



COUNCIL OF FOREST TRUST LAND COUNTIES

State Forester's Annual Report
for the
Association of Oregon Counties



NOVEMBER 2009

Council of Forest
Trust Land Counties

State Forester's
Annual Report

For the Association of Oregon Counties

FISCAL YEAR 2009



TABLE OF CONTENTS

Introduction	1
Impacts of Economic Downturn	1
Financial Management	3
Timber Harvest from Board of Forestry Lands	4
County Revenues from Timber Sales.....	5
Legislative Capital Improvement Funding	5
Actual Revenues and ODF Management Costs	6
Fiscal Year 2009 Costs	7
Historical Timber Harvest Information.....	8
Forest Rehabilitation Repayment Status	9
County Revenue Projection.....	10
Long-Term Market Trends.....	11
Forest Management & Planning	14
Revision of Forest Management Plans.....	14
Revised District Implementation Plans	14
Public Involvement.....	15
Annual Operation Plan and Budget – Summary FY 2009	15
Key Projects	18
Conserving Working Forests.....	18
Board of Forestry Performance Measures.....	19
Watershed Analysis – Evaluation	20
Stand Level Inventory	21
Other Management Activities/Outputs	24
Intensive Management Summary.....	24
2009 Road Accomplishments Update.....	25
Recreation Management	27
Recreation Accomplishments.....	27
Recreation Facility Planning and Development Projects	28
Research and Monitoring	33
The Research and Monitoring Program	33
Current Research and Monitoring Activities	33
Forest Health – Diseases	35
Swiss Needle Cast	35
Sudden Oak Death	38
Laminated Root Rot.....	39
Forest Health – Damaging Agents	41
Aerial Survey.....	41
Storm-Related Damage	42
Bark Beetle Damage	43
Defoliator Damage	43
Young Conifer Damage.....	44
Tillamook Forest Center	45
Interpretive Program	45
Education Programs	46
Gift Shop and Donations	46
Facilities.....	47
Marketing	47
Awards.....	47
Visitor Feedback	48
Conclusions	48
State Forests Reports	49
Tillamook State Forest	49
Clatsop State Forest.....	50
Santiam State Forest.....	51
Sun Pass State Forest.....	51
Elliott State Forest.....	52
Board of Forestry Acres	54
Forest Trust Land Advisory Committee	55
Year-End Summary	55

Tables

	<u>Page</u>
Table 1: Total Volume of Timber Removed from Board of Forestry Lands by County	4
Table 2: County Share of Revenue from Board of Forestry Lands	5
Table 3: Legislative Capital Improvement Funding – June 30, 2009	6
Table 4: Actual Gross Revenue and Expenditures – FY 2000-2009.....	7
Table 5: Historical Timber Harvest Value, Volume, Stumpage Prices – FY 2000-2009	9
Table 6: Balances for Rehabilitation Payback per County as of June 30, 2009.....	9
Table 7: July 2009 County Share Revenue Projection.	11
Table 8: FY 2010 – BOF Lands Annual Statewide Annual Operations Plans Summary by County.....	16
Table 9: FY 2010 – BOF Lands Annual Statewide Annual Operations Plan Summary by District.....	17
Table 10: State Forests Fiscal 2010 Budget – BOF Lands.....	17
Table 11: SLI Status of All Ownership Classes as of June 2009.....	22
Table 12: Timber Inventory Estimate for State Forests County Forest Trust Lands, June 30, 2009	23
Table 13: Intensive Management Activities on BOF Lands – FY 2009.....	25
Table 14: Annual Road Work – BOF Lands.....	26
Table 15: Summary of Volunteer Hours for Recreation Projects	27
Table 16: Trail Project Summary for FY 2009.....	27
Table 17: Number of Campers and Revenue from Campgrounds during FY 2009	28
Table 18: Acres Summary	54

Figures

Figure 1: Biennia Overview Revenue and Expenditures.....	3
Figure 2: July 2009 County Share Revenue Projections.....	10
Figure 3: Timber Volume Removed and Stumpage Prices, FY 2000-09.....	12
Figure 4: Historical and Forecasted U.S. Housing Starts and Nonresidential Construction Spending, 2000-2015.....	12
Figure 5: Oregon Log Price Index, 1979-2009.....	13
Figure 6: Trend in Area of Douglas-fir Forest in Western Oregon with Symptoms of Swiss Needle Cast	36
Figure 7: Areas of Douglas-fir Forest with Symptoms of Swiss Needle Cast.....	37
Figure 8: Sudden Oak Death	39
Figure 9: Damage Detected by Annual Aerial Surveys of Western Oregon.....	41
Figure 10: Storm Damage Detected by Annual Aerial Surveys of Western Oregon.....	42
Figure 11: Bark Beetle Damage Detected by Annual Aerial Surveys of Western Oregon.....	43
Figure 12: Defoliator Damage Detected by Annual Aerial Surveys of Western Oregon	43
Figure 13: Estimated Number of Dying/Damaged Young Conifers in Western Oregon	44

INTRODUCTION

As directed by Oregon statute, the Oregon Department of Forestry (ODF) manages about 658,000 acres of state forestlands to secure the greatest permanent value (GPV) by providing healthy, productive and sustainable forest ecosystems, that over time and across the landscape provide a full range of social, economic, and environmental benefits to the people of Oregon.

The lands are actively managed in a sound environmental manner to provide sustainable timber harvest and revenues to the state, counties, and local taxing districts. This management focus is pursued within a broader management context that provides for other forest resources, including properly functioning aquatic habitats for salmonids, wildlife habitats, water quality, and recreation.

Most Board of Forestry (BOF) land was originally acquired by the counties through foreclosure of tax liens. Under county ownership, the lands provided revenue to the counties. Oregon law has maintained this revenue source by allowing ownership to be conveyed to the state “in consideration of the payment to such county of the percentage of revenue derived from such lands.”

This report highlights essential management activities and issues for BOF lands during Fiscal Year (FY) 2009 (July 1, 2008 through June 30, 2009).

Impacts of Economic Downturn

FY 2009 was dominated by declining timber prices. A delivered two-saw quality log in the Willamette region sold for \$295/1,000 board feet (mbf) in the second quarter of 2009, down from \$430/mbf in the second quarter of 2008. These steep declines will affect county distributions and department budgets for years to come.

The department reacted in a number of ways to these deep declines. These measures include:

- ODF offered to suspend timber sales at risk of default. In total, ODF offered to suspend 48 timber sales; 28 timber suspensions were accepted. These remain valid timber sales and will be completed at contract prices at the conclusion of the suspensions.
- The department continues to sell timber sales. These sales, even at low prices, provide revenue to the beneficiaries and department, and provide wood for local economies and infrastructure. The department has made adjustments to timber sale prices including contract sizes and product mix.
- Staff and investments in all areas were reduced in July of 2009. Remaining staff and resources are focused on the highest priority areas of forest management. The department remains focused on providing the best possible services in the reduced environment.

Also in FY 2009, the BOF spent considerable time deliberating on State Forest policies. These deliberations resulted in a June 3, 2009 decision to make two significant changes to the NW and SW Forest Management

Plans: remove reliance on a Habitat Conservation Plan for compliance with the federal endangered species act; and to revise the long term complex structure goals. These revisions are currently under way.

A final piece of landmark news, the 2008 Oregon Legislature authorized the use of \$15 million in lottery bonds for ODF to acquire portions of the former Gilchrist Timber Company lands in Central Oregon. These lands are at risk to being carved into minimum parcels and going out of forest land use. If purchased by the department, these lands add to the 658,000 acres currently managed for GPV. The department is actively pursuing purchase of these properties.

Further details of the 2009 fiscal year are found in this report. If you have questions about any of the details or suggestions for the report, please contact Nancy Hirsch, State Forest Division Chief, at (503) 945-7204, nhirsch@odf.state.or.us; Mike Cafferata, Deputy Chief, State Forests Division, at (503) 945-7351, mcafferata@odf.state.or.us; or a member of the Forest Trust Land Advisory Committee.



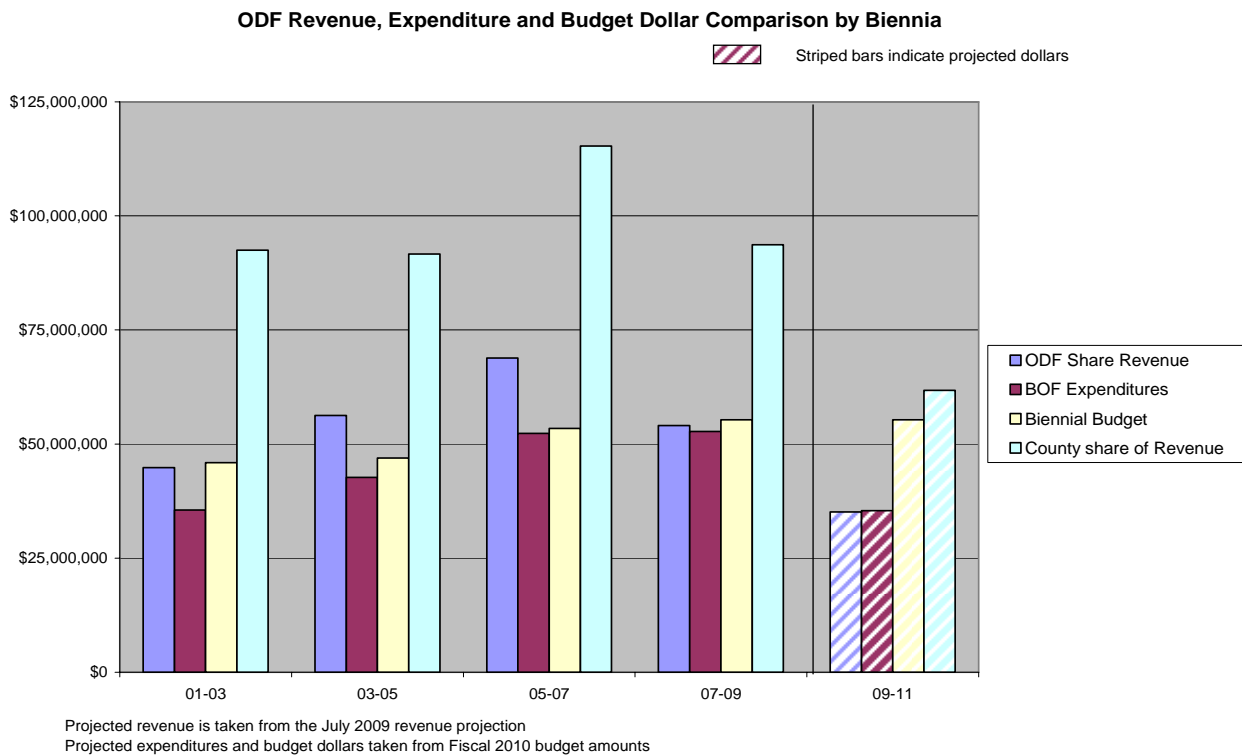
The economic downturn has meant fewer housing starts and less demand for wood, causing a drop in log prices and a decline in revenue to counties and ODF. The log market's predicted recovery is clouded in uncertainties. (Photo by Jeff Foreman, ODF)

FINANCIAL MANAGEMENT

This report is intended to focus on FY2009 (July 1, 2008 through June 30, 2009). However, in the business of forest management, it is important to analyze trends in revenue and expenditures over several years, because the timing of harvest and other factors can cause any one year to be above or below average.

The ODF provides the FTLAC with ongoing status reports related to revenue projections and proposed ODF budgets for the future biennium. Figure 1 illustrates information from the past five biennia, and projected estimates for the 2009 - 2011 biennium. The ODF manages the BOF lands from the share of revenue deposited in the Department of Forestry Forest Development Fund (FDF).

Figure 1: Biennia Overview Revenue and Expenditures



BOF Expenditure numbers do not include revenue transfers discussed later in this report.

09-11 Revenues are calculated based on receivables from sold sales and anticipated revenues from planned sales as reported in the July 2009 State Forests revenue projection.

09-11 biennial budget numbers is an estimate based on the 07-09 Biennial budget.

Timber Harvest from Board of Forestry Lands

About 236.9 million board feet (MMBF) was harvested from Board of Forestry Lands from July 1, 2008 through June 30, 2009. This is an eight percent decrease from the five-year average of 240 MMBF and just slightly higher than the FY08 volume of 226.6 MMBF. Table 1 displays the volume removed by-county during fiscal years 2007, 2008 and 2009.

Table 1: Total Volume of Timber Removed from Board of Forestry Lands by County			
County	Total Volume MBF (thousand board feet)		
	2007	2008	2009
Benton	6,777	1,134	5,412
Clackamas	1,151	2,049	0
Clatsop	77,347	87,145	105,266
Columbia	3,346	6,847	1,002
Coos	1,668	2,803	1,962
Douglas	2,465	2,498	2,607
Josephine	106	259	390
Klamath	8,725	7,947	6,855
Lane	4,554	6,839	7,057
Lincoln	1,654	5,431	4,914
Linn	9,114	10,170	8,032
Marion	13,078	5,612	6,635
Polk	2,059	917	0
Tillamook	81,990	69,256	69,979
Washington	30,365	26,718	16,801
TOTAL	244,398	236,578	236,914

County Revenues from Timber Sales

The county share of revenues from timber harvest for this fiscal year and the prior fiscal year with five and 10-year averages are shown in Table 2. County revenues during FY2009 were approximately \$42.5 million. The average amount of revenue distributed to the Counties over the last 10 fiscal years was \$47.6 million. Revenues are distributed to counties each quarter.

Table 2: County Share of Revenue from Board of Forestry Lands				
County	*2008	*2009	5-year Avg	10-Year Avg
Benton	\$55,626	\$1,120,464	\$1,116,979	\$1,292,440
Clackamas	\$274,962	\$421	\$304,755	\$601,400
Clatsop	\$17,946,402	\$16,344,910	\$17,329,091	\$17,201,285
Columbia	\$2,185,611	\$375,044	\$1,098,694	\$1,018,965
Coos	\$752,990	\$248,306	\$408,457	\$299,769
Douglas	\$1,243,976	\$540,037	\$498,987	\$449,344
Josephine	\$64	\$14,597	\$5,717	\$16,514
Klamath	\$1,336,459	\$1,245,889	\$1,278,512	\$1,235,757
Lane	\$1,349,267	\$1,793,781	\$1,761,004	\$1,443,964
Lincoln	\$824,781	\$1,034,619	\$1,059,849	\$1,060,334
Linn	\$2,298,915	\$2,058,517	\$3,067,094	\$3,376,284
Marion	\$1,560,998	\$1,785,519	\$2,919,883	\$1,781,282
Polk	\$145,056	\$77,085	\$170,577	\$250,545
Tillamook	\$13,459,129	\$11,508,426	\$14,183,875	\$11,858,314
Washington	\$7,749,425	\$4,325,251	\$6,306,449	\$5,719,043
TOTAL	\$51,183,661	\$42,472,866	\$51,509,922	\$47,605,239

* Fiscal year 2008 and 2009 include dollars from project work legislated for capital improvement. The following section provides details and a breakdown of the funds.

A variety of factors contribute to annual harvest levels and corresponding revenues. A multi-year average compensates for “up” or “down” years and provides a clearer, long-term view of forest management.

The data for county share of revenue is taken from the state financial management application (SFMA).

Legislative Capital Improvement Funding

Legislation approved in 2007 provided \$6.4 million under capital improvements for timber sale project costs. These projects include road building and bridge building. This package was a one-time resource to offset project costs on ODF timber sales.

Counties share in the costs of these projects and, in this case, shared in the additional funding. The same distribution formula for determining the counties’ share of timber revenue (about two-thirds) was used to establish the distribution of this funding. It resulted in revenue distributions to counties of approximately \$4.1 million. ODF used its share (roughly one-third at \$2.3 million) to pay its share of the project costs.

Future timber sale project costs will return to the standard practice of being included in the timber sale contract, an expense shared by both the counties and ODF prior to revenue distribution. After capital improvements are completed and purchasers have been credited for the expense, the remaining revenue is distributed – following the approximately two-thirds formula – to counties.

In the case of the additional funding, a fair and equitable distribution of the funds to individual counties was determined by analyzing project work by county over the last 5 years.

About 99 percent of the authorized revenue has been distributed to counties. The remaining one percent will be distributed as additional capital improvement project work is completed.

Table 3 shows the distribution of this revenue to date.

Table 3: Legislative Capital Improvement Funding – June 30, 2009						
County	Percent¹	Total (\$)	County Share	Total (\$) Distributed to County to Date	Percent Distributed to County to Date	Total (\$) Remaining to Distribute to County
Clatsop	32.62	\$2,087,797	\$1,330,971	\$1,330,971	100 %	\$0
Columbia	0.93	\$59,783	\$38,112	\$38,112	100 %	\$0
Tillamook	39.78	\$2,546,173	\$1,623,185	\$1,623,185	100 %	\$0
Washington	9.69	\$619,983	\$395,239	\$395,239	100 %	\$0
Linn	4.12	\$263,617	\$168,056	\$141,206	84 %	\$26,850
Marion	1.56	\$100,143	\$63,841	\$63,841	100 %	\$0
Clackamas	0.54	\$34,367	\$21,909	\$21,909	100 %	\$0
Lincoln	3.07	\$196,433	\$125,226	\$125,226	100 %	\$0
Polk	1.09	\$69,773	\$44,480	\$17,147	39 %	\$27,333
Benton	1.17	\$74,945	\$47,777	\$47,777	100 %	\$0
Lane	3.53	\$226,017	\$144,086	\$144,086	100 %	\$0
Coos	0.42	\$26,855	\$17,120	\$17,120	100 %	\$0
Douglas	0.45	\$28,598	\$18,231	\$18,231	100 %	\$0
Josephine	0.19	\$11,937	\$7,610	\$7,610	100 %	\$0
Klamath	0.84	\$53,579	\$34,157	\$34,157	100 %	\$0
TOTAL	100.00	\$6,400,000	\$4,080,000	\$4,025,817	99 %	\$54,183

¹ Percentage was calculated based on the 5-year average of project work value by county (FY 2003-07).

