

STAFF REPORT

Agenda Item No.:	B
Work Plan:	State Forests Work Plan
Topic:	Status of Portions of Sun Pass and Yainax Butte as Common School Forest Land
Presentation Title:	Decertification Actions by ODF on Klamath-Lake area CSFL
Date of Presentation:	November 16, 2022
Contact Information:	Mike Wilson, Chief - State Forests Division 503-945-7351; Michael.Wilson@odf.oregon.gov

SUMMARY

The Board of Forestry is requested to make findings to decertify 4,907 acres of forestlands within the Klamath-Lake District as Common School Forest Lands, effective July 1, 2023, in order to complete the statutory requirements to return these lands to their original status and ensure all applicable procedures are addressed pursuant to ORS 530.470(2). The State Land Board voted to decertify these acres at its August 9, 2022 meeting.

CONTEXT

Lands owned by the State of Oregon and under the jurisdiction of the Department of State Lands (DSL) that are “primarily suited for the growing of timber and other forest products” are required to be designated and set apart as “Common School Forest Lands” (CSFL) by the Department of State Lands and the State Board of Forestry, and such lands are withdrawn from sale (ORS 530.460).

The process by which such lands are designated is through the adoption of separate board resolutions of the State Land Board and the Board of Forestry, describing the lands to be set aside as CSFL (ORS 530.480). A copy of each board resolution, certified by the Director of DSL and the State Forester, respectively, together with a description of the lands involved, are to be filed with the Secretary of State.

Periodically as necessary, DSL and the Board of Forestry are to designate and set aside CSFL “as rapidly as forestry data and information are obtained ... of the lands eligible for dedication under ORS 530.450 to ORS 530.520” (ORS 530.470(1)).

After such designations, the State Forester, under supervision of the Board, is authorized to manage the CSFL lands (ORS 530.490).

These designated lands “may, at any time, be returned to their original status *by similar actions of said agencies*, if said lands are to be used for higher and better use for the general public, including the sale of said lands where lawful” (ORS 530.470(2); emphasis added). This has consistently been done by separate complementary resolutions of the State Land Board and the Board of Forestry (ORS 530.480).

BACKGROUND AND ANALYSIS

Approximately 21 percent of DSL's certified forestlands are in ODF's Klamath-Lake District. There are two large blocks of certified forestland in Klamath-Lake District, one in Sun Pass (3,663 acres) and another in the Yainax Butte area (3,164 acres), totaling 6,827 acres (See maps and table in Attachment 1, DSL Staff Report to the State Land Board, Appendices A through E).

DSL projected that the State Common School Fund would realize a cost savings of up to \$200,000 annually (Attachment 1).

DSL proposed, and the State Land Board approved on August 9, 2022, initially decertifying 4,907 of these acres effective July 1, 2023. The remaining 1,920 acres of the Sun Pass tract are planned to be submitted to the respective Boards to be decertified at a later date after upcoming timber sales are completed.

The Division concurs with the DSL Staff Report to the State Land Board (Attachment 1) and the maps contained therein, and recommends the Board of Forestry here adopt the proposed decertification Resolution and Order.

RECOMMENDATION

The Department recommends that the Board approve the decertification of 4,907 acres designated Common School Forest Lands in Klamath-Lake District as identified on the DSL Staff Report to the State Land Board, Attachment 1 Appendix E, pursuant to the proposed Resolution and Order, Attachment 2.

NEXT STEPS

Upon decertification, no further action is required of the Board. The State Forester, as Secretary of the Board, is required to send a certified copy of the Resolution and Order to the Director of the Department of State Lands and the Secretary of State pursuant to ORS 530.480.

ATTACHMENTS

1. DSL Staff Report to the State Land Board (August 9, 2022)
2. Resolution and Order of Board Reclassifying Common School Forest Lands
3. Certification by State Forester Regarding Resolution and Order of Board of Forestry on Decertification



Oregon

Kate Brown, Governor

Department of State Lands

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State Land Board

State Land Board

Kate Brown
Governor

Regular Meeting
August 9, 2022
Agenda Item 6

Shemia Fagan
Secretary of State

Tobias Read
State Treasurer

SUBJECT

Request to decertify 4,907 acres of Common School Forest Lands within the Klamath District.

ISSUE

Whether the State Land Board should approve the decertification of 4,907 acres of forestlands within the Klamath District for the purposes of cost savings to the Common School Fund.

AUTHORITY

- Oregon Constitution, Article VIII, Sections 2 and 5; pertaining to the Common School Fund and land management responsibilities of the State Land Board.
- ORS 273.141; relating to the nature of services provided by other agencies
- ORS 273.171; relating to the duties and authority of the Director
- ORS 273.523; relating to the sale of forest products
- ORS 530.460; relating to the designation of Common School Forest Lands
- ORS 530.470; relating to the determination of the designation of Common School Forest Lands
- ORS 530.480; relating to the filing of resolutions made by the boards
- Real Estate Asset Management Plan (REAMP) adopted by the Land Board; February 2012.

SUMMARY

For several decades, the Oregon Department of Forestry has managed and sustainably harvested Department of State Lands certified forestlands on behalf of DSL. Approximately 33,005 acres of DSL lands are currently classified as certified forestlands, meaning they are primarily suited for growing timber and other forest

products. Timber harvests and other sales of forest products generate revenue for the Common School Fund.

Annual revenue generated by certified forestlands is dependent upon the costs of management and quantity and value of harvested forest products. Certified forestlands cost approximately \$40 per acre annually to manage. The financial performance of certified forestlands is impacted by parcels that are not capable of producing reliable long-term timber revenue, but still contribute to annual management costs.

Decertification of certified forestland parcels is one option DSL considers when costs of management exceed long-term revenues. If forestlands are decertified, DSL takes over land management, reducing overall costs of the forests, as overhead associated with ODF's management of certified forestlands is no longer necessary.

Klamath District Forestlands

Approximately 21 percent of DSL's certified forestlands are in ODF's Klamath district. There are two large blocks of certified forestland in the Klamath district, known as Sun Pass (3,663 acres) and Yainax Butte (3,164 acres) (See maps in Appendices A through D). Although the Klamath district has produced an average of 903 thousand board feet (MBF) of timber volume annually between 2010 and 2020, it has the lowest return per MBF compared to other districts.

