that ODF has collaborated with watershed counsels and OWEB. ODF is analyzing how well the information gathered is being utilized before making further investments in the process.

The Division has refreshed the Board Workplan and made a recommendation about priority and pace of the “Intermediate Board Issues” (IBIs). The terminology has changed: what were previously called “Objectives” are now called “Intermediate Board Issues” (IBI’s). Mike discussed several IBI’s. IBI 6 has two items that should be completed by June 2009: 1) Resolution of whether to continue pursuing an HCP or pursue another path for species of concern; 2) Decision whether to keep current NW FMP, revise it, or create a new plan.

Tim Josi said that according to a prior decision by the Attorney General, state and private landowners are required to have take avoidance but aren’t required to recover species. A higher level of protection than necessary deviates from the primary purpose of state owned forests, that is increased harvest; it also violates the trust agreement with counties. Nancy Hirsch said ODF addresses species of concern by relying on a continuum of policy options the Board considers. Department staff is improving how this information is presented to the Board so that they recognize the tradeoffs (i.e., balance of economic, social, and environmental impacts) in the policy choices they make.

Tim mentioned that in the past the Board consulted with the counties; in the recent past the Board has interacted with the counties more as an interest group. Tim said that an industrial harvest model is needed to determine a baseline harvest level. Mark Rasmussen is creating a work plan that will be presented to the Board as the counties’ vision of how lands should be managed (i.e., Trust Lands provide 90% of the revenues they would if they were an industrial forest). ODF’s Wood Emphasis model is being updated to show how lands would be managed if they were industrial lands. Mark is also working with ODF, particularly regarding the Tillamook forest inventory adjustment of 30% less inventory than its original model projection.

Update: Implementation Plan for Tillamook, Forest Grove and Astoria

Linked to 2010 Annual Operation Plans - Mike Bordelon, Mike Cafferata and District Foresters

This is a 10 year implementation plan which is approved by the State Forester. The basis for establishing harvest levels are the forest management plan, current information, and guidance from the performance measures. After completing recent modeling work, a legal basis is needed for harvest levels demonstrating sustainability. There are two significant areas of change in this implementation plan revision: 1) Make the desired future condition the lowest allowed in the FMP; 2) Having 20% complex structure on the landscape within 20 years.

If changes are made in the Forest Management Plan, implementation plans will need to be revised to align with the new FMP. ODF has an obligation to implement Salmon Anchor Habitat strategies until 2013; these IMP's will honor that.

Updated Revenue Projection - Gary Lettman

The housing market and exports are down. Over the next year, expect a continuing decline in log prices. Housing starts have a close tie to log prices; they are projected to improve, but not soon. County revenue is projected to decline through 2011, and then begin to recover.

County Share Revenue Projection – Don Everingham

Don presented a draft of *January 2009 County Share Revenue Projection* which projects revenue by county through Fiscal Year 2014. A revenue projection group has been formed. The goals of the revenue projection group are 1) to improve the efficiency of producing revenue projections, 2) to provide a projection to meet needs of stakeholders, and 3) to implement changes that were recommended by a third party that assessed ODF's processes and recommended improvements. Don explained how revenue projections, future stumpage prices, and volumes were produced. Projections are a tool for forecasting, based on assumptions and current information; as information changes, projections will change.

Agency Budget – Clark Seely

Clark distributed the ODF budget reduction plan backgrounders for the 07-09 and 09-11 bienniums. To reach the 07-09 5% reduction, cuts were made in the Private Forest program and some General Fund savings and Federal funds from the Protection program were used. On May 15, 2009, another economic forecast is due; it could include more action (e.g., future reductions, use of rainy day fund) for the 07-09 budget.

The 09-11 biennium revenue forecast projects a \$3 billion shortfall in GF, about 17% of state's current service level budget. ODF's budget hearings are scheduled for April 23 and the following week of April. Work sessions on the budget will be in May and June, after the May 15 economic forecast.

Anthony Hyde asked if there will be fire suppression cuts. The Governor's recommended budget has \$5 million in it for firefighting. It was noted ODF has the ability to appeal to the E-Board. Patricia Roberts asked if any savings from the current biennium's 5% cut carry forward – it does not.

As discussed, ODF is facing revenue reductions for State Forests and forest products harvest tax from the Private Forest program. The reductions could impact the agency through staff reductions and relocations. ODF will retain as many employees as possible and maintain as high of a level of service as possible. ODF will receive some funds from the Federal economic stimulus packet for projects.

Clark will attend upcoming FTLAC meetings to update the committee on the budget situation.

State Forests – Nancy Hirsch

State Forest revenues are 60 – 70% of where they have been in the past. Previously there has been positive value in Forest Development Fund to help ODF accomplish management objectives when stumpage prices fluctuated. The current fund balance isn't enough to allow operations at previous levels. The balance (approximately \$23 million) will provide some relief, but not enough to rely on.

State Forests' budget status for 09-11: POP's are in the GRB but there isn't enough revenue to support them if they are approved. ODF is implementing cost savings between now and the end of June, 2009. A planning group has gone over the four FMP's and identified the priorities for investment during difficult economic conditions. The division has also developed estimates of what amount of the budget is needed to generate existing revenue streams. This is called the "base budget" and is about 60% of the 2009 budget level. ODF is planning a reduction of 30% for 2010 and anticipating an additional 5% for FY 11.

ODF has been collectively looking across programs for other revenue streams, such as the Federal Stimulus Package. Tom Savage will be the lead coordinating the Federal stimulus projects.

Closing Comments and Adjourn

None

Materials Presented: *2009 State Forests Division Goals, Norm Miller State Forests Stimulus projects list/overview, January 2009 Share Revenue Projection letter to the counties, 2007-2009 General Fund Reduction Planning – 5% Scenario, 2009-2011 General Fund Reduction Planning – 20% Scenario, Economic Background Power Point presentation*

Next Meeting: April 3, 2009, ODF Salem, Tillamook Room, Building C