Actual Revenues and ODF Management Costs

Actual gross revenues for 2009 totaled \$66.8 million, a 17.4 percent decline from 2008 (Table 4). The cost-to-revenue ratio for FY 2009 was about 52 percent. Actual gross revenues have averaged \$75.6 million over the past 10 years, with an average cost-to-revenue ratio of approximately 31 percent.

Table 4: Actual Gross Revenue and Expenditures – FY 2000-2009

<i>Actual Revenue Dollars</i>		<i>ODF FDF Expenditures</i>				<i>Revenue Transfers</i>	
Fiscal Year	Actual Net Revenue¹	Personal Services	Services & Supplies	Capital Outlay	FDF Expenditure Total	CI/CC., COPs, Seed Orchard, Admin Prorate	Total Cost
2009	\$66,805,762	\$15,447,222	\$9,519,971	\$10,627	\$24,977,839	\$6,708,876	\$31,686,715
2008	\$80,880,274	\$15,544,239	\$12,041,755	\$183,887	\$27,769,881	\$4,024,263	\$31,794,144
2007	\$91,035,628	\$14,664,974	\$13,523,541	\$98,113	\$28,286,629 ⁴	-\$5,178,510 ³	\$23,108,119
2006	\$93,135,149	\$13,529,064	\$10,915,862	\$243,984	\$24,688,910	\$5,607,473	\$30,296,383
2005	\$77,202,726	\$13,376,102	\$9,628,632	\$138,624	\$23,143,358	\$21,713,270 ²	\$44,856,629
2004	\$75,588,318	\$11,777,213	\$7,273,545	\$199,663	\$19,250,421	\$2,194,087	\$21,444,507
2003	\$72,590,895	\$11,395,363	\$7,130,232	\$417,631	\$18,943,227	\$3,065,141	\$22,008,368
2002	\$69,114,134	\$10,686,593	\$5,695,832	\$708,570	\$17,090,994	\$3,990,047	\$21,081,041
2001	\$66,647,019	\$10,046,233	\$6,053,184	\$269,558	\$16,368,975	\$2,689,368	\$19,058,343
2000	\$74,971,314	\$9,266,535	\$5,133,552	\$171,296	\$14,571,382	\$3,589,377	\$18,160,759

¹ Actual Net Revenues include revenues from negotiated sales, rights-of-way, permits, etc., in addition to timber sales minus project work. This amount is Gross revenue minus project work credits.

² FY05 House Bill 2148 transferred \$10 million out of the Forest Development Fund (FDF) into the General Fund and \$3.9 million to Oregon Parks and Recreation Department, \$991,000 for Public Employees Retirement System (PERS) gap, and \$4.8 million for the Tillamook Forest Center that was not reported the previous fiscal year.

³ This revenue transfer includes the \$10 million that was transferred out of the general fund to the Forest Development Fund in January of 2007 and the \$821,971 that was transferred in to FDF from FEMA to reimburse ODF for FEMA qualifying projects resulting from Winter 2006 storm damage.

⁴ A transfer to the Facilities, Maintenance and Development Account (FAMADA) in the amount of \$925,000 was made in June 2007 and is included in the expenditures for Fiscal 2007 along with storm damage repairs. Data taken from State Financial Management Application

Fiscal Year 2009 Costs

Total expenditures in Fiscal 2009 were \$25 million related directly to operational budget units that manage BOF land. The budget units include Salem’s State Forests’ staff, three regional areas and nine districts. The responsibilities of these units include timber sale contract development and compliance, reforestation and intensive management activities; ESA compliance, recreation, interpretation and education, research and monitoring, forest planning, and overall program management

Expenditures referred to as “Revenue Transfers” are net revenue transfers in and out of the fund and equaled approximately \$6.7 million for FY2009. Transfers into the fund totaled over \$1.3 million. The transfers out include an administrative prorate, debt service on Certificates of Participation (COPs) for capital construction projects, fire protection costs, and seed orchard management.

It is the Department of Forestry's goal to ensure that the administrative cost structure accurately reflects the work performed by administrative staff, and that each end-user pays their appropriate share of administrative costs. The administrative prorate supports the following services:

- Human Resources (Personnel, Labor Relations, Safety, and Training);

- Financial Services (Accounting and Reporting Services);
- Internal Auditing, Quality Control, and Risk Management;
- Information Technology support and infrastructure to ODF staff and field offices;
- Oversight of Facilities, Property Control, and Procurement activities (Contracting and Physical Assets);
- Payroll Administration;
- Biennial Budget Development and Implementation;
- Agency Affairs (Public Information, Education, and Legislative Coordination);
- Resource Analysis and Technical Studies;
- The ODF share of State of Oregon central government service charges; and
- Executive Level Policy and Administrative Oversight (State Land Board, Board of Forestry, Executive Team and Administrative Services Program Directors).

The administrative prorate charges for FY2009 were \$4.3 million. Prorate percentages, the percentage of time a specific service area performs work for the benefit of an end-user, are calculated from work studies performed each biennium by ODF. Each biennium, a new work study is conducted to ensure the allocated percentages are as accurate as possible, then a budget policy option package is presented to re-align the Department of Forestry's budget within the study parameters. If the Legislative Assembly approves the package, then the prorate is re-aligned. If not, the existing prorate is continued.

Seed orchard costs for FY2009 were \$186,682. These funds were used to produce genetically improved seed (superior growth characteristics as identified through traditional breeding and selection methods) appropriate for state forestlands.

The COP interest and principal allocation funds debt service for capital construction on the Salem headquarters buildings, and totaled \$448,329 in FY2009.

The Oregon Department of Forestry Protection from Fire costs were \$1,156,225 for FY2009. Inter-agency transfer of \$1,865,084 to the Department of State Lands was made to reimburse negotiated administrative costs and credit towards decertification of forest land resulting in a change of pro-rated cost from 17 percent to 16 percent. The remaining revenue transfers included charges for residual equity of \$8,268 (i.e. additional vehicle or vehicle upgrades.)

Historical Timber Harvest Information

Timber harvest volume is volume removed during the FY 2009 period. In 2009, total timber harvested from BOF sales was approximately 236.9 MMBF. This is a slight increase from the 236.6 MMBF removed in FY2008 and about one percent decrease from the ten-year average of 240.5 MMBF. The value of timber removed during FY 2009 was \$67.6 million, a 20 percent decrease from FY2008 and a 19 percent decrease from the ten-year average. The harvest value, volume and stumpage prices of sold sales for the previous 10 years are shown in Table 5, along with a five- and ten-year average.

Table 5: Historical Timber Harvest Value, Volume, Stumpage Prices – FY 2000-09			
Fiscal Year	¹Gross Timber Sale Value Removed	Timber Harvest Volume (MBF)	²Average Timber Sale Sold Stumpage Price
2009	\$67,642,199	236,914	\$211
2008	\$84,619,195	236,578	\$250
2007	\$98,287,294	244,398	\$348
2006	\$103,150,843	276,908	\$365
2005	\$89,542,266	281,655	\$361
2004	\$81,104,304	239,386	\$277
2003	\$86,875,185	253,532	\$284
2002	\$79,544,382	228,326	\$306
2001	\$65,489,876	193,069	\$208
2000	\$74,639,111	214,165	\$347
Last 5-Year Average	\$88,648,359	255,291	\$307
10-Year Average	\$83,089,466	240,493	\$296

¹ Includes County and ODF shares, project work, and forest rehabilitation payments.

² Average timber sale stumpage price is gross timber sale value minus project work. This is a change from past reports where stumpage value included project work costs. Stumpage price shown is an average and includes all species.

Forest Rehabilitation Repayment Status

The Forest Rehabilitation Fund was created by the 1949 Oregon Legislature “to rehabilitate, reforest and develop state-owned forest lands so as to secure the highest permanent usefulness to the whole people of the State of Oregon.” The State paid for the bonds to establish this fund, and the State is being repaid by the counties from timber harvest revenues. The current repayment status – unchanged from last year – is shown by county in Table 6.

Table 6: Balances for Rehabilitation Payback per County as of June 30, 2009			
County	Obligation	Sum of Payments	Balance
Josephine	\$29,903	\$0	\$29,903
TOTAL	\$29,903	\$0	\$29,903

County Revenue Projection

In recent years, the State Forests Program provided a revenue projection to the Association of Oregon Counties twice a year. ODF has been working on improvements to the revenue projection process in an effort to provide more accurate estimates for internal information and to the Association of Oregon Counties. This effort has been in response to recommendations contained in the 2006 revenue projection performance audit.

The July 2009 revenue projection was the first time ODF created a six-year projection for the counties that receive revenue distribution based on percentage of deeded State Forests lands. Figure 2 represents the July 2009 revenue projection produced by the State Forests Division staff. For the July 2009 revenue projection, it is important to keep in mind the current uncertainties in the forestry sector and the timing surrounding the predicted recovery of the log market. The further into the future the forecast, the more uncertainty associated with the revenues.

This projection includes estimated revenues from both sold and planned timber sales. Housing-start data was used to forecast the revenue included in the “future category” of the projection. Using housing starts to predict future stumpage prices is a new refinement in the projection model. ODF assumes that stumpage prices will recover at the same rate as projected housing starts.

These projections are estimates only. Assumptions were made on the timing of revenues based on local knowledge from ODF district personnel. Actual revenues will depend on actual versus assumed timing of revenue and actual versus estimated volumes. Market factors or changes in federal or state regulatory requirements would significantly alter the above projections.

Figure 2: July 2009 County Share Revenue Projection

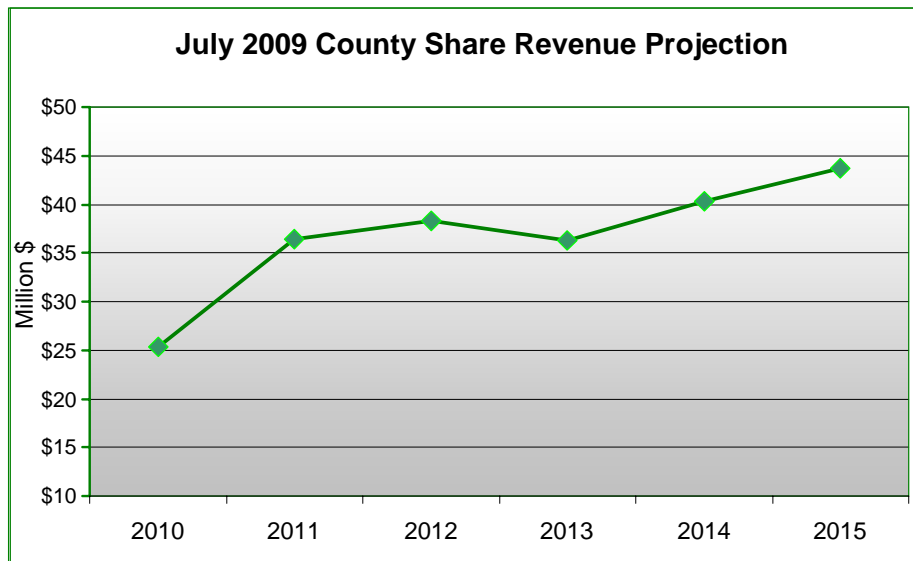


Table 7: July 2009 County Share Revenue Projection

County Totals	2010	2011	2012	2013	2014	2015
Benton	\$141,060	\$235,694	\$505,117	\$285,016	\$347,900	\$377,506
Clackamas	\$35,135	\$631,075	\$485,947	\$189,709	\$207,167	\$213,505
Clatsop	\$7,655,199	\$8,579,574	\$11,598,516	\$11,493,511	\$13,704,896	\$14,973,910
Columbia	\$88,631	\$529,792	\$765,741	\$260,323	\$320,779	\$348,612
Coos	\$229,052	\$777,073	\$542,962	\$811,364	\$739,509	\$802,440
Douglas	\$519,224	\$208,921	\$246,081	\$232,255	\$282,135	\$312,112
Josephine	\$93,704	\$3,505	\$17,817	\$30,912	\$37,240	\$42,563
Klamath	\$1,392,634	\$671,237	\$1,647,165	\$1,160,400	\$857,461	\$930,430
Lane	\$1,125,111	\$2,007,775	\$3,249,310	\$1,626,451	\$1,243,528	\$1,283,845
Lincoln	\$103,303	\$659,682	\$831,375	\$776,607	\$657,587	\$713,547
Linn	\$1,587,730	\$2,886,940	\$1,323,303	\$1,492,868	\$1,538,958	\$1,586,037
Marion	\$560,461	\$1,563,269	\$1,321,842	\$1,212,530	\$1,213,409	\$1,250,529
Polk	\$8,606	\$55,174	\$125,057	\$212,944	\$259,927	\$282,047
Tillamook	\$6,503,390	\$8,913,152	\$9,428,754	\$11,857,513	\$13,568,304	\$14,805,140
Washington	\$5,337,097	\$8,670,460	\$6,166,465	\$4,655,164	\$5,285,898	\$5,744,446
TOTAL	\$25,380,337	\$36,393,323	\$38,255,454	\$36,297,568	\$40,264,698	\$43,666,669

Long-Term Market Trends

The projection of the long-term trends is based on data from IHS Global Insight Inc., Random Lengths, and interviews of analysts knowledgeable about Oregon's forest products industry.

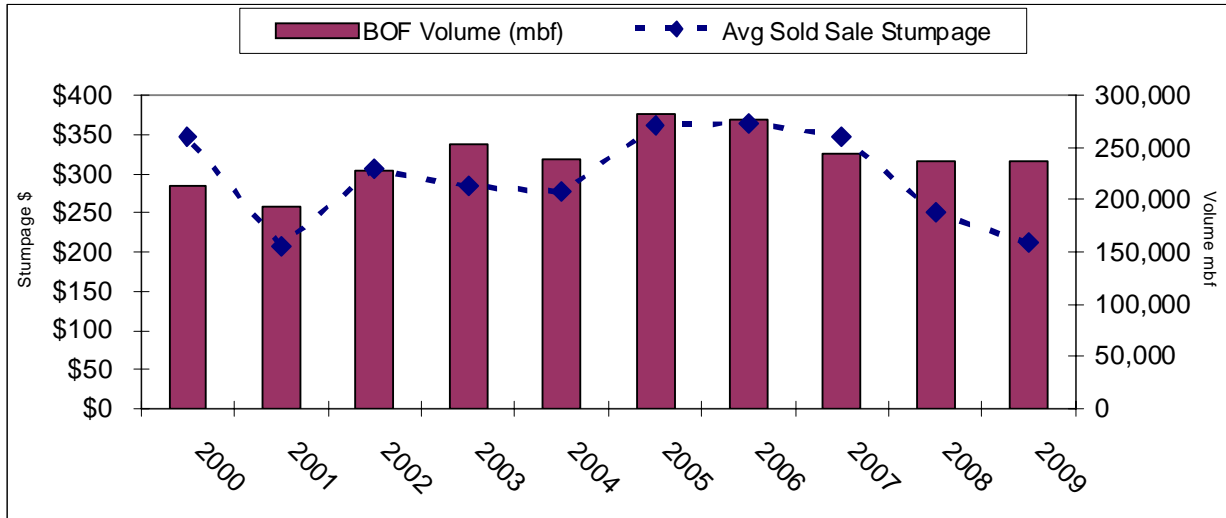
The primary product marketed by the Department of Forestry from Board of Forestry Lands is sawmill grade logs. These logs are processed predominantly into dimension lumber and plywood for the housing market. Accordingly, the Department's market trends are largely influenced by the amount of new home construction and home remodeling, the level of non-housing construction, mortgage interest rates, and competition from alternative suppliers of logs and sawtimber. Collapsing house prices and construction and a slowing economy have soured markets for primary forest products and consequently timber marketed by the Department of Forestry.

According to the most recent IHS Global Insight forecast, "... recent data revisions have shown that the recession was deeper than first thought. . ." The U.S. economy slumped into a recession in late 2007. Leading the decline was the credit crisis, which hit forcefully more than a year ago with rising defaults in the market for subprime mortgage loans. The credit problems have since spread from subprime loans, mortgages provided to borrowers with weak credit histories, to other types of mortgages and other kinds of loans. Mortgage market troubles spread to even the most risk-averse lending institutions, with big credit unions reporting large losses on housing related securities. This gloomy scenario, along with a faltering national economy, resulted in a downfall in housing-related industries much more severe than previously forecasted.

In spite of grim market conditions and plunging timber harvest levels across the Oregon, the 2008 Oregon Timber Harvest Report shows state forests maintained 2009 harvests at 2007 and 2008 levels. As shown in Figure 3, harvests from Board of Forestry Land increased slightly – about one percent – from fiscal year

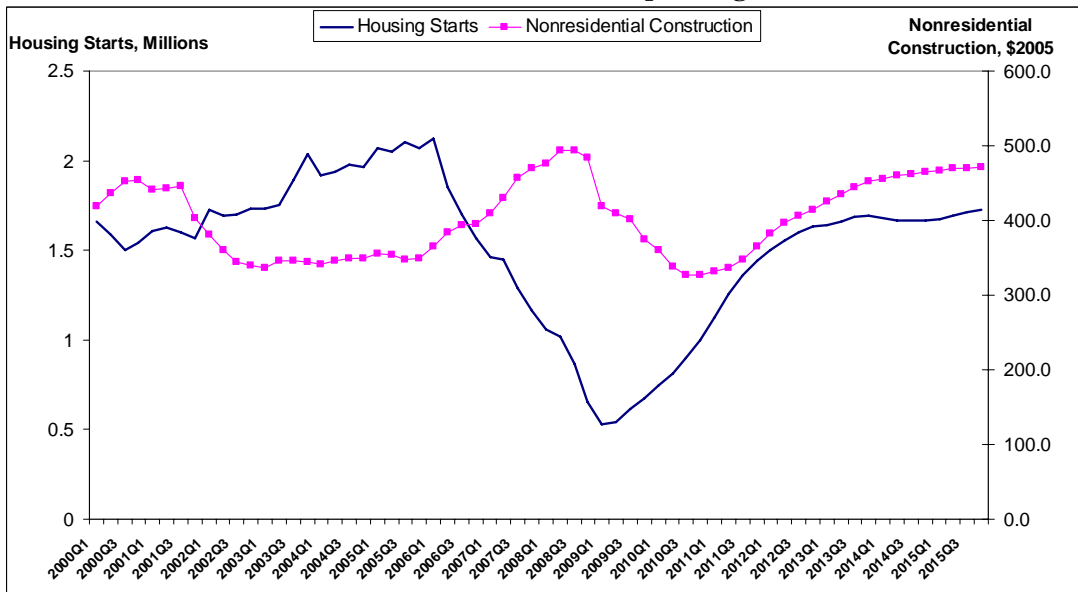
2008 to 2009, while stumpage prices plummeted 15.6 percent. This resulted in a 20 percent decline in harvested value, from \$84.6 million in 2008 to \$67.6 million in 2009.