ODF has been managing these forestlands effectively; however, over the last 5 years (FY 2017 – FY 2021) the Klamath District has produced less than \$60,000 in annual revenue, while costing nearly \$200,000 annually to manage. These costs include direct¹ (variable) expenses for on-the-ground management and indirect² (fixed) expenses such as service and supply, personnel services, and administrative prorated, as identified by ODF. The budgeted 2022 fiscal year costs for management of DSL's certified forestland in the Klamath District is \$228,891, or \$33.52 per acre.

Revenues for these forestlands have been low due to poor timber markets, low-value species mix, and low volume per acre harvests. In addition to low productivity, these forestlands also have few near-term harvest opportunities.

It is projected that decertifying these 6,827 acres of forestlands would save the Common School Fund up to \$200,000 in costs annually, while having little effect on revenue.

¹ Direct expenses are variable costs including Personnel Services and Service and Supply for on-the-ground management work.

² Indirect expenses are fixed costs including Personnel Services, Service and Supply for District management and office/administrative staff, Salem staff and Administration Prorate.

Future Management of Klamath District Forestlands

If decertified, DSL would take over management of these parcels. Since hiring a forester in 2019, DSL has established internal capacity to manage the Klamath forestlands. These lands would fit into a larger portfolio of noncertified forestlands east of the Cascade Range managed by the Department. Much of the future maintenance needs will be for forest health improvement and fuels reduction thinning. These management needs are expected to occur once a decade and costs associated with these treatments will be minimal.

The single fixed expense that would remain for the Department upon transfer of management of the Klamath forestland parcels is annual fire protection for wildfire response provided by the Klamath-Lake ODF Fire Protection District, as required by law. The current rate for ODF fire protection in this district is \$3.86 per acre totaling \$25,155 annually. This rate is subject to change based on ODF fire protection district costs. If fires occur on DSL lands, under the agreement with ODF there will be no further costs billed to the Department after these annual fees have been paid.

The long-term management goal for the parcels would be to reduce fuels and improve forest health. Additionally, the Department would seek to continue to generate income from authorizations, including grazing leases managed jointly by DSL Forestry and Rangelands programs. Currently, the Yainax Butte Tract is under a grazing lease and earning approximately \$3,000 annually.

Revenue generated from most future forestry projects would cover harvesting and DSL personnel costs. Anticipated management costs would be absorbed into the forester's personnel costs, with harvest income projected to cover all non-fixed expenditures. Long-term capital investment needs for the Klamath forestlands are projected to be minimal.

Decertification

The proposed transfer of management of the Klamath parcels would take place in two separate decertification processes. The first decertification, which would be effective July 1, 2023, would total 4,907 acres (Appendix E), would include all of Yainax Butte and some sections of the Sun Pass tract. A portion of the Sun Pass tract is scheduled for an upcoming harvest in 2022 and 2023. The remaining 1,920 acres of the Sun Pass tract would be decertified at a later date, leaving them under ODF management until the upcoming timber sales are completed (Appendix B). DSL staff will work with ODF to ensure legal access is acquired for decertified properties.

The process for decertification of Common School Forest Lands requires approval of the State Land Board and Oregon Board of Forestry. This recommendation for the first decertification process is being submitted to the State Land Board prior to being submitted to the Board of Forestry.