Figure 3: Timber Volume Removed and Stumpage Prices, FY 2000-09



Demand for logs and stumpage harvested from Oregon’s forests are highly correlated with national housing starts, and will not significantly improve until there is a turnaround in housing start levels. Excesses in the housing market will be worked off once the current crisis passes, and housing-related industries should then begin to recover, albeit slowly. The collapse in housing starts and prices should help this recovery as emerging demand cuts into burgeoning housing inventories, but this will take time. As shown in Figure 4, housing starts are now forecasted to have hit bottom in the 2nd quarter of 2009 at a historically low level of 0.54 million annual starts. These levels are expected to increase in the last quarter of 2009 to 0.68 million starts, and gradually increase thereafter. Housing starts are expected to return to the 1.6-1.7 million level by 2013, a sustainable level based on personal income and demographics.

Figure 4: Historical and Forecasted U.S. Housing Starts and Nonresidential Construction Spending, 2000-2015



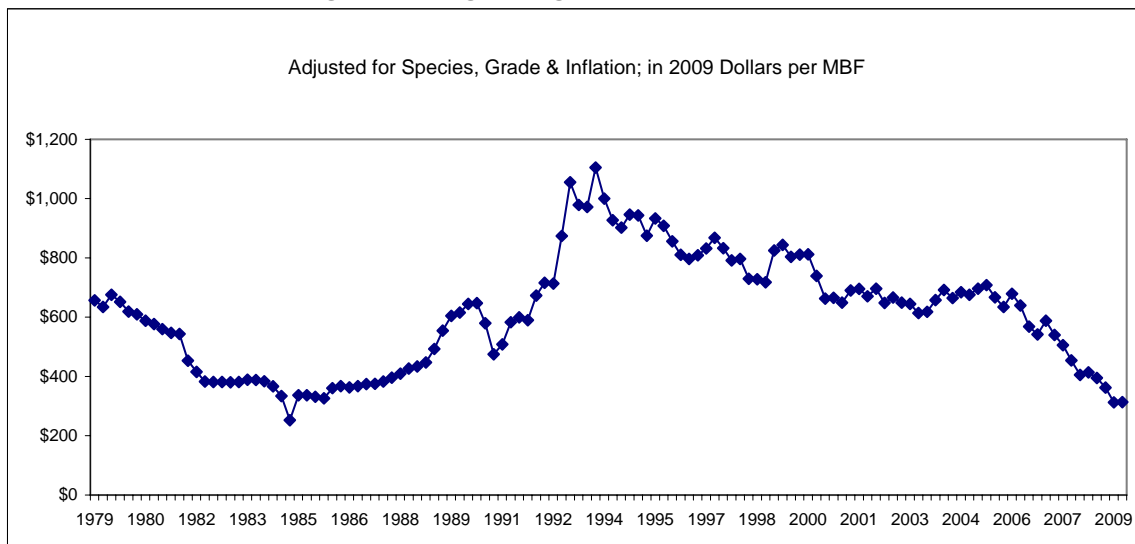
The outlook for single-family housing is improving. According to IHS Global Insights, “Much better affordability, and the extra stimulus from the first-time home-buyers’ tax credit, have lead to improvements in single-family home sales, housing starts, and builder confidence.” The picture is much worse for the multi-family market and nonresidential construction. Other Federal programs, such as the extension of the Term Asset-Backed Loan Facility Program will help build offices, apartment buildings, and other types of commercial real estate but in spite of these programs, spending for business construction will fall.

Along with housing starts, lumber and log prices (Figure 5) had declined dramatically until the second quarter of 2008. Lumber and plywood prices have since rebounded, but to lower levels than last year. It is unclear if these prices can be sustained, even with lower mill production. Log prices have stopped declining, having stabilized at relatively low levels. Although stable, it is unlikely that substantial increases in log prices can be expected until there are indications that recovery of the housing market is eminent.

Low levels of housing starts and anemic economic growth are expected to result in continuing downward pressure on lumber prices, with recovery in lumber, plywood, and log prices tied to an economic turnaround and improving housing starts. Recovery in demand for logs may be delayed if economic growth is sluggish coming out of the current recession.

Bright spots for timber-related industries are rare but could include Federal programs to stimulate new housing and business construction. Regionally, chip prices have fallen from their highs but remain relatively strong. With decreased lumber production has come a scarcity of chips and increasing prices and chipping of smaller and low-quality logs that would have otherwise gone to lumber production. Although a relatively small segment of Oregon’s timber harvests go overseas, export prices are relatively strong giving a needed boost to demand for timber.

Figure 5: Oregon Log Price Index, 1979-2009



FOREST MANAGEMENT & PLANNING

NORTHWEST AND SOUTHWEST OREGON STATE FORESTS

About 633,800 acres of land are managed under the Northwest Oregon and Southwest Oregon State Forests Management plans (FMP). 96 percent of these acres are Board of Forestry land. The remaining four percent are Common School Forest Lands.

Revision of Forest Management Plans

The Board of Forestry, in June 2009, directed the ODF to begin a public process to revise the NW and SW Oregon State FMPs. The revision involves reducing the long-term goal for developing older forests in the NW FMP, while allowing for greater economic returns through timber harvest. The NW FMP long-term goal for older forest types will move from 40-60 percent of the landscape to 30-50 percent, with 20 percent of the acreage of these older forest types expected to be developed within 20 years.

The Board also approved implementing new strategies for species of concern. In cooperation with the Oregon Department of Fish and Wildlife, ODF has identified 40 species the strategies are intended to protect, including federal and state listed threatened and endangered species. The species of concern strategies will replace a draft habitat conservation plan that had been used to supply protective guidelines.

Since the forest management plans are administrative rules, the revision will require formal rulemaking. This process provides for public review and participation in the adoption of the revised plans. The revision process could take up to a year. The first on-the-ground effects of the Board's decision would likely be seen in the 2012 annual operations plans.

Revised District Implementation Plans

In 2009, State Forester Marvin Brown approved revised District Implementation Plans for Tillamook, Astoria and Forest Grove districts. The revision, which became effective for the 2010 annual operations plans, reduces the long-term goal for structurally complex forests from 50 percent to 40 percent, a reduction within the range of the NW FMP.

The implementation plans for the three districts were revised to better align with the performance measures approved by the Board. The Board's performance measures call for increased revenue and having 20 percent of the acreage of the Tillamook and Clatsop state forests in structurally complex (older) forest habitat in 20 years. An ODF work group developed the revised strategies. The implementation plans will need to be revised again when a revised NW FMP is approved.

Implementation plans describe the management approaches and activities each district will pursue in order to carry out the NW and SW FMPs. They provide the objectives for the annual operations plans, and they link the goals and strategies found in the long-range FMPs to the annual plans. The districts that are operating under an implementation plan include: Astoria, Forest Grove, Tillamook, North Cascade, West Oregon, Western Lane and Southwest Oregon districts. The initial implementation plans were approved by

the State Forester in March of 2003. They are developed with a 10-year outlook, but are subject to revisions as needed, or at least every ten years.

Public Involvement

The State Forests Division continues to proactively involve the public in the successful implementation of its FMPs, and recreation plans and activities. In addition to the public comment period on annual operations plans, the division uses a standing advisory committee, the Northwest State Forests Advisory Committee (SFAC). This committee works with district staff on issues associated with implementing the NW FMP. The committee is comprised of members that are representative of a diversity of interests. The SFAC meets at least every quarter to engage in ongoing discussions regarding operational activities or issues. There are additional committees that advise district staff on important recreation issues and activities.

Each year, the public is invited to comment on the annual operations plans (AOPs) for the nine districts with state-managed forestlands. A district AOP includes a summary report and details related to proposed on-the-ground operations, such as timber sales, road building, reforestation, stream enhancement projects and trail building.

After public comments have been considered and any changes made, district foresters approve the annual operations plans for their districts by June 30. Annual operations plans are available at each district office, area ODF offices, and Salem headquarters. The plans also are posted on the ODF web site.

The public involvement process provides an opportunity for ODF districts to share their annual plans, and provide opportunities for the public to ask questions and offer comments on the planned activities on state forestlands. Written comments providing the most useful suggestions focus on one or more of the following:

- enhancing the consistency of an annual plan with the forest management plan;
- improving the clarity of an annual plan;
- providing new information that affects an annual plan (such as location of a domestic water source or cultural resource site); or
- improving the efficiency and effectiveness of an annual plan or planned operation.

The 45-day comment period for the FY 2010 AOPs was held from March 30 to May 13, 2009. This same comment period also was used to review revisions to the implementation plans for the Tillamook and Clatsop state forests. Public meetings also were held in Tillamook, Forest Grove and Astoria to discuss the revisions to the implementation plans and to receive public comments.

Annual Operations Plan and Budget – Summary FY 2010

Annual Operations Plans (AOPs) link operational planning and accountability to ODF plans, policies, goals and budgets, by district. The AOPs provide information for fiscal budget development and revenue projections, and may need to be adjusted throughout the process based on revenue projections.

AOPs address the following issues requiring significant commitment of personnel or funds:

- timber sales;

- habitat management;
- young stand management;
- recreation projects;
- road construction and maintenance; and
- monitoring efforts and other activities.

Annually, drafts of AOP components undergo significant review by ODF, Oregon Department of Fish and Wildlife, and US Fish and Wildlife staffs, and supporting advisory committees, as well as the public. Once the review period has ended, district foresters consider input received from all these sources before final approval of the AOPs by the District Forester. District Foresters also will approve modifications of AOPs when necessary that may result from new information, changes in budget levels, or unforeseen circumstances.

The approved 2010 AOPs propose harvest operations of 203.7 MMBF, with a projected net value of \$31.0 million on BOF lands. A summary of the 2010 AOPs is provided by county in Table 8, and by district in Table 9.

The AOPs provide information for fiscal budget development and revenue projections. AOPs may need to be adjusted throughout the process, based on revenue projections. The State Forests fiscal 2010 budget is shown in Table 10.

Table 8: FY 2010 – BOF Lands Statewide Annual Operations Plan Summary by County

County	Clear-Cut Acres	Partial Cut Acres	Total Acres	Total Volume (MMBF)	Gross Value (MM\$)	Project Value (MM\$)	Net Value (MM\$)
Benton	6	274	280	2.6	0.7	0.1	0.6
Clatsop	1,424	866	2,290	73.5	12.6	1.5	11.1
Coos	71	10	80	2.2	0.8	0.0	0.8
Douglas	0	110	110	0.5	0.1	0.0	0.1
Klamath	0	874	874	4.9	0.6	0.1	0.5
Lane	102	228	330	8.7	1.2	0.1	1.2
Lincoln	109	207	316	5.0	1.5	0.3	1.2
Linn	0	222	222	2.5	0.5	0.0	0.5
Marion	161	302	463	8.3	1.9	0.1	1.9
Tillamook	2,732	1,162	3,894	67.7	9.7	1.5	8.2
Washington	377	782	1,159	24.9	4.4	0.2	4.2
Clackamas	123	0	123	3.0	0.8	0.0	0.8
TOTAL	5,104	5,037	10,141	203.7	34.8	3.8	31.0

Table 9: FY 2010 – BOF Lands Statewide Annual Operations Plan Summary by District

District	Clear-Cut Acres	Partial Cut Acres	Total Acres	Total Volume MMBF	Gross Value MM\$	Project Value MM\$	Net Value MM\$
Astoria	1,226	605	1,831	61.1	10.3	1.3	9.0
Coos	71	10	80	2.2	0.8	0.0	0.8
Forest Grove	1,161	1,093	2,254	58.0	10.7	0.6	10.1
Klamath-Lake	0	874	874	4.9	0.6	0.1	0.5
North Cascade	284	524	808	13.8	3.3	0.1	3.2
SW Oregon	0	110	110	0.5	0.1	0.0	0.1
Tillamook	2,146	1,112	3,258	47.0	5.6	1.2	4.4
Western Lane	102	228	330	8.7	1.2	0.1	1.2
West Oregon	115	481	596	7.6	2.2	0.4	1.8
TOTAL	5,104	5,037	10,141	203.7	34.8	3.8	31.0

Table 10: State Forests Fiscal 2010 Budget – BOF Lands

Budget Unit	PS	S&S	CO	TOTAL	Reimbursable Costs	NET TOTAL
Salem Total	\$1,908,668	\$1,442,944	\$0	\$3,351,612	\$0	\$ 3,351,612
NWOA Office	\$308,796	\$141,606	\$0	\$450,402	\$0	\$450,402
Astoria	\$1,795,209	\$1,032,647	\$0	\$2,827,856	(\$48,998)	\$ 2,778,858
Forest Grove	\$1,856,849	\$607,850	\$0	\$2,464,699	(\$396,429)	\$ 2,068,270
North Cascade	\$644,771	\$345,524	\$0	\$990,295	\$0	\$ 990,295
South Fork	\$1,322,996	\$508,804	\$6,000	\$1,837,800	\$0	\$ 3,961,738
Tillamook	\$2,262,285	\$1,699,453	\$0	\$3,961,738	(\$329,686)	\$ 1,508,114
Tillamook Forest Ctr.	\$453,876	\$213,235	\$0	\$667,111	(\$80,000)	\$ 587,111
West Oregon	\$460,879	\$181,263	\$0	\$642,142	\$0	\$642,142
NW Area Total	\$9,105,661	\$4,730,382	\$6,000	\$13,842,043	(\$855,113)	\$12,986,930
SOA Office	\$38,443	\$7,022	\$0	\$45,465	\$0	\$45,465
Coos	\$141,822	\$112,504	\$0	\$254,326	\$0	\$254,326
SW Oregon	\$126,363	\$47,300	\$0	\$173,663	\$0	\$173,663
Western Lane	\$332,787	\$68,624	\$0	\$401,411	\$0	\$401,411
SOA Total	\$639,415	\$235,450	\$0	\$874,865	\$0	\$874,865
EOA Office	\$15,157	\$32,967	\$0	\$48,124	\$0	\$48,124
Klamath	\$331,008	\$109,637	\$0	\$440,645	\$0	\$440,645
EOA Total	\$346,165	\$142,604	\$0	\$488,769	\$0	\$488,769
TOTAL FY 09	\$11,999,909	\$6,551,380	\$6,000	\$18,557,289	(\$855,113)	\$17,702,176

PS – Personal Services includes employee salary and benefits; S&S – Service & Supply includes professional and service contracts, vehicles, training, etc.; CO – Capital Outlay; Reimbursable Costs – dollars expected from grants and shared-cost agreements.

KEY PROJECTS

Conserving Working Forests

One bright spot in the midst of a challenging year has been the initiative to conserve working forest lands threatened with fragmentation in the Gilchrist area of Central Oregon. During the 2009 Legislature, the Department of Forestry sought and received \$15 million in Lottery bonding authority to fund acquisition of the former Gilchrist Timber Company lands, located 45 miles south of Bend. The lands, once a showpiece private forest of Ponderosa Pine, were heavily logged in the 1990s and are at risk of being parcelized: divided up into minimum lots and sold for development.

Virtually every acre of the property has been harvested in the last 15 years: today's young trees will eventually grow into a productive and attractive forest, but they need young stand management attention and the lands need time to recover. The Department of Forestry has a tradition of restoring healthy forests on lands that have been devastated due to fires and heavy harvest activity. Managed like the Sun Pass State Forest just 50 miles to the south, these lands can one day provide revenue to the county, excellent wildlife habitat, recreation for locals and visitors, and many other important forest values.

In the fall of 2009, the Department was in final negotiations with the landowner, Fidelity National Timber Resources Inc., to acquire the majority of the lands. Transition to state ownership of these lands is expected in early 2010...the first significant block of new state forest added in more than 70 years.



This view looks north from a high point in the middle of the Gilchrist forest lands in Central Oregon toward the higher country around Newberry Crater. (Photo by Doug Decker, ODF).

Board of Forestry Performance Measures

In 2007, the Oregon Board of Forestry adopted nine performance measures for the Tillamook and Clatsop State Forests. These measures will assist in evaluating, over time, whether management of Board of Forestry lands is achieving “greatest permanent value” for Oregonians, as the law requires. The Greatest Permanent Value (GPV) is defined in administrative rule as meaning healthy, productive and sustainable forests that provide social, economic and environmental benefits. These benefits provide the context for the nine interrelated measures.

The Board adopted quantitative targets for three of the nine measures November 2007, and recognized these targets would be refined as more is learned through its continuous improvement work. Two of the quantitative targets specify improvements to habitat and economic outputs. The targets seek to create complex (older) forest conditions on 20 percent of the landscape over the next 20 years, while increasing revenue (five-year average) 30 to 35 percent over the next ten years. The third quantitative measure seeks to reduce the percentage of roads draining directly to streams to less than 15 percent over the next ten years, and to reduce road crossings that block fish passage to less than two percent in the next ten years.

The other six performance measures have targets that seek to maintain or improve: net return on asset value; financial contributions to communities; forest health; recreation; public and stakeholder involvement; and Oregonians’ awareness and support. More specific targets will be developed later.

In November 2007, the Board also directed the Department to develop management approaches that would meet the complex structure and increased revenue targets for the Tillamook and Clatsop State Forests. Results of this work were presented on November 6, 2008, where the Board then directed the Department pursue an incremental, three percent per year increase in timber revenues, while on a trajectory toward the 30 to 35 percent target set in its performance measures. The Board also directed continued work on species of concern strategies consistent with the current forest management plan guiding principles and the Greatest Permanent Value administrative rule, and requested information on two additional management scenarios.

The Department returned to the Board at its April and June 2009 meetings with the results of this work. The Board then directed the Species of Concern strategies be used as the Department’s approach for managing species of concern, ending reliance on a draft federal habitat conservation plan. The Board further directed the Northwest Forest Management Plan be revised to allow a balance of economic, environmental and social benefits that better reflects those considered in performance measure development discussions. This rebalancing will be achieved by modifying the complex forest structure range from 40 to 60 percent to 30 to 50 percent of the forest. The Department presented revised Northwest and Southwest Oregon Forest Management Plans reflecting this direction at the September 2009 meeting, where the Board directed these proposed changes be moved forward into an administrative rule process.

Reporting on the performance measures will occur biennially and will be used, along with other information (e.g., research), to “evaluate, learn and improve” on the active management approach used on Board of Forestry forestlands. Following these two-year reviews, the Board also may determine whether outcomes are achieving the GPV or whether adjustments to the management plans may be needed. The November 2008 report was the initial report delivered under the biennial schedule; it focused on outcomes resulting from the implementation of the existing forest management plan.

Watershed Analysis – Evaluation

Watershed analysis is a holistic evaluation of the influence of land management on multiple ecological conditions and functions conducted at a watershed scale. ODF has focused on aquatic systems and functions that are influenced by watershed processes.

Within the context of forest management, a watershed analysis provides an integrated evaluation of watershed conditions and processes that can be influenced by forest management. This evaluation can be used to inform forest management decisions.



The State Forest watershed analysis program was implemented after the Board of Forestry adopted the Northwest Oregon and Southwest Oregon State Forests Management Plans (FMPs) in January 2001. (Photo by Jeff Foreman, ODF)

Lessons Learned From Watershed Analysis

Watershed analyses have been completed on 51 percent of State Forests' lands, including the Trask, Miami, Upper Nehalem and Wilson rivers. ODF's watershed analyses describe watershed processes, current conditions and potential future conditions in the context of the FMPs.

Geospatial, tabular, and graphical data covering riparian, landslides, roads, peak flows, and more are available, and could probably be better utilized. While each analysis had unique approaches to some of the analysis questions, overarching trends include:

- Historic practices removed existing in-channel wood, reduced the potential for large wood recruitment from riparian areas, and altered channel morphology.
- Fish Habitat: Low levels of large wood; instream fine materials may be a problem in some locations; bedrock may be a problem in others; and a shortage of complex pools.
- Large wood recruitment from hardwood-dominated riparian areas may limit long-term instream wood volume and fish habitat recovery (approximately 19 to 35 percent of watersheds have hardwood dominated riparian areas and 22 to 61 percent have mixed hardwood/conifer).

- Moderate to high shade conditions exist (e.g., 86 to 97 percent tributaries to the Wilson), except for main stem very large rivers that tend to be lower (47 percent on main stem Wilson).
- Road conditions have been improving but require additional work (8.7 to 19.8 percent of roads are hydrologically connected, 3.5 to 9.7 percent of crossings are barriers to adult or juvenile fish migration).

Future of Watershed Analysis

A small work group evaluated possible improvements for future watershed analysis. Several areas for improvement were identified, including the need for an overarching definition of the mission of watershed analysis.

It appears the greatest future value may be within large-scale planning and reporting purposes. To that end, future data collection, analyses, and reports should be planned and implemented to answer large-scale questions. Exceptions should be considered for districts that make a case for a classic watershed analysis because of specific watershed characteristics or AOP needs.

Given team findings, the following recommendations were made by staff and approved by Program leadership:

- The overarching mission of watershed analysis is primarily to provide information for broad-scale planning.
- Refine watershed analysis objectives to reflect new watershed analysis mission.
- Adjust state forests program approach to watershed analysis to reflect newly proposed mission and objectives.
- Focus program efforts and resources towards managing, understanding, and applying information gained from completed watershed analyses (i.e., ensure a return on the investment).
- Any additional watershed analyses would focus on a subset of the remaining ownerships using selection criteria.
- Through a business case analysis, determine benefit of implementing future revised watershed analyses.
- Budget recommendation: the team did not recommend implementing watershed analysis in FY 2010. Decisions thereafter should be based on a completed, positive business case, and after most of the above recommendations have been completed.

Stand Level Inventory

The Stand Level Inventory (SLI) is a forest inventory developed by ODF for use on the entirety of ownerships managed by the State Forest Program. Field measured sampling occurs in a carefully selected representative portion of all stands. These inventory cruise stand results are used to extrapolate inventory information in a supervised way to stands which do not have field-measured data. This provides site-specific information on trees, downed wood and non-tree vegetation (herbs-shrubs-grasses) in the cruised stands, statistically derived information about all stands for forest modeling purposes, and the ability to aggregate the information to report district and state-wide inventory totals for state forestlands.

Statewide, as of the end of June 2009, there are 13,355 SLI stands, 5,346 of which (40 percent) have field-based measurements. Stands are delineated along differences in general timber characteristics – boundaries are drawn to group together areas with similar tree species, size and stocking. SLI boundaries often coincide with administrative boundaries, but individual stands may include more than one land ownership category such as Board of Forestry (BOF) lands and Common School Fund Lands (CSFL) lands. Inventory reporting specific to ownership category is facilitated by integration of the SLI data with ownership information from GIS. The table below shows the total number of stands by ODF District, the number and percentage of

stands with field-based measurements, the number of stands having one or more acre of BOF lands, and the number of stands having one or more acre of CSFL.

Table 11: SLI Status of All Ownership Classes as of June 2009					
State Forests Districts	Total Stands	Measured Stands	Measured Stands %	BOF Stands	CSFL Stands
Astoria	1,510	863	57%	1,482	66
Forest Grove	1,258	755	60%	1,251	22
Tillamook	5,753	892	16%	5,642	194
West Oregon	968	508	52%	811	297
North Cascade	761	377	50%	744	34
Western Lane	371	210	57%	344	28
SW Oregon	294	174	59%	164	130
Coos	2,139	1,343	63%	284	1,997
Klamath-Lake	301	224	74%	220	81
TOTALS	13,355	5,346	40.0%	10,942	2,849

Forest stands undergo continuous change over time, due to timber growth, mortality and harvest. The long-term goal for SLI is to maintain at least 50 percent of all stands with recent (with respect to change factors) field measured cruise information. ODF has conducted annual inventory cruising projects in order to acquire and maintain the needed measurements. During the period from July 2008 through June 2009, 425 newly measured stands (about 3.2 percent of all stands) were completed as part of the latest annual projects.



Field measured sampling occurs in a carefully selected representative portion of all stands. (Photo by Jeff Foreman, ODF)

Due to recent declines in available project funding, SLI cruise projects have been curtailed – having ended in June 2009. Federal stimulus program grant funding for some SLI work in the Tillamook District related to forest health assessment has been applied for and may occur within the next year. The State Forests Division’s plan for future SLI data acquisition is being assessed at this time, with a focus on providing all

districts with measured stand information in stands they identify as the subject of specific operations planning and decision-making.

Stand Level Inventory Timber Volume Estimate

Table 12 shows the SLI-based estimate of merchantable net board foot volume by species for CFTL lands as of June 30, 2009. The acres information is net of area in roads – other non-forested acres are not removed, but the volume estimate does reflect the effect of low or non-stocked acres outside of roads.

Table 12: Timber Inventory Estimate for State Forests BOF Lands, June 30, 2009											
District	Acres	Total Net Scribner Board Foot Volumes (MBF)								Total	Average MBF/Acre
		Douglas-fir	Cedar	True Fir	Hemlock	Pine	Spruce	Alder	Other		
Astoria	130,540	2,245,491	26,216	35,108	960,897	267	117,172	517,510	41,123	3,943,784	30.2
Coos	8,741	170,363	3,158	25	25,503	0	218	20,575	6,437	226,279	25.9
Forest Grove	111,679	2,596,999	17,908	40,618	125,448	126	136	169,596	39,203	2,990,034	26.8
Klamath-Lake	27,061	7,621	2,172	56,841	0	195,150	0	0	2,303	264,087	9.8
North Cascade	45,419	875,956	20,150	28,418	132,228	95	0	26,018	19,187	1,102,052	24.3
Southwest Oregon	9,055	116,528	5,302	8,487	1,836	3,107	0	575	19,226	155,061	17.1
Tillamook	240,086	2,424,052	40,566	28,888	796,567	190	187,754	1,125,353	54,890	4,658,260	19.4
Western Lane	23,898	635,580	5,054	197	50,396	0	0	57,605	53,869	802,701	33.6
West Oregon	28,623	548,276	2,619	366	10,040	30	384	61,338	15,205	638,258	22.3
TOTALS	625,102	9,620,866	123,145	198,948	2,102,915	198,965	305,664	1,978,570	251,443	14,780,516	23.6

Each of the nine Districts annually update their SLI just prior to the end of June each year – in time for using the updated data for this report. This year, however, the status of the districts’ update work was somewhat variable – two had completed the update, while others had partial year or no updates completed. The following is a synopsis of the update status and basis by district for the SLI-based timber inventory estimates above:

- Astoria, Coos, Forest Grove, Tillamook and Western Lane Districts – this year’s update not completed; timber inventory information for this report obtained by growing last year’s data forward using the inventory growth model; no operations updates (harvest, PCT, planting, etc.) included for the year.
- Southwest Oregon District - this year’s update not completed; timber inventory information for this report obtained by growing last year’s data forward using the inventory growth model; operations updates (harvest, PCT, planting, etc.) included for the period July through November 2008 only.
- West Oregon District - this year’s update not completed; timber inventory information for this report obtained by growing last year’s data forward using the inventory growth model; operations updates (harvest, PCT, planting, etc.) included for the period July 2008 through January 2009 only.
- Klamath-Lake, North Cascade Districts – this year’s update completed; current data used for this report.

OTHER MANAGEMENT ACTIVITIES/OUTPUTS

Intensive Management Summary

Intensive management activities (Table 13) represent an investment to increase the volume and/or quality of timber. These investments result in increased harvest revenue and improved habitat for many late seral habitat-dependent fish and wildlife species – species requiring older forest habitat.

Reforestation activities include site prep, planting, and tree protection. These activities are dependent on the timber harvest schedule, the availability of suitable seedlings and weather. The timing of when a harvest unit will be completed and available for site preparation or planting is sometimes unpredictable and made over a year in advance. This often results in a situation where the harvest unit is not ready and the scheduled activities are postponed. Conversely, there are situations when harvest units are finished earlier than predicted resulting in opportunities to move scheduled reforestation activities forward. Capturing these opportunities is contingent on having flexible reforestation contracts, being able to prepare the site, and availability of appropriate seedlings.

The quality of seedlings available from the nurseries is also variable. Due to a number of situations, there may be a shortfall or excess of seedlings available from the nurseries. Shortfalls result in not being able to plant ground on schedule, while an excess may allow the planting of an available area a year ahead of schedule. Deep snow and late season snow storms added to the challenges of tree planting this year. Weather conditions are a major factor in chemical site preparation and tree planting. The window of opportunity is sometimes so short for certain activities that conditions may not be suitable to accomplish all the work planned. This is especially true in chemical applications where weather parameters and physiological development of the vegetation are critical. Because of these variables, what is accomplished is often different than what was planned.

Release, precommercial thinning, and fertilization are activities that enhance the growth or quality of crop trees. These activities are not generally as time dependent, and can provide flexibility to the program. Because of circumstances such as high fertilizer costs, a project may be cancelled or postponed, and funds shifted to accomplish higher priority or more cost effective activities. Pruning is now mostly done to reduce the amount of white pine blister rust on western white pine. Pine is planted in root disease areas because it is less susceptible to the disease than other conifers. Noxious weed management activities are conducted concurrently or as an opportunity with other vegetation management practices, or to target weeds in specific areas. These activities may be conducted as part of a coordinated effort in partnership with other landowners and agencies.

Table 13: Intensive Management Activities on BOF Lands – FY 2009***Annual Reforestation and Young Stand Management Reports for 2009***

Management Activity	Acres Planned	Acres Completed	Average Cost/ Acre	Total Cost
Initial Planting	4,961	5,922	\$252.12	\$1,493,078
Interplanting	1,262	1,139	\$178.08	\$202,836
Underplanting	143	41	\$154.34	\$6,328
Tree Protection- Barriers	2,565	2,037	\$94.55	\$192,603
Tree Protection- Direct Control	6,309	2,837	\$33.14	\$94,005
Site Prep- Chemical -Aerial	3,227	2,958	\$54.10	\$160,019
Site Prep- Chemical -Hand	724	401	\$118.85	\$47,658
Site Prep- Slash Burning	974	326	\$74.06	\$24,144
Site Prep- Mechanical	1,379	1,219	\$87.18	\$106,269
Fertilization	0	0	0	\$0
Noxious Weeds	650	538	\$109.26	\$58,782
Release- Chemical- Aerial	554	0	0	\$0
Release- Chemical- Hand	564	149	\$127.63	\$19,016
Release- Mechanical- Hand	600	558	\$142.65	\$79,599
Precommercial Thinning	2,694	1,075	\$100.55	\$108,092
Pruning	314	214	\$64.02	\$13,700
Invasive Species Surveys	0	215	\$12.09	\$2,600
Regeneration Surveys	1,673	5,597	\$3.58	\$20,035
TOTALS	28,593	25,226	N/A	\$2,628,764

2009 Road Accomplishments Update

Roads essential to forest management are constructed or improved as needed. Construction includes any new roads and reconstruction or relocation of abandoned roads, while improvement includes bringing an old road up to current standards. Road vacating is used on a limited basis, and is the permanent closure of roads, including removal of stream crossings and complete stabilization of the prism.

Table 14 is designed to provide information about the road system management on Board of Forestry lands, as they vary by district. The road work reported is based on annual requests for information from each District. The State Forests program is developing an information system that can more easily track project work.

Many road investments have now been deferred until timber market conditions improve. For example, the total project cost planned for the 2010 AOP is 49 percent less than the 2009 AOP. Prior investments will allow these deferrals for a short period of time. Transportation planning is now of highest priority in Tillamook District.

Table 14: FY 2009 Annual Road Work – BOF Lands

District/ County	Aggregate / Paved Surface			Dirt Surface			Bridges
	Constructed	Improved	Vacated	Constructed	Improved	Vacated	
Astoria/ Clatsop Co.	15.61 mi. \$816,829	30.91 mi. \$337,434	1.23 mi. \$26,072	4.84 mi. \$73,324		0.2 mi. \$2,205	
Coos/ Coos Co.	0.11 mi. \$14,350	0.34 mi. \$22,600		0.39 mi. \$35,400			
Forest Grove/ Clatsop Co.	2.19 mi. \$153,706	.42 mi. \$3,832					
Forest Grove/ Washington Co.	13.29 mi. \$988,697	19.28 mi. \$838,877		0.56 mi. \$6,921			
Forest Grove/ Tillamook Co.	7.56 mi. \$536,763	10.72 mi. \$426,395					
Klamath-Lake/ Klamath Co.		0.15 mi. \$2,912			6.6 mi. \$1,345	4.1 mi. \$1,300	
North Cascade/ Marion Co.		14.72 mi. \$11,367		1.17 mi. \$29,967	2.1 mi. \$6,569		
North Cascade/ Linn Co.	.69 mi. \$32,312	1.77 mi. \$17,694		.88 mi. \$19,785			
SW Oregon/ Josephine Co.		0.48 mi. \$6,768		3.45 mi. \$68,976			
Tillamook/ Tillamook Co.	8.04 mi. \$581,820	16.12 mi. \$668,343	0.42mi. \$15,821	0.32 mi. \$4,010			
West Oregon/ Lincoln Co.	0.4 mi. \$74,265						2 New \$65,838
Western Lane/ Lane Co.	2.8 mi. \$481,290	6.1 mi. \$144,760		0.6 mi. \$33,770			

RECREATION MANAGEMENT

Recreation Accomplishments

Although all state forest lands provide diverse opportunities for outdoor recreation, developed facilities (campgrounds, trailheads, etc.) are present only in the northwest Oregon area forests. Many of the trails and facilities are developed and maintained through the involvement of the public. The amount of volunteer hours was up 31 percent in FY 2009, compared to FY 2008 (Table 15). With the economy forcing a decline in timber revenue, recreation project-development was kept to a minimum during FY 2009. A summary of FY 2009 trail projects is provided in Table 16. Camping use stayed about the same as FY 2008 and the revenue level was slightly higher (Table 17).

Table 15: Summary of Volunteer Hours for Recreation Projects

	Tillamook State Forest - Forest Grove District	Tillamook State Forest - Tillamook District	Clatsop State Forest	Santiam State Forest	West Oregon District
Total Hours	9,576	3,655	3,508	1,356	3,948

Table 16: Trail Project Summary for FY 2009

Activity	Tillamook State Forest		Clatsop State Forest	Santiam State Forest	West Oregon District
	Forest Grove District	Tillamook District	Astoria District	North Cascade District	
OHV Trails (Existing)	60 miles	319 miles			
New Trails Construction	2.8 miles	1.5 miles	3 miles	0	.5 mile
Trail Upgrade/Improvement	9 miles	6.5 miles	0	0	0
Trails Maintained	40 miles	85+ miles	0	0	5 miles
Non-Motorized Trails (Existing)	53 miles	21 miles		38 miles	
New Trails Construction	2 miles	.5 mile	0	0	.5 mile
Trail Upgrade/Improvement	0	8 miles	.5 mile	8 miles	0
Trails Maintained	35 miles	21 miles	19 miles	30 miles	9.5 miles

Table 17: Number of Campers and Revenue from Campgrounds during FY 2009

Campground	District/Campsites	Campers	Revenue
Henry Rierson Spruce Run	Astoria/37 sites	9,666	\$25,485
Gnat Creek	Astoria/6 sites	915	\$1,654
Northrup Creek (new)	Astoria/11 sites	551	\$2,053
Gales Creek	Forest Grove/21 sites	2,763	\$12,690
Brown's Camp	Forest Grove /30 sties	4,028	\$20,393
Stage Coach Horse Camp ¹	Forest Grove/10 sites	0	\$0
Elk Creek	Forest Grove/14 sites	1,605	\$4,018
Reehers Camp	Forest Grove/16 sites	570	\$2,852
Rock Creek	North Cascade/4 sites	200	\$953
Butte Creek Falls	North Cascade/3 sites	154	\$666
Santiam Horse Camp	North Cascade/9 sites	263	\$1,538
Shellburg Falls	North Cascade/4 sites	415	\$2,072
Jones Creek	Tillamook/47 sites	4,531	\$26,318
Jordan Creek	Tillamook/6 sites	356	\$3,330
Nehalem Falls	Tillamook/21 sites	2,616	\$18,552
Total	239 campsites	28,633	\$122,574

¹ Stage Coach Horse Camp is closed for repairs/ re-design.