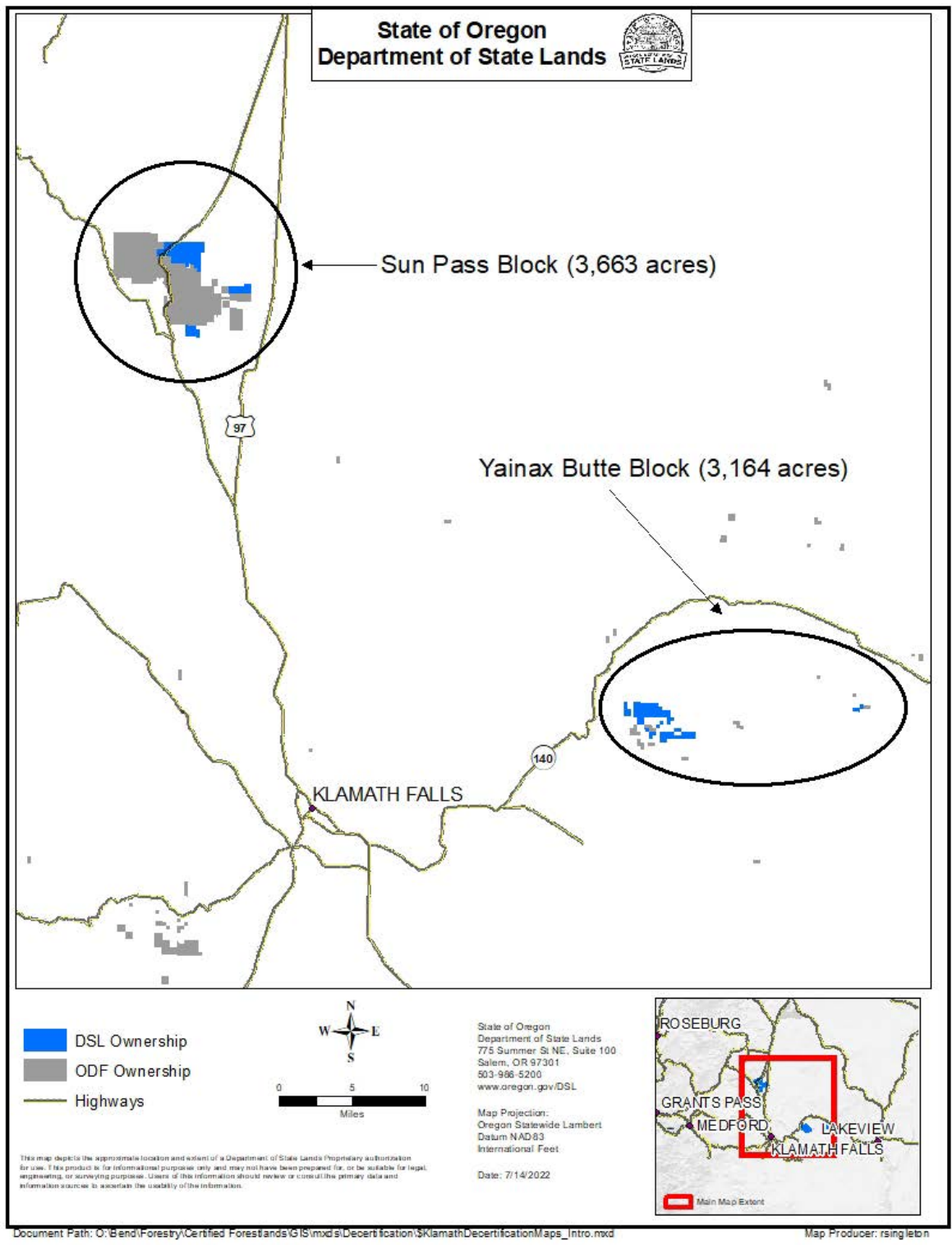
RECOMMENDATION

The Department recommends that the State Land Board approve the decertification of 4,907 acres of Common School Forest Lands within the Oregon Department of Forestry's Klamath District, as described in Appendix E, to be effective July 1, 2023. This decertification will include 3,164 acres of the Yainax Butte tract, and 1,743 acres of the Sun Pass tract.

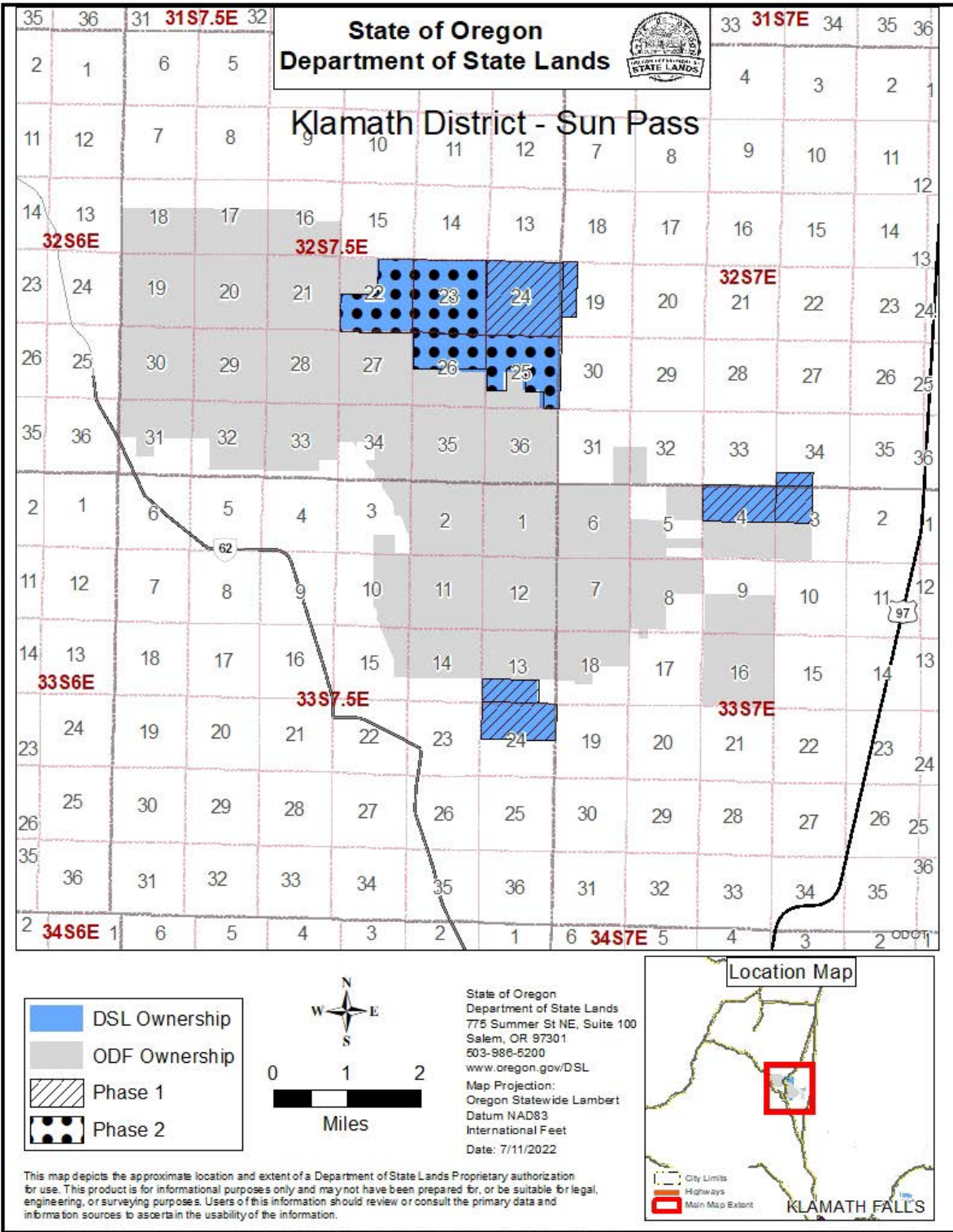
APPENDICES

- Appendix A – Map of Klamath District parcels
- Appendix B – Map of Sun Pass parcels
- Appendix C – Map of Yainax Butte main parcels for decertification
- Appendix D – Map of Yainax Butte east parcels for decertification
- Appendix E – Table of parcels for first decertification

APPENDIX A
 Map of Klamath District parcels for decertification showing in blue.