Recreation Facility Planning and Development Projects

Each State Forest and District that provides developed recreation opportunities has a ten-year plan that provides a prioritized list of facility development projects. Following is a summary of accomplishments during FY 2008.

Forest Grove District – Tillamook State Forest

Developed Facility Improvements

Four County Point Trailhead

- Fabricated and installed trail signs
- Fabricated a single panel (4'x4') information board (ready for installation)

Kings Mountain Trailhead

- Installed a single vault toilet building (moved from Rogers Camp Trailhead)
- Installed new single panel information board

Rogers Camp Trailhead

- Installed a new double vault toilet building at Rogers Camp Trailhead

Gales Creek Overlook

- Replaced sections of the overlook wood railing fence

OHV Trail and Dispersed Site Projects

- Completed contract upgrade construction work on 1 mile of Crooked Bridge Trail and 2 miles of Julies Trail.
- Completed contract construction of a new 1 mile segment of Crooked Bridge Trail.
- Completed construction of a 0.8 mile segment of Sidewinder Trail.
- Completed 1 mile of significant upgrade work on Airplane Hill Trail in collaboration with the Cascade Cruisers 4-wheel Drive club.
- Constructed a ½ mile reroute of a section of Firebreak Five Trail.
- Completed regrading, waterbar, and rock and grass grid block surfacing upgrade work on 2.5 miles of the Chute Trail.
- Completed upgrade work on a 1 mile segment of Oneway Trail.
- Constructed a one mile reroute of Gummyworm Trail in collaboration with the Trailsmen Motorcycle Club.
- Added waterbars and regraded and rocked ½ mile of K-Thumb Trail.
- Constructed a challenge filter at the lower and upper entrances for the Crushers Trail.
- Redesigned and upgraded the Kids Sand Pile Riding Area (added a loop trail, improved the open riding area, closed and restored renegade trails).
- Closed and restored illegal trails in the Browns Camp area along the state land/private land boundary east of Browns Camp and around the Little Browns Camp stockpile site.
- Improved 3 dispersed campsites near Browns Camp.
- Constructed a 54 foot bridge on the Elliott Creek OHV Trail. FEMA project to replace a bridge damaged in the December 2007 flood.
- Completed grading and water bar development on a ½ mile segment of 7-Up Trail in collaboration with Poor Boy Off Road 4-wheel Drive Club.
- Completed seasonal review and assessment of 60 miles of trail in collaboration with the District's Adopt a Trail partners. Maintenance included significant clearing of down trees resulting from the December 2008 storm.

Non-Motorized Trails

- Constructed a new 30 foot bridge on the Step Creek Trail.
- Constructed a ½ mile segment of the Step Creek Trail.
- Complete construction of the 1.5 mile Triple C Trail. (Former project name = Reehers Camp Loop Trail).
- Completed a ¼ mile reroute of a section of the Nehalem River Access Trail that was damaged in the December 2007 storm (FEMA project).
- Completed seasonal maintenance on 40 miles of trail in collaboration with the District's Adopt a Trail partners. Maintenance included significant clearing of down trees resulting from the December 2008 storm.
- Completed location, design, and project staking work for a 3 mile reroute and repair of the Gales Creek Trail. The trail was damaged during the December 2007 flood. This is a FEMA project.

Tillamook District – Tillamook State Forest

Developed Facility Project Development

Keenig Creek Day Use Area converted into a campground

- Created 12 campsites with fire grates and picnic tables.
- Created 2 day use sites with picnic tables.

- Built information board kiosk and installed fee post.
- Developed parking areas and traffic control signage.
- Improved highway signage for directions to campgrounds.
- Created trails campground trails and planted 5 thousand trees.

Wilson River Restoration Project

- Blocked Vehicle Access to 16 highly impacted sites between Hwy 6 and the Wilson River
- Scarified roads, tank trapped and blocked access roads to reduce erosion, soil compaction, trash dumping and illegal activities adjacent to the river.
- Tree and shrub planting on these sites will occur fall 2009 and winter 2010.

Diamond Mill OHV staging Areas

- A concrete pad was constructed to accommodate dumpsters for trash service funded by ATV grant money.
- The Kid's Track was completed and loading docks were constructed.
- Two new campsites with fire grates were created at the north end of the Diamond Mill OHV Staging Area.
- Boulders were installed to separate the Diamond Mill Kid's Track and the Twister Trail OHV traffic from the new campsites at the north end of the Diamond Mill OHV Staging Area.
- 900 feet of rail safety fence was built to control OHV traffic and limit access points from the staging area across North Fork Rd.

Cedar Creek OHV staging Area

- A concrete pad was constructed to accommodate dumpsters for trash service funded by ATV grant money.

Dispersed Campsites

- 25 existing campsites in the North Fork Wilson, Jordan Creek, and Trask areas were designated and improved to include a fire grate and sign.

Trail and Dispersed Site Projects

During FY09 the following major projects were completed in addition to regular trail maintenance activities;

- 10 miles downed wood, sloughs and slides on the Wilson River Trail were repaired. The damage occurred during the December storms of 2008.
- Benches were installed at the summit of Cedar Butte trail as an Eagle Scout project.
- Approaches to five new OHV trail bridges were hardened with grid block to prevent trail erosion and potential siltation.
- Gabion rock and other materials were installed on the Buzzard Point bridge abutments to protect them from high water. The lower trail section was reworked, rocked and filtered to improve sustainability.
- The washouts on the Outback Trail were repaired.
- Improper OHV use of the Pothole area stream banks was eliminated by installing blockage and signs.
- The Bushong Trail was rerouted around an eroding hillside with water control features and blockage to prevent further erosion.
- The Bushong Trail was adopted by the Wasted Wages Offroad 4WD club.

- Purchased and installed rock for trail tread improvements and filtering for the Outback, Bungee Rd, Cedar Fence, Deer Fence, Old Cedar Creek, and Rogers Road trails.
- Constructed 0.6 miles of new OHV trail to replace a portion of the prior Mad Dogs Pumpkin Patch trail which was converted to logging road as the result of a timber sale.
- Extensive heavy maintenance was completed on the 2.7 mile Old Cedar Creek Trail to improve the trail tread and provide water control including the installation of hardened perennial stream crossings and culvert.
- 0.2 miles of Outback Trail was rerouted to provide a sustainable trail tread west of the bridge.
- The Murphy's Camp dispersed camping area was graveled and boulders were installed to define the area and protect the adjacent road bank.
- Installed OHV dips at key locations above and below the old slide feature on the Jones Creek Road Trail to control run off and divert the run off water away from the slide area. A mound of shale that came down when a large stump fell off the upslope was end hauled by the OHV equipment operators (15 yds) using the tracked rock haulers. Other maintenance of the trail included blading the ruts and reshaping the OHV dips so they will continue to function.
- 3.8 miles of new OHV Trail was constructed for quad and motorcycle use by the conversion of the former Jordan Creek Road to OHV Trail.
- The East Relay Tower Trail tread was reconstructed by a South Fork Trail crew after completion of the timber sale in that area.
- Four new 4WD trail sections were constructed by volunteers to replace trail lost by the road reconstruction in upper Rogers Road area.
- 0.2 miles of the Spaur Creek Trail was relocated to provide a sustainable route to the east end of the new bridge.
- A new 0.3 mile Bertha By-Pass Trail was constructed by volunteers in the Trask OHV area.
- All Trask area OHV trails were cleared of the winter ice storm deadfall volunteers.
- 34.7 miles of OHV trails in the Jordan and Diamond Mill areas were cleared of winter ice storm deadfall by volunteers.
- Boulders were installed along the Cedar Creek Road in the Bungee Road Trail and Cedar Fence Trail areas to filter those trails for motorcycle use after completion of the Arch Cape Timber sale.
- Grid Block was installed at the approaches to all five of the new OHV trail bridges.
- 10 OHV events were permitted and completed in the Tillamook District.
- 5 OHV volunteer work parties were scheduled and completed.
- FEMA grants were applied for and received to repair 5 OHV Trail bridges damaged by the Dec, 2008 winter storm.
- FEMA grants were applied for and received to clear 52.65 miles of OHV Trail in the Tillamook District of deadfall from the December, 2008 winter storm.

Astoria District – Clatsop State Forest

Developed Facility Improvements

Spruce Run Trail

- Approximately ½ mile of trail upgrade and trail re-route work was completed to improve trail alignment and design.

Forest Entry Signs

- Refurbished and reinstalled two Forest Entry signs along Hwy. 30.

OHV Recreation Development

- Working with a local user group and acquiring funding from Oregon Parks and Recreation, developed 2+ miles of new OHV trail for future designation and made improvements to the planned staging area.

Henry Rierson Spruce Run Campground

- Continued making improvements to various infrastructures in the campground including bollards to control access and parking issues.

Dispersed Recreation Sites

- Improved camping infrastructure at Beaver Eddy dispersed camping site including new camp site development, providing fire rings and picnic tables.

District Demonstration Forest

- Reconstructed a section of the Demonstration Forest hiking trail recently destroyed from winter wind storms.

Northrup Creek Horse Camp

- Utilizing South Fork Inmate Crews, cleared equestrian trails of windthrow from winter storms.



Equestrians are among the many volunteers who help maintain and repair trails and facilities on state-managed forestland. (Photo by Randy Peterson, ODF)

RESEARCH AND MONITORING

The Research and Monitoring Program

Operational activities on state forest lands are guided by four Forest Management Plans: Northwest Oregon, Southwest Oregon, Eastern Oregon Area, and Elliot State Forest. The Forest Management Plans (FMPs) describe Landscape Management Strategies (LMS), Aquatic and Riparian Strategies (ARS), and Forest Health Strategies that are designed to supply a balance of economic, social, and environmental benefits consistent with “the objective of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management.”

The FMPs emphasize the need for adaptive approaches to management, in which the results of management actions are measured and compared to pre-determined objectives, and changes are made where necessary. This approach requires a commitment to long-term information gathering and the incorporation of that information into the decision-making process.

The state forests research and monitoring program was developed to ensure that the levels of research, monitoring, and technology transfer are adequate to meet the information needs required by these long-range management plans. A formal policy for State Forests Program research was adopted in 1995. The research policy states that approximately five percent of the State Forest Management Program annual budget can be invested in research, monitoring, and technology transfer. As a result of the funding structure, biennial and annual expenditures are somewhat variable in response to shifting revenue levels.

Two important objectives of the monitoring program are: 1) to determine whether FMP programs and strategies are implemented as stated; and 2) to determine whether FMP programs and strategies are effective at achieving stated objectives. The FMPs serve as the basis for identification of specific information needs that should be addressed through new projects.

Current Research and Monitoring Activities

In fiscal year 2009, work continued to focus principally on the NW and SW FMPs landscape management strategies because an important, largely untested, hypothesis of the management plans is that they will lead to the stand structures and habitat attributes necessary to support healthy and productive forest ecosystems. Because of their importance, the emphasis was on implementation and effectiveness of landscape management, aquatic and riparian and forest health strategies. Although the emphasis of current initiatives is on the NW and SW FMPs, they will also inform the ESF and EOA FMPs due to the similarities in their overall approaches.

The R&M Program currently consists of approximately 15 research and monitoring projects and seven research cooperatives. Following is a selection of findings from current or completed projects:

- **Mature Forest Study:** Promoting late-successional characteristics in managed forests may involve focusing on the initial thinning levels of stands. These levels could play a role in subsequent thinning schedules to maintain desired understory conifer populations. Overstory density also plays an important role in achieving understory structural objectives.

- **Spotted Owl/Barred Owl Interactions:** Preliminary estimates indicate that barred owls had a substantially lower nest-failure rate than did spotted owls in the 2007 through 2008 survey season. Barred owls also produced five times more young than the spotted owl over a two-year period; 45 young for barred owls versus 9 young for spotted owls.
- **Mineral Nutrition Study:** Nutrient alterations of planted conifer seedlings do not have a significant effect on the browse patterns of animals, but fertilization treatment does provide significant gains in height growth for non-browsed seedlings and significant recovery gains for browsed seedlings which ultimately reduces mortality of seedlings from animal browse.
- **Marbled Murrelet Monitoring:** Marbled murrelet detections were recorded during 236 of 1,891 surveys across six ODF districts. During 39 of these detections, surveyors observed significant, or sub-canopy, behavior.

Project results are incorporated into the adaptive management approach as new information becomes available. Research implications can inform a broad range of scales from site-level activities to FMP revisions. When project results indicate possible changes to the FMPs, those results will be incorporated into the Board of Forestry work plan, and the findings will be addressed as part of the Board's policy discussions

For fiscal year 2010, which started July 1, 2009, support for research and monitoring projects has been severely curtailed. The program will continue to support some research cooperatives, such as the Hardwood Silviculture Cooperative, Vegetation Management Cooperative, etc., and will draw on results of other forestry research institutions. Clearly, learning from forest science and experience will be constrained, slowing down the Department's ability to adapt to improve its forest management practices.



Testing continues to determine whether landscape management strategies lead to healthy, productive forest ecosystems. (Photo by Jeff Foreman, ODF)

FOREST HEALTH – Diseases

Swiss Needle Cast

Swiss needle cast (SNC) is a native disease of Douglas-fir that has intensified dramatically in coastal western Oregon since 1990. Although the disease occurs throughout the range of Douglas-fir, it is most severe in the forests on the west slopes of the Coast range.

The main effect of SNC on forests is reduction of tree growth and vitality. Within 18 miles of the coast in northwestern Oregon, the disease has reduced recent annual volume growth of ten to 30-year-old Douglas-fir plantations by an average of 23 percent, with some plantations experiencing growth loss in excess of 50 percent. Growth loss due to SNC in this area alone exceeds 40 million board feet per year. In addition to growth impacts, SNC alters wood properties, lowers green tree moisture content, and affects stand structure and development. This complicates stand management decisions, especially in pure Douglas-fir stands.

Aerial surveys to detect and map the distribution of SNC damage have been flown annually since 1996. The survey area extends from the Columbia River south to Brookings, and from the coastline eastward until obvious symptoms are no longer visible. A survey of the Cascade Range did not occur in 2009, but Swiss needle cast does occur at damaging levels in some areas.

The 2009 survey results show a slight decrease in the area of forest with symptoms of Swiss needle cast compared to the previous three years. Figure 6 shows the trend in damage from 1996 through 2009. The Department mapped 302,028 acres of Douglas-fir forest with obvious symptoms of Swiss needle cast (Figure 7). As has been the case for the past several years, the easternmost area with obvious SNC symptoms was approximately 28 miles inland from the coast in the Highway 20 corridor, but most of the area with symptoms occurred within 18 miles of the coast.

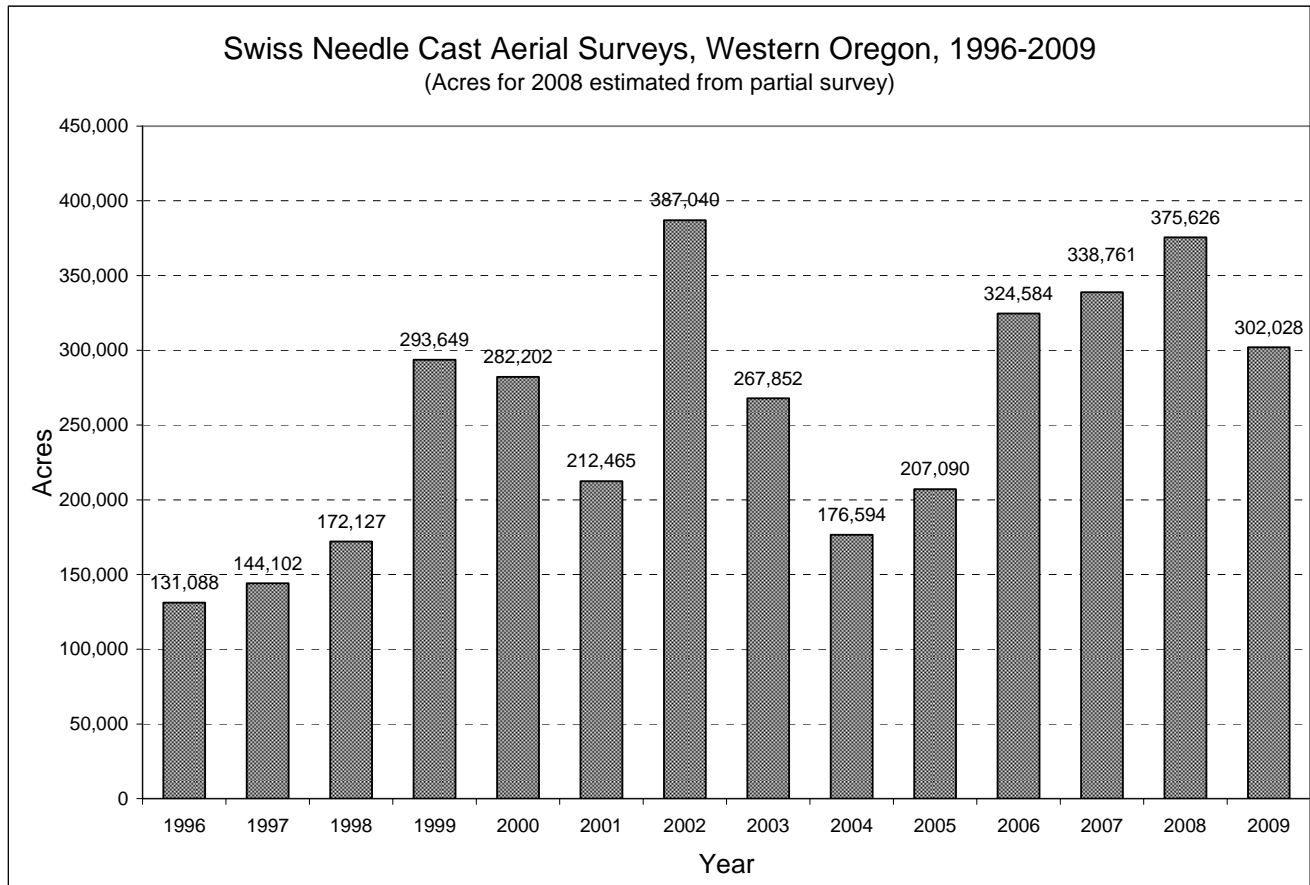
The total amount of forest affected by Swiss needle cast is much greater than indicated by the aerial survey maps because the aerial observers can map only those areas where disease is severe enough to be visible from the air. Although the acreage estimates are conservative, the survey does show the location of Douglas-fir stands with moderate to severe damage, and coarsely describes the trend in damage over time.

Permanent plots established and maintained by the Swiss Needle Cast Cooperative were re-measured in the winter of 2007-2008. The results showed a continued average volume loss of 21 percent in the western part of the Coast Range, with losses on some plots as high as 43 percent. Despite an apparent short-term improvement of tree growth in the 2002-2003 period, the growth reduction from SNC has remained relatively constant since 1998. Similarly, current data indicate that pre-commercial thinning remains a viable stand management tool in all but the most severely damaged stands.

Results from the commercial thinning study (ongoing) show that: 1) thinning does not increase SNC severity; 2) residual trees respond positively to thinning; 3) the magnitude of growth response to thinning declines with increasing SNC severity; and 4) conventional thinning regimes should be modified for different levels of SNC damage.

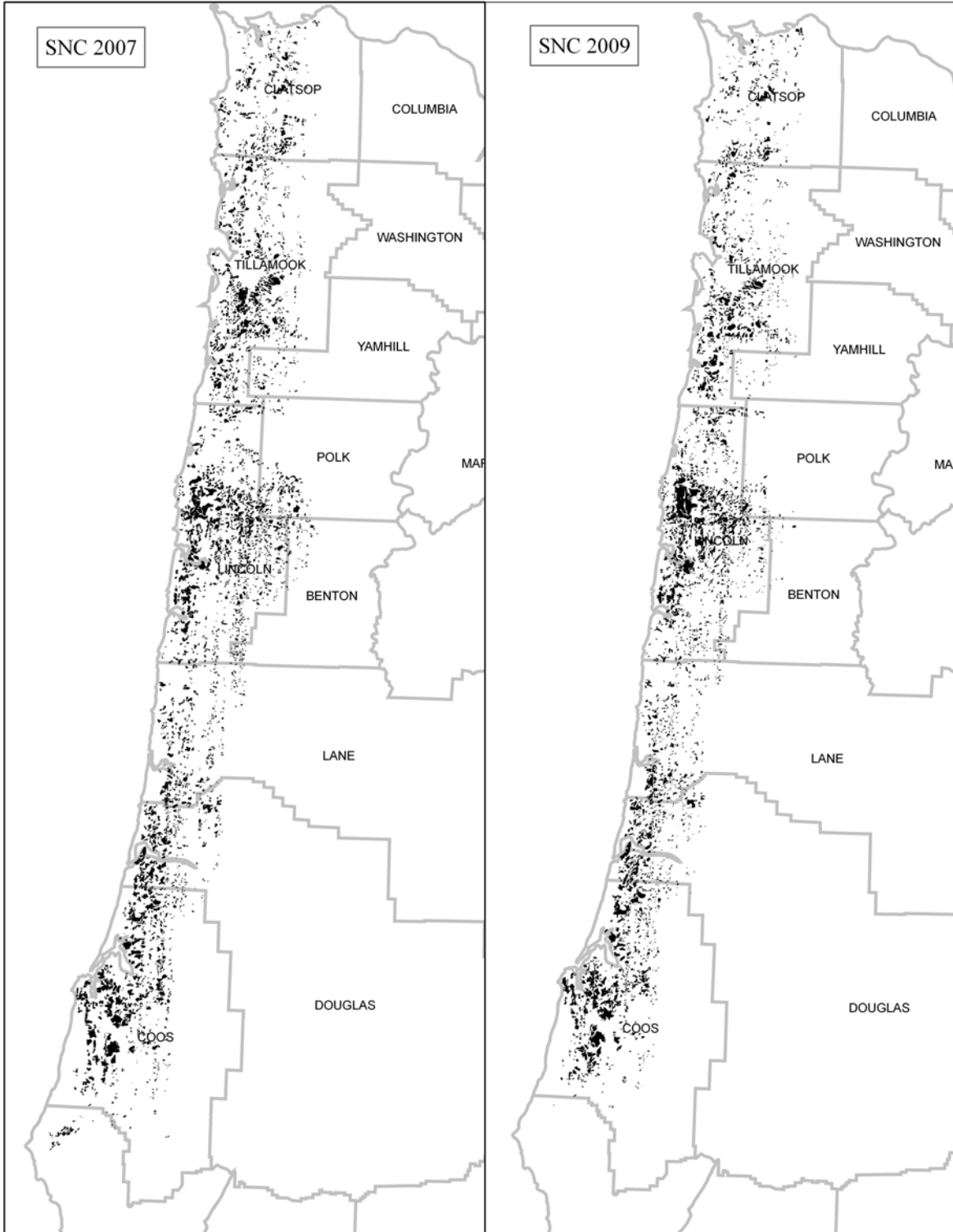
Specifically, stands with moderate to severe SNC damage should be thinned more lightly and carried to a higher relative density than similar healthy stands. For stands with moderate SNC damage, commercial thinning can be used to develop a diversity of stand structures with little risk of causing further growth decline. In severely damaged stands commercial thinning may not result in an economically positive or ecologically beneficial stand-level growth response, but still may be an option to achieve certain objectives. Stands such as these may have underlying problems (seed source or location) that often make them good candidates for regeneration harvest and establishment of more appropriate species mixtures.

Figure 6: Trend in Area of Douglas-fir Forest in Western Oregon with Symptoms of Swiss Needle Cast



Detected during aerial surveys in April and May, 1996-2009 (2008 area estimated from partial survey consisting of 3 samples blocks).

Figure 7: Areas of Douglas-fir Forest with Symptoms of Swiss Needle Cast



Detected in the 2007 and 2009 aerial surveys. The 2008 survey was incomplete due to weather and aircraft availability.

Sudden Oak Death

Sudden Oak Death (SOD), caused by the new invasive pathogen *Phytophthora ramorum*, was first discovered in Oregon forests in July 2001 near the city of Brookings. The disease probably was present there since 1998 or 1999. This wind-disseminated pathogen attacks and readily kills tanoaks of all ages. Other plants, including rhododendron, evergreen huckleberry, madrone, Oregon myrtle, Douglas-fir, and redwood also can be infected when growing near infected tanoaks.

Treatments to eradicate the pathogen from infested sites began in the fall of 2001 and involve cutting, piling and burning infected plants and all nearby host vegetation. On private lands, all tanoaks are injected with herbicide prior to cutting in order to prevent stump-sprouting following cutting and burning. Follow-up treatments often are necessary to destroy residual host material and stump sprouts that may harbor the pathogen.

Upon completion of burning, most sites are planted with non-host or conifer seedlings. Eradication treatments have been completed or are underway on approximately 2,300 acres of forest land, at a cost of approximately \$4 million. Nearly all of the costs have been paid by federal and state agencies. There is no compensation to landowners for the value of timber or other values lost as a result of the eradication treatments.

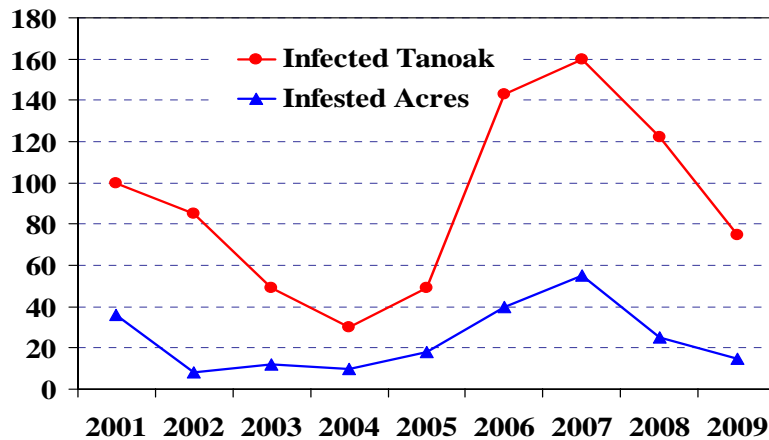
Early detection surveys are conducted year-round using a combination of aerial surveys, ground surveys, nursery perimeter surveys, and stream water sampling. Between 2001 and 2004, the number of new infected trees discovered in surveys decreased, suggesting modest success at containment and eradication. In 2005 and 2006, the number of new infected trees increased considerably, possibly the result of two consecutive years of unusually wet spring weather which apparently favored spread of the pathogen (figure 8). As a result of this disease expansion, the quarantine area was expanded to 160 square miles in early 2008. All surveys to date have failed to detect the pathogen anywhere in Oregon forests except in or near the 160 square mile Curry County quarantine area.

As of September 2009, there are 44 new SOD infestations, totaling 15 acres. The sites all are small with very few infected trees. All of the new sites are within the quarantine area and most are within the “core” area, with a few exceptions. The 44 new sites translate into 36 treatment areas, totaling approximately 265 acres. Treatments on private land have been at a standstill for most of the year due to funding problems. BLM and US Forest Service continue to treat sites promptly on their land. Treatments are expected to resume in October 2009, when additional federal funds are received.

USDA Animal and Plant Health Inspection Service, Plant Protection and Quarantine (APHIS-PPQ) regulations prohibit the interstate movement of any listed host plants and associated articles from quarantined areas. Some foreign countries have adopted regulations that affect specific counties or the entire state. Current federal regulations restrict interstate movement of all parts tanoak and other host plants. Douglas-fir is a special case in which foliage is restricted (includes seedlings, branches, and Christmas trees) but logs are not. The rationale is that only Douglas-fir foliage has been shown to be infected by *P. ramorum*, thus the risk of spreading disease on logs is minimal. Some other countries, however, have applied quarantines to any part of Douglas-fir, including logs. If *P. ramorum* spreads to other areas of the state, regulations will change and likely will affect trade and transportation of Douglas-fir logs and other forest products.

Figure 8: Sudden Oak Death in Oregon Forests
28 September, 2009

Acres or Trees



Trend in number of new infected trees and area of new infestations in southern Curry County, Oregon, 2001-2009 (as of 9-28-09). Additional sites will be found by end of year.

Nursery seedlings, Christmas trees, and boughs all are subject to federal and state regulations. To date, the impact of regulations on trade in these products has been minor because the regulated area in Oregon is limited to the 160 square mile area near Brookings. In anticipation of possible changing regulations, the Oregon Department of Agriculture (ODA) and various stakeholders have developed *P. ramorum* certification rules for Christmas trees and greenery. These rules are designed to facilitate marketing of these products while minimizing the risk of spread of *P. ramorum*. The rules involve voluntary compliance agreements based on inspection, testing, and certification of sources of host plant material as being free of *P. ramorum*. Laboratory testing is done by the ODA and billed to the landowner.

Laminated Root Rot

Laminated root rot, caused by the native fungus *Phellinus weirii*, is one of the most damaging diseases of Pacific Northwest conifers. It is particularly damaging to Douglas-fir in western Oregon, where three to five percent of the Douglas-fir forest type is infested. Occurrence is highest in northwest Oregon, where approximately 10 percent of the Douglas-fir forest is infested.

The pathogen decays tree roots and either kills trees directly or causes them to fall over while green. The disease is highly contagious, spreading from tree to tree across root contacts. This results in expanding disease patches that create openings in the stand where trees have died and fallen over. Although the openings can be beneficial for plant species diversity, stand structural diversity, and wildlife habitat, they also can account for much loss of timber volume.

In the Northwest Oregon Area, root disease management strategies balance the needs for wildlife habitat and maintaining good site productivity. Each year approximately 1,500 acres are surveyed for root disease and GIS maps are created showing the size and location of disease patches. A disease management plan is

developed based on the number and distribution of these patches, as well as the specific management objectives for the stand.

Disease management emphasizes changing stand composition to favor tree species that are resistant (cedar, white pine), tolerant (western hemlock, noble fir), or immune (red alder) to laminated root rot. Most often this is done following a regeneration harvest. If a treatment is deemed necessary during thinning, all host trees within disease patches plus a surrounding buffer of healthy-appearing trees are cut to prevent further expansion of the disease. If the patches are large enough, they are planted with tree species that are resistant or immune to laminated root rot. The resulting stands are structurally and compositionally diverse while maintaining good tree growth and site utilization.



Stormed-damaged stands were expeditiously harvested to reclaim some value from the toppled trees. Forest health affected by damaging agents – such as storms – appears in the next section. (Photo by Jeff Foreman, ODF)

FOREST HEALTH – Damaging Agents

The statewide aerial survey, covering more than 28 million acres, is flown during summer and fall of each year. This is the optimum time to detect changes in foliage or other characteristics associated with many forest damaging agents. Ownership over the survey area is approximately 60 percent federal and 40 percent state and private.

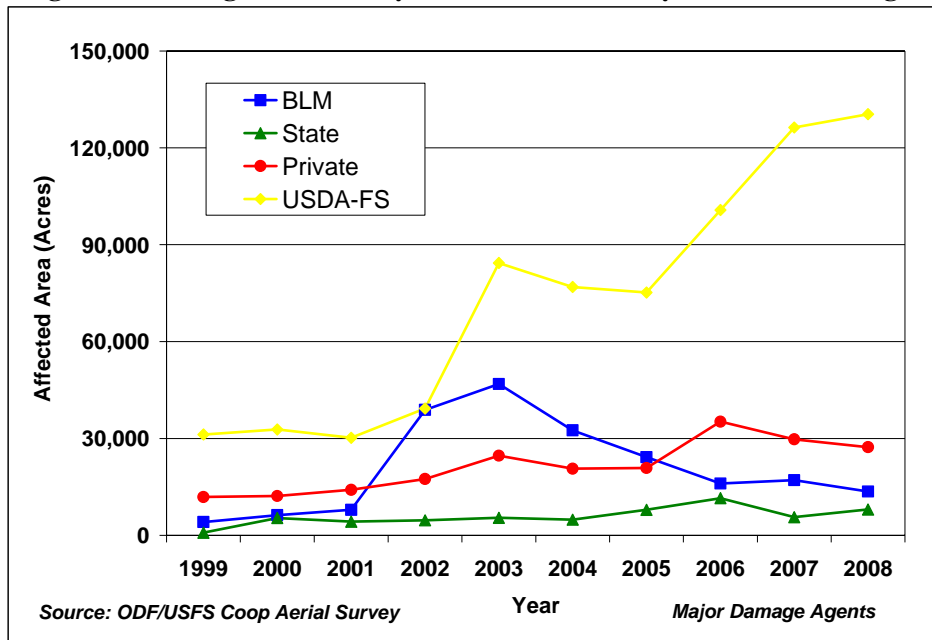
The objectives of the survey are to provide the locations and extent of current year damage and to use this information to document trends over time as well as to assist in planning forest management activities.

Aerial surveys are designed to provide estimates only and are not able to precisely quantify damage; this can only be accomplished by additional ground-based surveys of mapped areas. The following results are coarse and may not represent trends at a more localized level, due to the inherent limitations of the techniques and given that only damage that is readily visible at the time of flight is recorded.

Aerial Surveys

Aerial survey results are summarized below by ownership and agent category. The major damaging agents are grouped according to storm-related, bark beetles, defoliators and those affecting young conifers. The ownership categories: Bureau of Land Management (BLM), State, Private and USDA Forest Service (USDA-FS)

Figure 9: Damage Detected by Annual Aerial Surveys of Western Oregon



Does not include damage from Swiss needle cast or root diseases.

(It should be noted that two of the major agents – Swiss needle cast and root diseases – are not included here but in the Forest Health – Diseases section.)

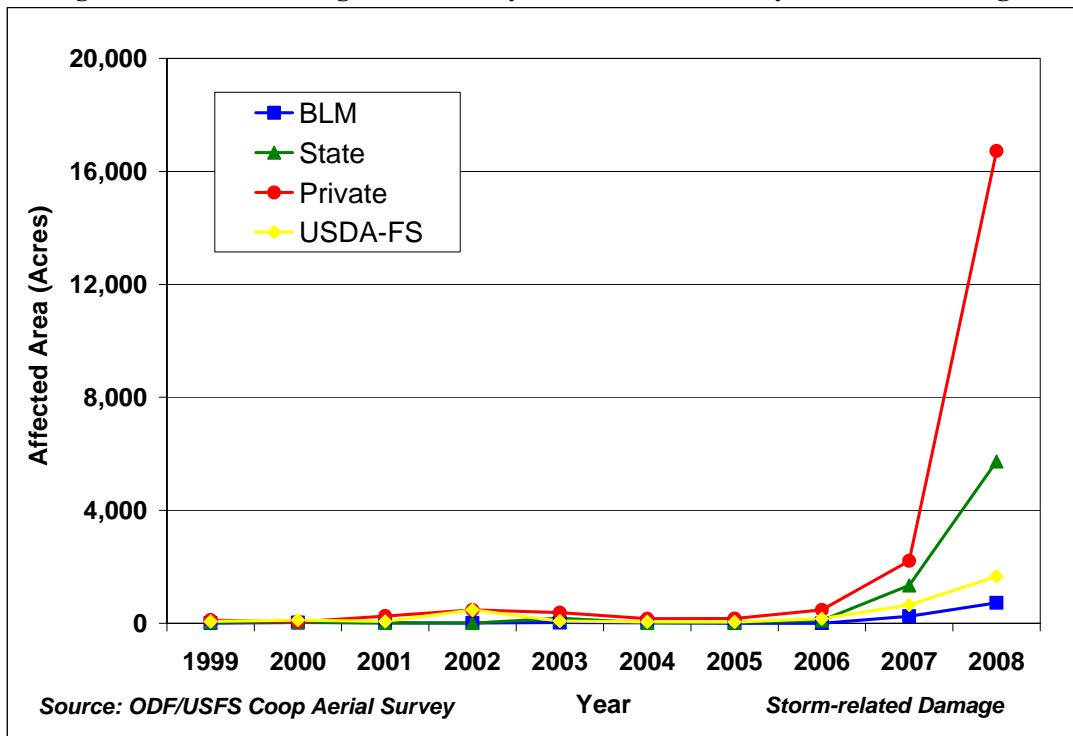
In 2008, the total damage detected by aerial surveys in western Oregon (excluding Swiss needle cast), was more than 170,000 acres, which was within one percent of the 10-year average (Figure 9). Declines were observed on BLM and private ownerships this year, while slight increases were observed on State and USDA-FS lands. Damage detection was greatest on Forest Service ownerships, consistent with the pattern that has been observed since 2003.