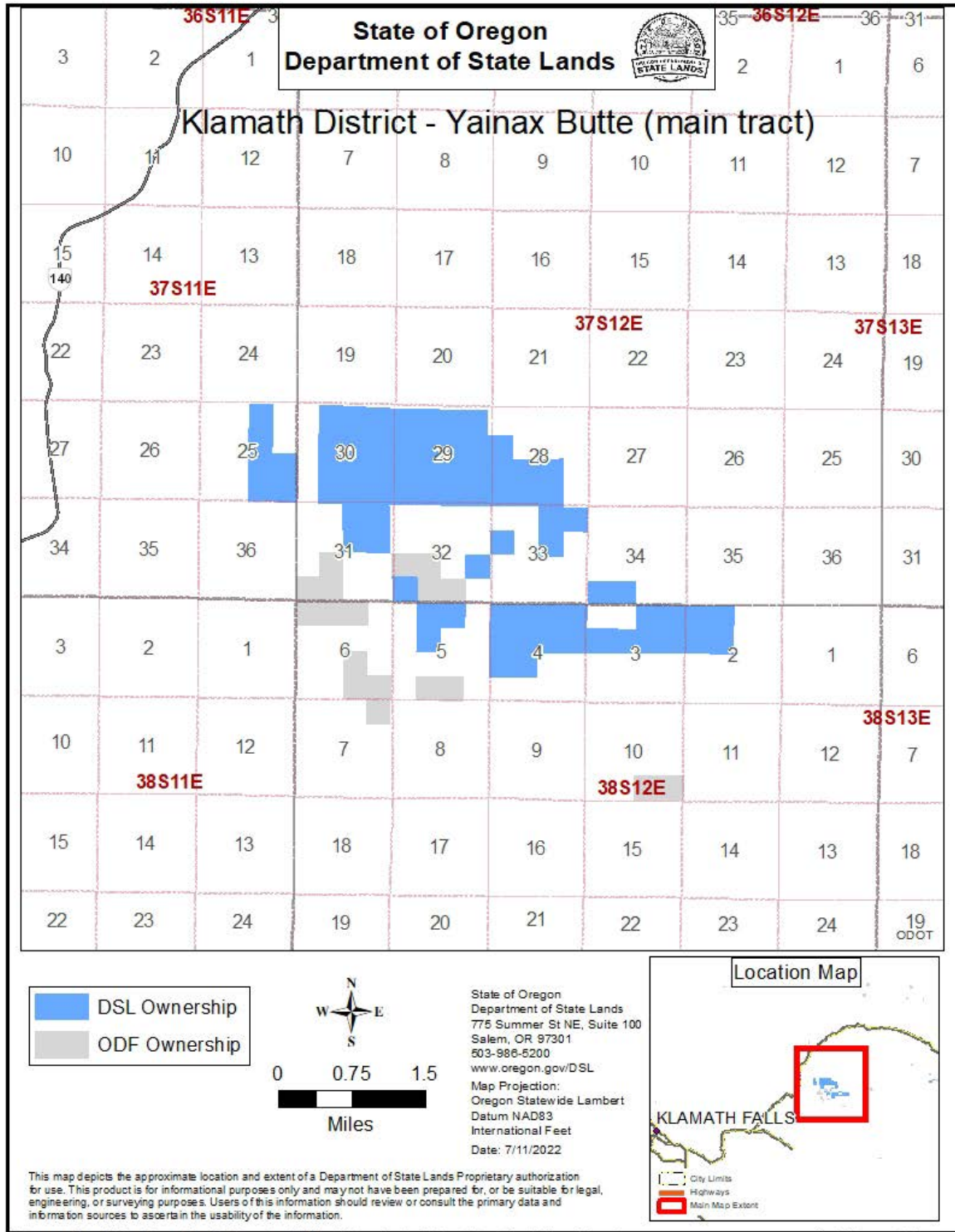


APPENDIX B
Map of Sun Pass parcels depicting decertification 1 and 2.