Storm-Related Damage

Damage from winter storms, resulting from the combined effects of wind, flooding, landslides, and ice/snow, has been significant in western Oregon in recent years. Due to survey timing, the damage from the major storms that occurred along the north coast in December 2007 is included here; however, storm damage that occurred in December 2008 is not reported and will be included next year.

Widespread storm damage was seen across the area in 2008, but as surveys tend to record primarily larger, more contiguous areas, much of the scattered damage across the landscape (or that which was salvaged prior to surveys) may not be captured (Figure 10). Still, damage was detected on more than 23,000 acres in the 2008 surveys, representing an estimated 1.2 million trees (600 MMBF).

Figure 10: Storm Damage Detected by Annual Aerial Surveys of Western Oregon



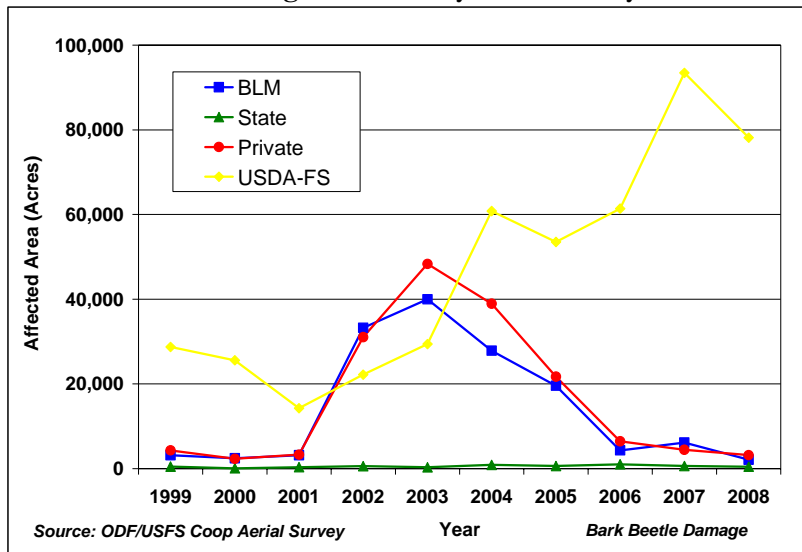
Does not include damage from storms that occurred in December 2008.

Damage levels appeared to be much greater than were observed in recent history, with northern areas of the Oregon coast areas most severely impacted. The potential exists for additional losses in these areas as well, as Douglas-fir bark beetle outbreaks can follow one to two years after large blowdown events.

Bark Beetle Damage

The most significant bark beetles in western Oregon are Douglas-fir beetle (DFB) and fir engraver, and as you move eastward and into areas of higher-elevation pine, mountain pine beetle (MPB) is the major cause of tree mortality. During the last decade, observed damage due to DFB and fir engraver have remained relatively low, while MPB damage has continued to steadily increase in since 2001 (Figure 11).

Figure 11: Bark Beetle Damage Detected by Aerial Surveys of Western Oregon

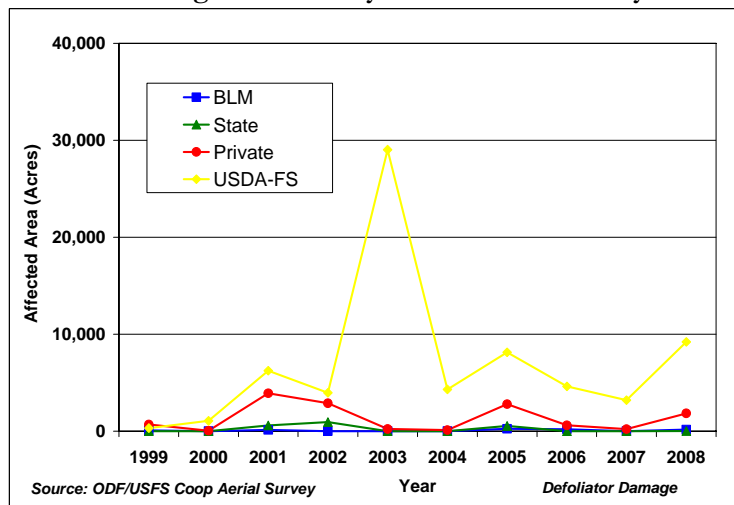


MPB in lodgepole pine accounted for more than 80 percent of bark beetle damage in 2008.

Defoliator Damage

The primary defoliators in western Oregon include both leaf-chewing and sap-feeding insects, whose activity, although rarely causing mortality, can lead to significant growth loss.

Figure 12: Defoliator Damage Detected by Annual Aerial Surveys of Western Oregon



Includes damage from various leaf-chewing and sap-feeding insects.

Recent damage in many areas is due to the effects of both native (Western tent caterpillar) and non-native species (Sitka spruce aphid, balsam woolly adelgid (BWA)). Damage from these agents has been variable over the last decade, with several, short-duration outbreaks occurring over small areas (Figure 12).

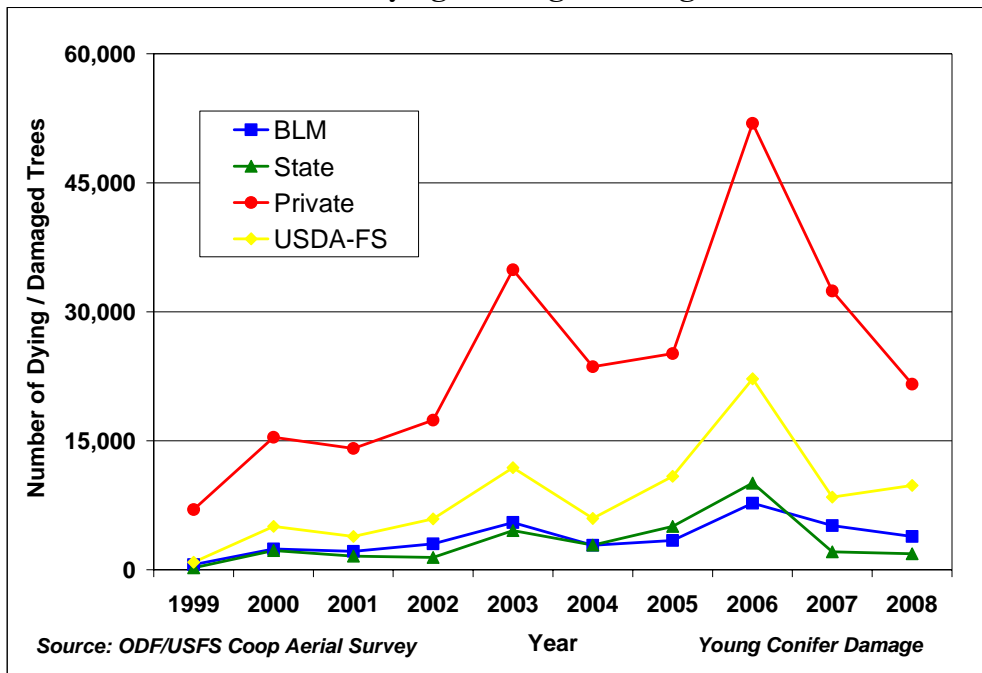
Overall damage by most defoliators remained relatively low in 2008, with the exception of an increase in damage by BWA in true firs along the Cascade crest. This long established, non-native insect caused substantial mortality in low-elevation true firs in Western Oregon during the 1950s and 1960s, and has recently been similarly impacting high-elevation areas along the Cascades and in northeastern Oregon.

Young Conifer Damage

Given the large area of conifer regeneration in western Oregon, a substantial portion of aerial surveying in this area is devoted to observations of young stands. Damage in these plantations often results from a combination of agents that include animals, insects, diseases and environmental factors. Ground-based surveys completed by ODF indicate the most frequent agents include bear, drought stress and root diseases.

In 2008, damage to young stands was moderate across the area and declines were observed for all ownerships, with the exception of a slight increase on USDA-FS lands (Figure 13). The majority of damage continued to occur on private lands, consistent with previous trends.

Figure 13: Estimated Number of Dying/Damaged Young Conifers in Western Oregon



Ground surveys indicate that bear, drought, and root diseases are the primary agents.

Additional Survey Results and Other Forest Health Information are available at:
<http://oregon.gov/odf/privateforests/fh.shtml>

TILLAMOOK FOREST CENTER

The Tillamook Forest Center has now completed three full years of operation after opening to the public in April of 2006. A total of 44,882 visitors came to the Center during this review period of July 2008 through June 2009. While this total came just short of the 45,478 visitors during the previous year, use counts were up for six consecutive months during the second half of the year when compared to the counts from one year earlier. Increasing numbers of visitors are likely due to a combination of lower gasoline prices during the second half of this period along with implementation of a new marketing plan for the Center.

Visitor comments continue to be overwhelmingly positive about the Center with many visitors indicating that, as a result of their visit to the Center, they feel that they have increased their knowledge and understanding of forests. Visitors frequently describe the lookout tower, the suspension bridge over the Wilson River and the “Legacy of Fire” movie as some of their favorite parts of the Center.

Interpretive Program

The Tillamook Forest Center Interpretive Program continued to present a wide range of interpretive programs for visitors to the Center, including a series of special events through which visitors found new opportunities to learn about the forest.

Center staff focused in on the types of programs that, from past year’s experience, had been most popular with visitors. A total of 135 programs were offered to visitors with a total of 3,049 visitors participating. While this number was down from 3,323 the previous year, it represented a more sustainable level of programming for the staff.

Popular staff-led programs included guided walks along the Wilson River Trail to learn about the forest and the scenic Wilson River, and a walk to see spawning salmon during the fall season when salmon were running in the river. A bald eagle walk and a program titled “Early Signs of Spring” were also popular activities for visitors. All of these programs provided opportunities for visitors to connect with the forest and to come to appreciate the many values of the Tillamook State Forest in our lives today, including the range of social, economic and environmental values.

Special events at the Center this year included a travelling exhibit developed by the Washington County Historical Museum titled “This Kalapuya Land” which ran at the Center from mid October through the first of January. The exhibit detailed thousands of years of the life and culture of the Atfalati-Kalapuya Indians who have made their home in what today is referred to as Washington County. Viewing the exhibit allowed visitors to learn about and appreciate the history of these native people and to see how their lives through time also drew many important resources from the forest.

Another special event at the Center this year was the Forest History Roundtable which came to the Center in May. Through this event a gathering of forest historians came to share current research, knowledge and resources relating to the study and interpretation of Oregon’s forest history. Presentations covered many topics including Indian burning of the forest, the evolution of Fire Protection Associations in Oregon, and the role of Counties in Oregon forest history.

Center staff members continually watch for new opportunities to meet the needs of visitors while telling the important stories that lead to understanding and appreciation of the forest and its management.

Education Programs

The Center's Education Program was extremely busy again this year reaching 4,546 K-12 students through a variety of programs. While staff-guided programs were up by 84 from the previous year, the overall number of students participating in the Center's education programming was down from 5,810 last year due to a drop in the number of students participating in programs guided by their own teachers. In addition to the students, interactions occurred with a total of 1,298 adults, who attended educational programs with their children's classes or attended special tours or workshops.

Our most popular and highly attended program is "The Tillamook Forest: Past and Present". This is a program for third and fourth grade students that integrate science and Oregon history as students discover the incredible events that shaped the Tillamook Forest seen today. Through dramatization and investigation, students discover that the forest is shaped both by things that people do and by the forces of nature. The second most popular program is called "What's a Forest" and serves K-2nd grade students. Through this program, students explore some of the plants and animals that call the forest "home," look at forest products, and find out how to have fun in the forest safely and responsibly.

Education staff, in teamwork with the interpretive staff, took advantage of the Arbor Week Celebration at the Center to host a special tree planting event for visitors. Over 500 people helped plant trees. Also, as part of the day's activities, the staff offered a special tree plan for local boy scouts and girl scouts. Through this part of the day's activities the Center had 54 kids and 42 adults attend and help plant trees in the Tillamook State Forest. The idea was very well received, and the Center plans to offer this again next year to even larger numbers.

In July, 6th and 7th grade students participated in a week-long day camp, travelling to various locations on the forest to participate in themed and action-packed activities each day. Campers explored the forest and were introduced to the forest environment, management programs, and recreation opportunities. They enjoyed a host of outdoor activities, arts and crafts, and learned about safety techniques, survival skills, and search and rescue procedures. The Center welcomed 16 new and returning campers to the 2008 Discovery Day Camp. Staff introduced some new activities, including kayaking in Nehalem Bay, and the overall camp experience was enjoyed by all.

Gift Shop and Donations

Center staff has worked hard to make the Gift Shop a unique place to purchase items that relate to the forest and are special to the State of Oregon. New items added to the sales area this year include a selection of Oregon jams and syrups, and a unique glow-in-the-dark Tillamook State Forest t-shirt. The Center's best selling categories continue to be books and t-shirts. Through the past year, sales totaled \$60,081, down from \$78,137 during the better economic times of the previous year.

While sales declined from the previous year, donations have gone way up, largely due to a new donation box built for the Center by South Fork inmates and due to a new emphasis on welcoming donations through

conversations, website phrasing and printed materials. Donations for the past year totaled \$7,769, compared to \$3,770 for the previous year.

Facilities

This year was marked by a series of important system improvements for the Center. These improvements came even as staff completed daily, monthly and annual maintenance work. One improvement involved realigning the lookout tower's drip line to prevent water from splashing off the hand railing onto the door and windows. These realignments will double the life span of the door and windows.

Rewiring work on the emergency generator will allow the Center's security system and heating systems to operate on generator power during power outages. Addition of snow guards to the roofs of Smith Homestead Shelter, the maintenance building and the lookout tower will ensure staff and visitor safety during winter snows. Installation of a water softener on the Center's water supply system will prevent corrosion of pipes and ensure clean drinking water for visitors. And, maintenance work on the Center's front entry sign will prevent laminated wood from rotting and keep the sign looking like new for years to come. These improvements were made in a cost effective way through diligent observations and creative thinking on the part of the facilities coordinator.

Marketing

During the past year, the Center contracted with a marketing firm, The Creative Company, to create a strategic marketing plan for the Center, with the goal of identifying the best possible, cost-effective ways to market the Tillamook Forest Center. Beginning in August, the Center staff collaborated with The Creative Company to build the five-year marketing plan. In November, the plan was completed and implementation began immediately with funding support from the Tillamook Forest Heritage Trust. While only the highest priority items can be implemented due to reduced budgets, it appears that the recommendations of the plan have played a significant role in the increasing numbers of visitors coming to the Center during the past six months.

Staff will continue to implement as many of the recommendations as possible using creativity and continuing support from the Trust.

Awards

This year, the Center was proud to receive a State Energy Efficient Design (SEED) award and to be recognized as an outstanding example of energy efficiency. The SEED program ensures that new state buildings incorporate cost-effective energy measures and be at least 20 percent more energy efficient than code. The Center is performing 30 percent better than code thanks to such measures as substantial insulation, three efficient wood pellet boilers and a pond that stores rain water used to cool the building and flush toilets. The Center is honored to be a recipient of this award.

Visitor Feedback

During the summer and fall seasons, Center staff conducted a survey of visitors coming to the Center. Coordinated through an evaluation specialist at Oregon State University, staff asked visitors to take a few minutes when leaving the Center to reflect on their experiences. Over 400 surveys were completed following guidelines to assure that information gathered would accurately gauge the experiences of Center visitors.

Visitors were asked how they learned about the Center and how they felt about the level of customer service provided during their visit. One question asked how much was learned about the importance of the Tillamook State Forest to the people of Oregon. Another question asked if, as a result of their visit, they had a better appreciation for the Tillamook State Forest.

Evaluation of the data was in progress at OSU as the year ended. Center staff members anticipate seeing the results of the survey and look forward to using the new information to continue to improve in areas, including marketing, customer service and the delivery of meaningful programs for visitors.

Conclusions

As a busy and successful year drew to a close, Center staff faced the challenge of staffing reductions due to a national economy in crisis and corresponding state-wide budget reductions. In spite of the challenging circumstances associated with the tough economic times, Center staff members remain dedicated to providing excellent customer service in a safe and attractive setting, with the best possible level of programming to help visitors learn about and connect with the Tillamook State Forest. Together, staff members are utilizing volunteers, encouraging donations to the Center, and finding every possible way to promote efficiency in order to provide meaningful experiences for those who come to visit the Center.

For more information, visit the center on the web at www.tillamookforestcenter.org



Visitors to the Tillamook Forest Center say they have increased their knowledge and understanding of forests. (Photo by Michael Branch, ODF)

STATE FORESTS REPORTS

The information in this section is intended to highlight significant projects or management efforts that are not specifically summarized or addressed in other sections of this report.

Tillamook State Forest – Tillamook and Forest Grove Districts

The Tillamook and Forest Grove Districts manage the Tillamook State Forest under the Northwest Oregon State Forests Management Plan (NWFMP), adopted in 2001.

Volunteers Help Clear Storm-damaged Trails

Both Districts received extensive damage to roads and recreation trails from the severe December 2008 snow storms. Snow and ice caused extensive damage to trees resulting in cleanup to open trails and roads. Debris removal is eligible for reimbursement through FEMA. Volunteers were able to open many of the motorized and non-motorized trails in the eastern portion of the forest. The extensive volunteer effort covered ODF's share of debris removal not covered by FEMA. All damage from the November 2006 storm is now repaired. The damage from the December 2007 will be completed in FY 2010 & FY 2011.

The Tillamook District Recreation Program continued the administration of the Tillamook State Forest Law Enforcement Program, providing three full-time deputies and one additional deputy May through September. Fifty percent of the cost of the law enforcement program was provided through grants from the Oregon All Terrain Vehicle Allocation Funds.

Agreement Improves County Road

An Intergovernmental Agreement with Tillamook County to provide funds from timber sales in the Tillamook District's portion of the Trask Basin to improve the Trask River County Road to address safety concerns has resulted in FY 2008 payments in the amount of \$67,477. The total payments to date are \$912,044 with a total estimated cost of the improvements of \$1.3 million.

The Forest Grove District and Tillamook District continue to experience a high demand for special forest products. 121 Special Forest Products permits were sold generating \$32,200 in revenue. Special Forest Products covered by those permits were predominately salal, moss, and mushrooms. In addition, 7 commercial firewood permits were sold generating \$5,340 in revenue. Personal use firewood permits (2,095) were issued generating \$20,950 in revenue.

Surveys for threatened and endangered species continued on both Districts. There were no new owl sites established in 2009, and one of the existing sites was classified as historic. There is also no change in the status of Marbled Murrelet Management areas.

The districts continued stream-improvement projects by working cooperatively with Oregon Department of Fish and Wildlife (ODFW). ODFW biologist Dave Plawman, whose position is funded by ODF through an interagency agreement, worked on large wood debris projects. Due to budget reductions, the ODFW position was eliminated after FY 2009.

Design work was completed for improvements at Stagecoach Horse Camp. Volunteers began earthwork during the year. Gales Creek trail is in the final stages for design and approval as a FEMA project.

Clatsop State Forest – Astoria District

The Astoria District manages the majority of the Clatsop State Forest with minor portions managed by the Forest Grove and Tillamook Districts. The Astoria District continues to implement the goals, objectives, and strategies of the Northwest Oregon State Forests Management Plan adopted in 2001 and the District Implementation Plan, which was revised and approved in June 2009. Of the approximately 137,000 acres the District manages, Board of Forestry lands account for slightly over 98 percent of the ownership of the Forest; the remaining portion is Common School land.

Timber harvesting operations, including thinning and regeneration harvests, continue as the primary tools used to actively achieve stand structure targets set out in the Forest Management Plan. The volume planned for harvest in the FY 2009 Annual Operations Plan was 72.3 MMBF with planned revenue of \$10,022,617. This included five primary timber sales and four salvage sales.

Pole Sales Spark Interest

Due to the declining price of timber, two of the primary sales were reconfigured as part of a new marketing strategy to sell poles for utility purposes. The poles currently have a higher value than saw logs. Two pole sales were added to the FY09 plan and sold in July of 2009. The actual volume sold in FY09 was 70.7 MMBF with expected revenue of \$9,558,074.

Timber revenue distributed to Clatsop County during the FY 2009 was approximately \$16 million dollars. Revenue distributed to the county is derived from all active sales during the fiscal year, this can include but is not limited to sales within the 2009 Annual Operations Plan.

FEMA Funds Sought Again After Winter Storm

FY 2009 was the third consecutive year that the Federal Emergency Management Agency (FEMA) had declared a federal disaster on the north coast after severe windstorms in December 2006, 2007 and 2008. The district was able to submit storm-related damage claims for reimbursement. For FY 2009, a total of \$64,598 in claims was submitted. FEMA reimbursed \$48,449, which is the standard 75 percent that FEMA will cover.

The district continues to experience a high demand for special forest products. Fifty-four commercial permits were issued generating \$15,600 of revenue. Special forest products included moss, salal, vinemapple, mushrooms and firewood.

The Astoria District is continuing maintenance and operation of Henry Rierson Spruce Run Campground, Northrup Creek Horse Camp, Gnat Creek Campground and Lost Lake.

Forest Sheriff Deputy Staffing Reduced

Due to budget constraints, the district has reduced its law enforcement sheriff's deputy staff from one full-time position down to one half-time position. The Clatsop County Sheriff's Department has agreed to provide assistance if needed during reduced enforcement staffing. The deputy's accomplishments contribute to safety of the public, identification of individuals illegally dumping trash, individuals abandoning vehicles, and checking vehicles and individuals for compliance with fire season restrictions and requirements.

Surveys for threatened and endangered species continued on the district. No new activity centers were established for northern spotted owls (NSO) during the 2009 survey season. The district has three active NSO home ranges. One new marbled murrelet management area (MMMA) will be designated as a result of the 2009 surveys. There are 12 MMMA's on the district.

Santiam State Forest – North Cascade District

The 47,000 Santiam State Forest is managed by the North Cascade District, consistent with the principles and strategies of the Northwest Oregon State Forest Management Plan (NWFMP) that was adopted in 2001. Recreation opportunities are developed and managed under the Santiam State Forest Recreation Management Plan that was adopted in 2006.

Land Exchange Plan Completed

The North Cascade District completed a land exchange plan for the Santiam State Forest, with the goal to exchange scattered parcels to block up the Santiam State Forest. This will reduce management costs for the District in the future. The plan is currently on hold, pending availability of budgeted funds to implement land exchanges.

For Fiscal Year 2009, the North Cascade District sold seven timber sales on the Santiam State Forest, totaling 16.2 Million Board Feet. This includes 292 clear cut acres and 677 partial cut acres. In FY 2009, timber sale revenue distributed to Clackamas, Marion, and Linn Counties totaled \$3,845,955 for timber harvested on the Santiam State Forest.

Marion County Inmate crews were used for forest management and recreation projects. The Department of Corrections Mill Creek Correctional Facility crew was used for projects that required specialized skill, training and experience, including tree planting on 249 acres.

Lack of Funding to Curtail Forest Education and Outreach

During FY 2009, recreation staff continued key partnerships with organizations such as Oregon Forest Resources Institute, Clackamas County Extension Service, Straub Environmental Learning Center and others. This allowed the District to make the best use of resources to provide natural resource educational programs in both the classroom and the forest. Topics ranged from tree science and wildlife habitat to careers in forestry and stewardship of public lands. Staff also worked with teachers to tailor programs for their individual needs. There is a significant demand for more programs; however, the lack of fiscal resources will curtail future activities.

A diverse array of unique scenic and geological resources attracts visitors from across the region to the Santiam State Forest. The Recreation staff operates and maintains three campgrounds and a variety of dispersed sites. Many of these have associated trails systems, which are patrolled and maintained by the Mill Creek crew and a variety of volunteer groups.

Sun Pass State Forest – Klamath-Lake District

The Klamath-Lake District manages 6,827 acres of Common School Forest Lands and 26,912 acres of Board of Forestry lands. The largest block of this land is 21,522 acres in the Sun Pass State Forest. These lands are managed under the Eastern Region Long Range FMP, adopted in 1995.

Klamath Outdoor Science School

During FY06 the district issued a five-year Special Use Permit to the Klamath Outdoor Science School (KOSS) to develop and operate an outdoor science school in Sun Pass State Forest. KOSS intends to provide community outdoor science education that highlights the unique features of the Upper Klamath Basin, serving primarily the youth of the region.

Forest Ecology and Management is a required module for all attendees, as is an introduction to the Oregon Department of Forestry and Sun Pass State Forest. In FY09, KOSS continued to provide successful outdoor science camps, with approximately 325 students participating in KOSS activities. KOSS was successful in acquiring several large grants that allowed the school to run electricity to the site and drill a well. A Title II grant with ODF allowed a pump to be installed and a pump house constructed, which will supply water to the site and allow for adequate fire protection.

Klamath Basin Bull Trout Recovery

The District has begun to work in cooperation with Crater Lake National Park and Rogue River Ranch on bull trout restoration in Sun Creek. Crater Lake National Park has been working on protection of federally threatened bull trout in Sun Creek for 16 years. A recovery plan for bull trout in the Klamath Basin identified a two phase recovery strategy: Phase I – secure headwater populations, and Phase II – expand distribution downstream and provide connectivity between populations to reduce the risk of extinction from a catastrophic event such as fire or flooding, or from genetic isolation.

The present bull trout population is resident in nature, living their entire life history in the headwater section within the National Park. A migratory component of the population presumably once occurred, where juvenile bull trout moved downstream into the Wood River or Agency Lake, grew to a large size, and returned to headwater tributaries to spawn. The Sun Creek bull trout are expanding in number and distribution within the Park due to recent restoration efforts, and will likely be moving downstream onto Sun Pass State Forest land in the near future. At present, bull trout are not likely to persist downstream due to the presence of introduced brook trout and unscreened water diversions for agriculture.

In FY 2007, ODF awarded a contract to develop alternatives for reconnecting Sun Creek with the Wood River, improve the efficiency/effectiveness of the adjacent landowner's irrigation system, screen fish out of the irrigation system, and prevent non-native fish from reentering the system in order to recover bull trout in Sun Creek. FY2008 saw the completion of this first step. FY 09 included numerous conversations with the partners, grant writing, and planning of the next phase. This phase includes removal of a fish barrier located in Sun Pass to allow Bull trout to move further downstream, while keeping the Brook trout out. This phase also includes the addition of a fish screen to help control water flows going for irrigation. Some funding has been secured to begin this project.

The above two projects occur on Board of Forestry Lands.

Elliott State Forest – Coos District

The Coos District includes Coos, Curry and western Douglas counties on the southern Oregon coast and contains about 87,934 acres of Common School Forest Land, and 9,088 acres of BOF lands. The largest block of this land is 93,282 acres in the Elliott State Forest located southeast of Reedsport.

Forest Management and Habitat Conservation Plans

Planning for revision of the Elliott State Forest Management Plan (FMP) and the Elliott Habitat Conservation Plan (HCP) continued in FY 2009. The planning team consists of a policy steering committee, which includes representation from ODF, Department of State Lands, Department of Justice, Oregon Department of Fish and Wildlife (ODFW), Coos County Commission, South Coast Education Service District, and a core team comprised of technical specialists from ODF and ODFW.

The final draft of the FMP was completed by the planning team and made available for review and comment at public meetings in September 2005. In January and February 2006, the BOF and SLB approved continued development of the HCP consistent with the strategies in the draft FMP.

The draft HCP was completed in 2007 and has been developed to minimize and mitigate the effects of authorized incidental take associated with forest management. The revised Elliott HCP includes the northern spotted owl, marbled murrelet, coho salmon and 13 other species at risk for listing that are known to, or could, inhabit the Elliott State Forest.

The ODF worked with an EIS contractor and the federal services to complete a public review draft EIS. The draft EIS went out for a 90-day public review in August of 2008. In 2009, negotiations on the HCP strategies resumed with the federal services in light of the public comments received on the draft HCP and draft EIS. The timeline for decisions by the State Land Board and Board of Forestry for continuing to move forward with the draft HCP or with a different approach with revised strategies is late 2009.

Marbled Murrelet Protocol Surveys

In 2008, 713 surveys were completed at 454 stations, representing 79 survey sites on the Elliott State Forest. These 79 sites represented 21 planned timber sales. Detections of marbled murrelets were recorded during 143 surveys at 53 different sites with 20 surveys recording sub-canopy behavior. Of the surveys with significant, sub-canopy detections, all were associated with protocol surveys of nine planned sales.

Sub-canopy detection and presence detections of marbled murrelets resulted in the creation of four new Marbled Murrelet Management Areas (MMMA's) totaling 120 acres. In addition to four new MMMA's, a total of 226 acres were added to six existing MMMA's from sub-canopy detections.

Eleven sale units were released for sale preparation after no significant detections were observed within the sale area during protocol surveys. The 2008 surveys began in May and ended August 3.

Oregon Plan For Salmon And Watersheds

The following activities were accomplished during FY 2009 under the Oregon Plan for Salmon and Watersheds:

- There were eight sales completed during the reporting period where additional trees were retained along stream buffers under ODF Harvest Measure 62 for the Oregon Plan. Two of these sales included large wood placement into coho streams to improve fish habitat as part of the timber sale and another sale included 3,500 feet of road decommissioning.
- The Coos District cooperated with the Coos Watershed Association (CWA) to complete one large in-stream wood placement project in Elk Creek and replaced three culverts on streams to improve adult and juvenile fish passage.
- The Coos District cooperated with Oregon Department of Fish and Wildlife (ODFW) to complete another in-stream wood placement project in Footlog Creek.
- Coos District continues to have voting board members on the Coos Watershed Association and the Tenmile Lakes Basin Partnership.

BOARD OF FORESTRY ACRES

Table 18: Acres Summary	
COUNTY	STATE FOREST
BENTON	8,194
CLACKAMAS	7,266
CLATSOP	147,012
COLUMBIA	6,459
COOS	7,220
DOUGLAS	8,625
JOSEPHINE	2,482
KLAMATH	26,912
LANE	24,734
LINCOLN	15,488
LINN	21,357
MARION	18,329
POLK	6,122
TILLAMOOK	310,624
WASHINGTON	46,886
TOTAL	657,710

FOREST TRUST LAND ADVISORY COMMITTEE

Year-End Summary

Board of Forestry

Throughout the year, the State Forests Division updated the FTLAC about policy recommendations – relevant to counties – being presented to the BOF. ODF worked with the BOF to decide whether to continue with a habitat conservation plan (HCP), as well as whether to revise the current forest management plan (FMP) or create a new plan. FTLAC Chair Tim Josi said the state, as a non-federal landowner, is not required to have a species-recovery HCP and is only required to comply with take avoidance.

At the April 24, 2009 BOF meeting, ODF, in cooperation with the Oregon Department of Fish and Wildlife, presented a species of concern strategy as a take-avoidance alternative to a HCP. At the June 3, 2009 BOF meeting, the Department presented a recommendation to decouple the HCP from the Northwest and the Southwest Forest Management Plans and to replace the HCP with the Species of Concern strategy. The BOF approved the recommendation in concept, along with revisions in the FMP to reduce the goal for complex forest structure. These changes require a formal, administrative rule-making process.

At the April 23, 2009 BOF meeting, social values of forests were discussed. The FTLAC has a high interest in social values of forests, especially during the current economic downturn. Impacts of land-use changes include job loss and career transition due to timber mill closures, and increased poverty and crime rate. Hardest hit are rural communities that historically relied heavily upon the timber industry for employment.

Revenue Models and Performance Measures

The FTLAC was shown economic and environmental outputs from computer-generated forest models. ODF developed these outputs to help the BOF provide direction on state forest management. The FTLAC worked with Mark Rasmussen, of Mason Bruce and Girard, to establish an industrial harvest level for the Tillamook and Clatsop State Forests. This harvest level was used to compare with the levels presented by ODF under a revised FMP.

At the August 22, 2008 FTLAC meeting, Tim Josi distributed a letter addressed to the BOF from the Council of Forest Trust Land Counties and the Forest Trust Land Advisory Committee. The letter urged the Board of Forestry to continue using the Performance Measure goals established in November 2007, with the goal of increasing complex structure and revenue.

Revenue Projections and Budget Reductions

The FTLAC was informed of current revenue projections, by county, through fiscal year 2014. Associate State Forester Clark Seely updated the FTLAC on the state of the ODF budget. Timber sale prices were down 30 percent, and harvest tax revenue was 13 percent less than forecasted. Revenue was projected to continue to decline due to drops in log prices and housing starts. County revenue was projected to decline through 2011, and then begin to recover.

Mr. Seely reported budgetary impacts resulting from reduced General Funds and reductions in timber revenue. Early in the fiscal year, ODF was asked to prepare a 10 percent General Fund reduction, which

translated into a 30 percent reduction in the Private Forests Division. Continuing budget reductions throughout the year resulted in reductions in the State Forest program as well. Reductions were reflected in loss of staffing and programs, such as the monitoring programs for both the State and Private Forests divisions.

Legislative Session / Land Acquisition

At the April 3, 2009 meeting, the FTLAC was updated regarding legislative bills that were of interest and may affect County Trust fund lands:

- SB 2363: Changes the composition of the Board of Forestry
- SB 417: Provides opportunity for the public to appeal timber sales.
- HB 3287: Modifies Greatest Permanent Value (GPV) language so that timber would be the primary purpose of lands.
- SB 870: Provides opportunity for counties to acquire state forestland.
- HB 3286: Proposes language that would prevent below cost timber sales.
- HB3249: Provides language that would allow Board to designate natural resource conservation areas.
- HB3220: Encourages expeditious harvesting of downed wood.
- HB 3072: Change GPV language to reflect primarily timber production.
- SB 790: Proposes that State Forest land be managed to Forest Practices Act (FPA) standards.
- SB791: Proposes harvest of areas with moderate to high Swiss Needle Cast (SNC).
- HB 2216: Changes language related to Board authority on land acquisition and bonding.

HB 2216 was passed, which resulted in continued progress toward the acquisition of the Gilchrist Forest.

Other Issues of Interest

L N G & Palomar pipelines are natural gas projects that could possibly go across state land. The projects could be in service by 2011. The FTLAC motioned and approved a request that the State Forester bill the utility pipelines for using the land.

The FTLAC approved the exploration of siting wind energy facilities on state-owned lands.

FTLAC members:

Tim Josi, Chair
Tillamook County Commissioner
Patricia Roberts, Vice-Chair
Clatsop County Commissioner
Anthony Hyde
Columbia County Commissioner
Chuck Hurliman
Tillamook County Commissioner

Faye Stewart
Lane County Commissioner
Mike Propes
Polk County Commissioner
Susan Morgan
Douglas County Commissioner

Oregon State Board of Forestry Lands



MW 10/17/07



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