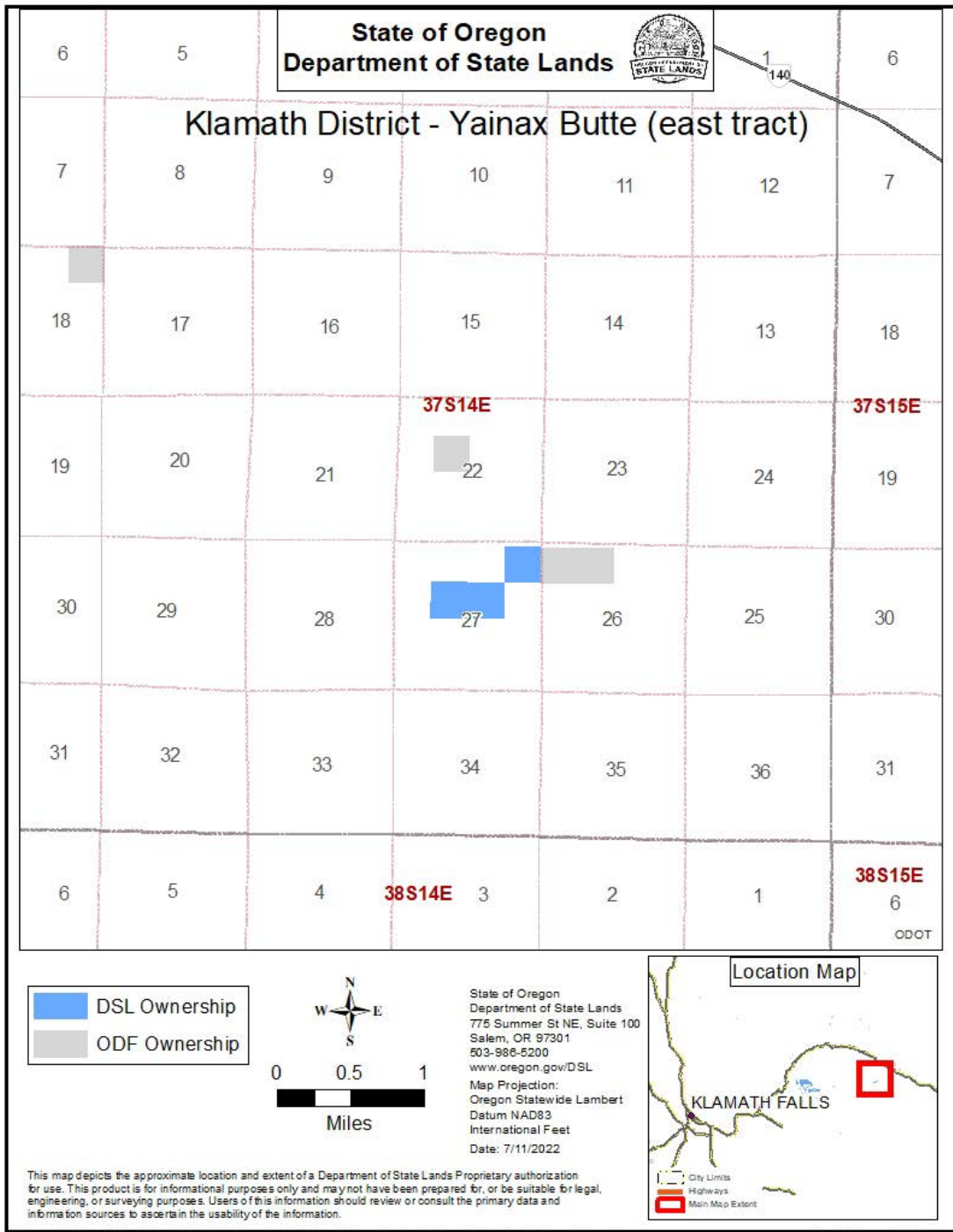


APPENDIX C

Map of Yainax Butte main tract decertification parcels.



APPENDIX D
Map of Yainax Butte east decertification parcels.



APPENDIX E

Parcels for first decertification, effective July 1, 2023.

DSL Parcel	Tax	TS	Rang	Sectio	Legal Description	Acres*	Tract
267	0210	33	07.5E	24	N2	320	Sun
268	0210	33	07.5E	13	LOTS 5, 6, 7	143.66	Sun
1194	0050	32	07.5E	24	ALL	640	Sun
1195	0090	32	07E	19	LOTS 7, 8, 13	100.22	Sun
2215	0040	32	07E	34	FR S2SW4	60	Sun
2220	0110	33	07E	4	N2	319.2	Sun
2221	0110	33	07E	3	NW4	160	Sun
1641	0090	37	11E	25	SE4	160	Yainax
1642	0170	37	12E	30	NE4SW4, W2SE4, SE4SE4	123.87	Yainax
1642	0170	37	12E	30	NE4SW4, W2SE4, SE4SE4	36.13	Yainax
1644	0170	37	12E	30	NE4SE4	40	Yainax
1646	0170	37	12E	29	W2SW4, NE4SW4	120	Yainax
1647	0170	37	12E	29	NW4SE4	40	Yainax
1870	0170	37	12E	30	SW4SW4	40	Yainax
1871	0170	37	12E	29	SE4SW4	40	Yainax
1877	0170	37	12E	29	S2SE4, NE4SE4	79.05	Yainax
1877	0170	37	12E	29	S2SE4, NE4SE4	40.95	Yainax
2133	0410	37	14E	27	NE4NE4	40	Yainax
2134	0170	37	12E	30	SE4NW4	40	Yainax
2135	0170	37	12E	28	SW4NW4	40	Yainax
2136	0410	37	14E	27	SW4NE4, SE4NW4	80	Yainax
2137	0170	37	12E	28	SW4, NW4SE4	117.3	Yainax
2137	0170	37	12E	28	SW4, NW4SE4	82.7	Yainax
2396	0250	37	12E	33	SW4NW4	40	Yainax
2397	0250	37	12E	32	NE4SE4	40	Yainax
2400	0240	37	12E	32	LOT 4	39.23	Yainax
2576	0170	37	12E	31	NE4	160	Yainax
2578	0170	37	12E	33	N2NE4, SW4NE4	120	Yainax
2612	0260	37	12E	34	LOTS 3, 4	77.08	Yainax
2618	0020	38	12E	5	LOTS 2, 3, SE4NW4	123.44	Yainax
2710	0090	37	11E	25	W2NE4	80	Yainax
2711	0170	37	12E	30	NE4NW4, W2NE4, SE4NE4	42.71	Yainax
2711	0170	37	12E	30	NE4NW4, W2NE4, SE4NE4	117.29	Yainax
2712	0170	37	12E	30	NE4NE4	40	Yainax
2713	0170	37	12E	29	N2	82.29	Yainax
2713	0170	37	12E	29	N2	237.71	Yainax
2718	0170	37	12E	28	SW4SE4	40	Yainax
2725	0030	38	12E	4	LOTS 1, 2, 3, 4, S2N2, N2SW4	404.21	Yainax
2732	0030	38	12E	3	LOTS 1, 2	80.32	Yainax
2733	0030	38	12E	2	LOTS 3, 4, S2NW4	159.6	Yainax
2735	0030	38	12E	3	S2NW4	80	Yainax
2736	0030	38	12E	3	S2NE4	80	Yainax
TOTAL						4906.96	

*Acres are compiled from Oregon Department of Forestry's 2017 Managed Common School Forestlands report.

**BEFORE THE OREGON
BOARD OF FORESTRY**

In the Matter of the Decertification)	ORDER
of 4,907 acres in Klamath-Lake District)	RECLASSIFYING
as Common School Forest Lands)	COMMON SCHOOL
)	FOREST LANDS

WHEREAS, ORS 530.460, 530.470 and 530.480 provide a process for identifying, certifying and decertifying Common School Forest Lands, which are primarily suited for growing timber and other forest products; and

WHEREAS, by separate resolution each board is required to so designate and set aside such lands;

WHEREAS, ORS 530.470(2) states that any lands so designated and set aside may, at any time, be returned to their original status by similar actions of said agencies, if said lands are to be used for higher and better use for the general public, including the sale of said lands where lawful;

WHEREAS, on August 9, 2022, the State Land Board voted to decertify 4,907 acres, more or less, of Common School Forest Lands in Oregon Department of Forestry’s Klamath-Lake District, to be effective July 1, 2023;

WHEREAS, in order to ensure all necessary statutory actions have been completed by both Boards, the Board of Forestry finds it proper to adopt a concurring resolution and order decertifying these same 4,907 acres from those held as Common School Forest Lands, effective July 1, 2023.

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED by the Board of Forestry that the 4,907 acres of forestland parcels identified in the Department of State Lands Staff Report to the State Land Board of August 9, 2022 (DSL Staff Report), Appendices A through E, previously ordered to be decertified by the State Land Board on August 9, 2022 (effective July 1, 2023), also be ordered decertified by this Board pursuant to ORS 530.470(2) and returned to their original status effective July 1, 2023. The DSL Staff Report Appendices A through E are attached hereto and incorporated by reference...

The State Forester, as Secretary of this board, is hereby directed to send a copy of this Resolution and Order to the Director of the Department of State Lands and the Secretary of State.

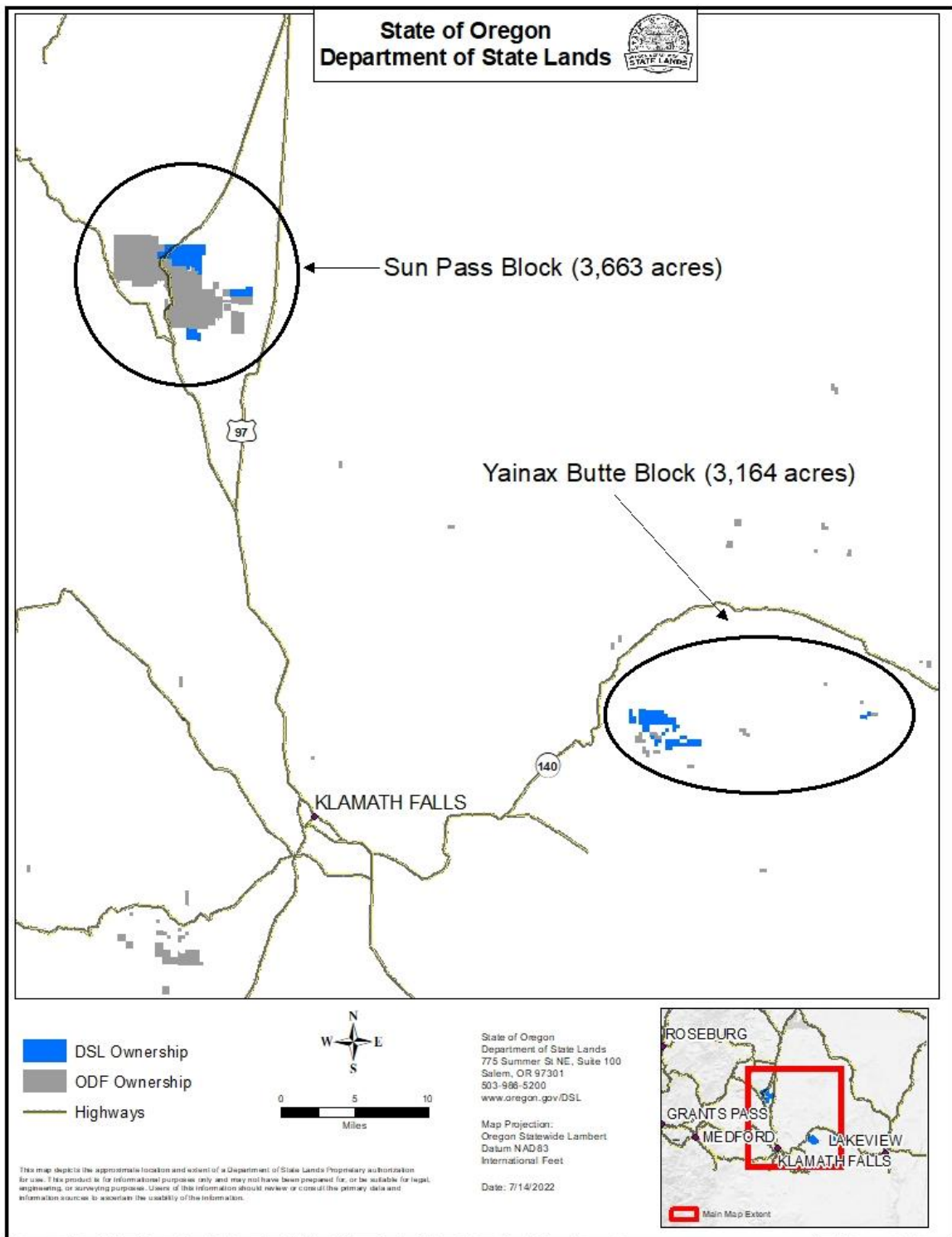
Adopted by the Board of Forestry at its meeting on _____.

State Board of Forestry

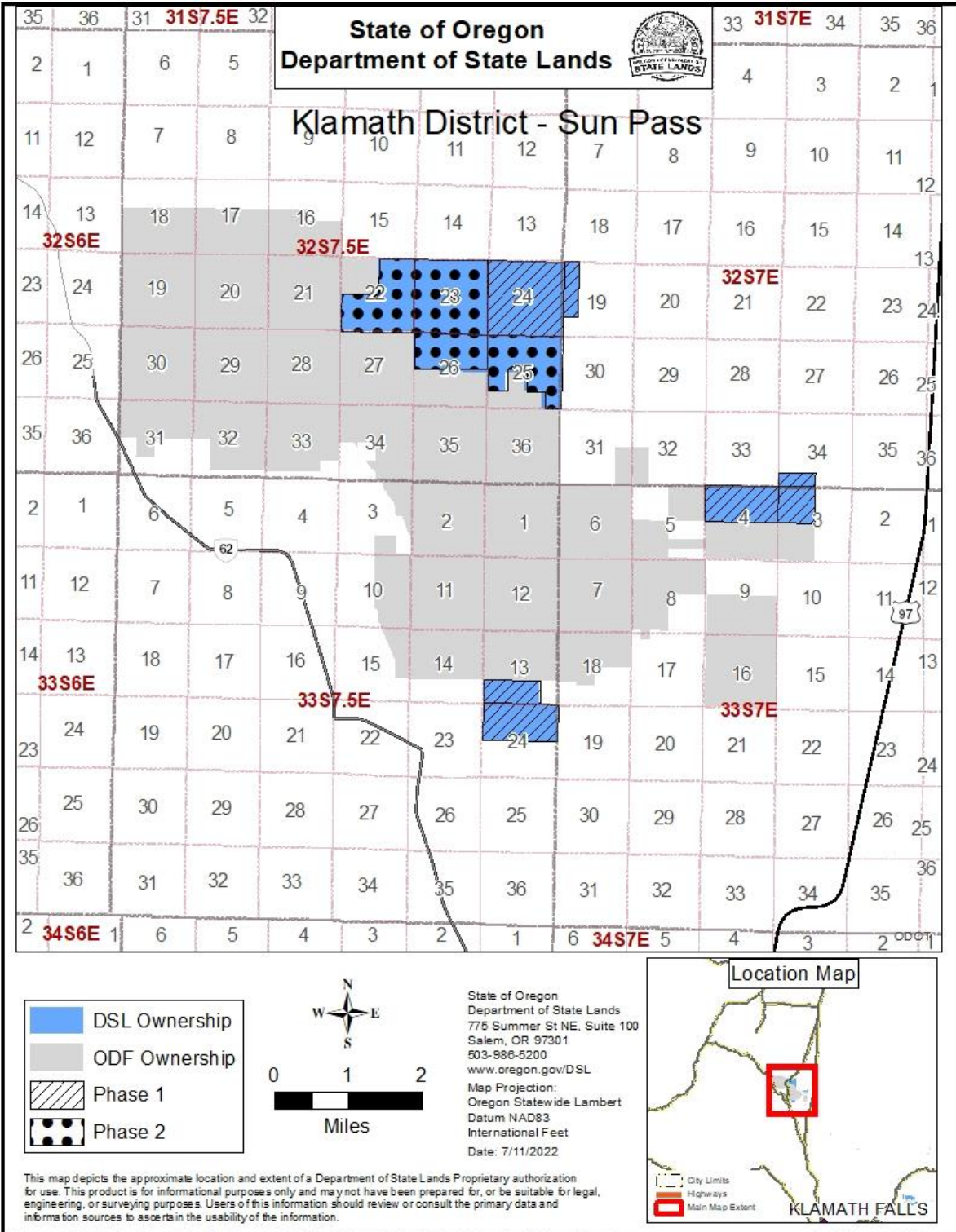
Cal Mukumoto, Secretary

Date

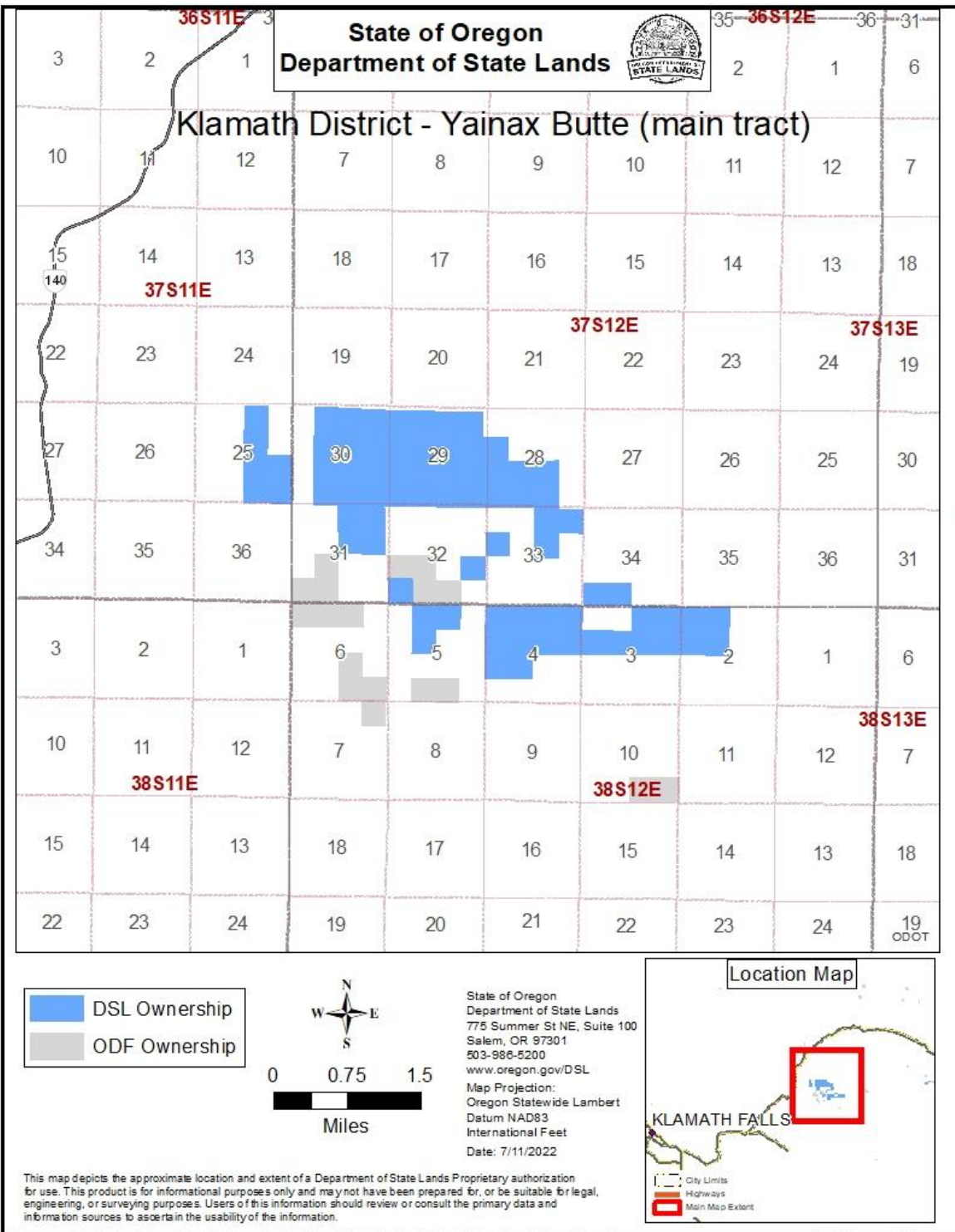
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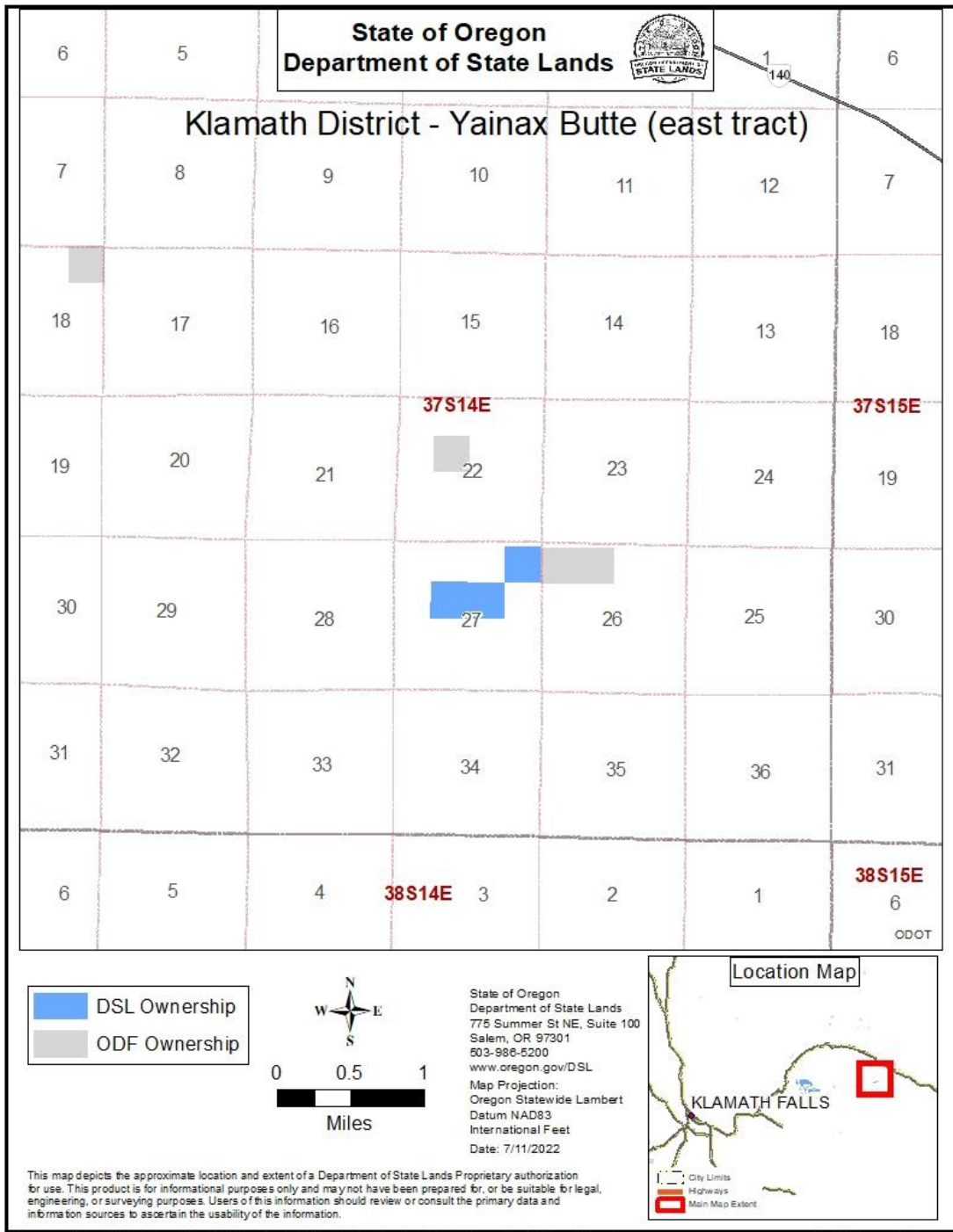
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Map of Yainax Butte main tract decertification parcels.



APPENDIX D
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1644	0170	37	12E	30	NE4SE4	40	Yainax
1646	0170	37	12E	29	W2SW4, NE4SW4	120	Yainax
1647	0170	37	12E	29	NW4SE4	40	Yainax
1870	0170	37	12E	30	SW4SW4	40	Yainax
1871	0170	37	12E	29	SE4SW4	40	Yainax
1877	0170	37	12E	29	S2SE4, NE4SE4	79.05	Yainax
1877	0170	37	12E	29	S2SE4, NE4SE4	40.95	Yainax
2133	0410	37	14E	27	NE4NE4	40	Yainax
2134	0170	37	12E	30	SE4NW4	40	Yainax
2135	0170	37	12E	28	SW4NW4	40	Yainax
2136	0410	37	14E	27	SW4NE4, SE4NW4	80	Yainax
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2578	0170	37	12E	33	N2NE4, SW4NE4	120	Yainax
2612	0260	37	12E	34	LOTS 3, 4	77.08	Yainax
2618	0020	38	12E	5	LOTS 2, 3, SE4NW4	123.44	Yainax
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2713	0170	37	12E	29	N2	82.29	Yainax
2713	0170	37	12E	29	N2	237.71	Yainax
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2733	0030	38	12E	2	LOTS 3, 4, S2NW4	159.6	Yainax
2735	0030	38	12E	3	S2NW4	80	Yainax
2736	0030	38	12E	3	S2NE4	80	Yainax
TOTAL						4906.96	

*Acres are compiled from Oregon Department of Forestry's 2017 Managed Common School Forestlands report.

CERTIFICATION

I, Cal Mukumoto, State Forester of the Oregon State Department of Forestry and Secretary of the Oregon State Board of Forestry, do certify that the attached is a true and correct copy of the Resolution and Order of the Oregon State Board of Forestry made at its regular meeting held on _____, which pertains to the decertification of certain state-owned forest lands under provisions of ORS 530.470.

Cal Mukumoto, Secretary

STATE OF OREGON)
) ss.
County of Marion)

Signed and sworn to before me this _____ day of _____, 20____ by Cal Mukumoto.

Notary Public for Oregon
My Commission expires: _____