



Annual Report Real Property Program

*Pursuing Partnerships and Management Opportunities
Fiscal Year 2024*

OREGON DEPARTMENT OF STATE LANDS



TABLE OF CONTENTS

Rangeland managers encourage the growth of native bitterbush, a favorite snack of mule deer during winter months

3 Meet The Program

4 Program Services

5 Fiscal Year In Numbers

6 Takeaways From This Report

- Expanding Management on Forestlands
- Enhancing Rangeland Through Partnerships
- Attracting Renewable Energy Investment

10 Strategic Plan Check-In

11 The Future

14 Appendix A: School Lands by Classification

17 Appendix B: Program Performance

19 Appendix C: Authorizations

20 Appendix D: Land Transactions

21 Appendix E: Rolling 3-Year Net Operating Income

22 Appendix F: Return on Asset Value

MEET THE PROGRAM



Travis Simpson, 6'1" Real Property Technician and newest addition to team, providing scale to basin big sagebrush (tallest species)

School Lands are any lands managed by the Real Property Program that send revenue to the Common School Fund, distributed annually to all K-12 public schools in Oregon.

Oregon school lands are 764,000 acres strong and provide diverse value to people in the state including revenue generation for the Common School Fund, economic opportunities in Eastern Oregon, and habitat improvements for important species like greater sage-grouse. The Department of State Lands, specifically the Real Property program, manages these lands. Real Property is staffed by 12 people in the Bend field office.

This Real Property Program Annual Report for July 1, 2023, to June 30, 2024 (FY24) covers the land management efforts on school lands including three main themes of the year, summaries of the program and the outlook in the coming year. Additional information at the end of the report reviews the current school lands portfolio, analyzes school land financial performance, and details land sales and authorizations.

The goal of this report is to provide current information about Oregon's school lands and how they are managed, as well as a snapshot in time of Real Property Program performance that can be measured against previous performance and used to identify and address factors affecting performance.

REAL PROPERTY PROGRAM SERVICES

Leasing Rangelands

We manage a variety of leases, licenses, easements on 624,000 acres of rangeland, including providing grazing opportunities to local ranchers, communication towers, firewood gathering, and solar energy planning.

[More information](#)

Leasing Agricultural lands

We lease approximately 7,000 acres of lands for agricultural use, which provide crop production opportunities to local farmers in rural economies of central and eastern Oregon.

[More information](#)

Protecting Cultural Resources

Through consultation with Oregon's nine federally recognized Tribes and the State Historic Preservation Office, our statewide archaeologist protects Oregon's cultural heritage prior to all ground disturbing projects.

[More information](#)

Habitat Protection

Often with the help of partners, our management benefits wildlife habitat, including for sensitive species like greater sage-grouse.

[More information](#)

Working Forestlands

We oversee management of approximately 41,000 acres of forestlands. State forestlands provide clean water, recreation, habitat, and carbon sequestration, all while supporting local economies through sustainable harvest.

[More information](#)

Land Transactions & Ownership

We respond to the evolving community needs around land by providing land transaction services for Department-managed land as well as mineral rights transactions for other state agencies.

[More information](#)

Industrial, Commercial, & Residential Lands

We manage approximately 4,000 acres of land near urban areas to maximize benefits to the Common School Fund through development, or holding for eventual sale or development.

[More information](#)

Maintaining Public Access

In our management of lands, we maintain open lands for recreation, including hunting, fishing, hiking, and mountain biking.

[More information](#)

FISCAL YEAR 2024 IN NUMBERS

\$487,208

*net operating income
program-wide
(positive for the
first time in 5 years)*

-\$85,809

*net operating income loss
for forestlands
(lowest in 7 years)*

\$4.5M RECEIVED

*for the sale of
159 acres of school land
south of Prineville*

\$575,464

*wildfire suppression costs
from Stockade Block fire,
expected to be reimbursed*

253

*new and ongoing
authorized uses
on school lands*

In August 2023, a portion of the largest rangeland property, Stockade Block, ignited from a vehicle fire. Crews from the Bureau of Land Management assisted in containment.

TAKEAWAYS FROM THIS REPORT

EXPANDING MANAGEMENT
ON FORESTLANDS

ATTRACTING RENEWABLE
ENERGY INVESTMENT

ENHANCING RANGELAND
THROUGH PARTNERSHIPS

EXPANDING MANAGEMENT ON FORESTLANDS

The Real Property Program has two transitions underway that will reduce cost and increase overall forestland revenue: Select forestlands are transitioning to Department management from Oregon Department of Forestry management, and the Elliott State Research Forest will be managed as a distinct program by a new program team.

These changes will result in more capacity for proactive management of forests as well as timber sale revenue directly benefitting the constitutional Common School Fund.

4,907 ACRES

*forestlands transferred
from ODF to DSL
management*

\$650,000

*revenue from
Department's first
timber sale*

305

*log loads sent to mills
from first timber sale*

50

*slash piles burned
as part of thinning
operation*

50%

*time forester dedicates
to DSL-managed
forestlands*

CHALLENGE

The Department's one forester has been focused on work to establish the Elliott State Research Forest, as well as beginning the Real Property Program's direct management of forestlands.

Building a timber program took intense initial effort. Completing the Department's first timber sale since at least the 1950s required development of a timber sale contract, log ticket books, a timber appraisal process, and a log brand. To ensure the project benefitted forest health, rigorous field work was required to assess forest stand conditions including species mix, forest structure, and preparation of the project area. Thinning the 70-acre stand in Hood River County in June 2024 earned the Common School Fund \$650,000 and serves as a positive model for the Department moving forward.

The Forester's remaining capacity has been dedicated to the Elliott State Research Forest. The Department is in the process of hiring dedicated staff for the Elliott State Research Forest. These recruitments should be completed in early 2025, which will release capacity for expanding management on school forestlands.

NEXT STEPS

Once the Elliott State Research Forest transitions to program-specific management, the Real Property Program can shift priorities to forestland tracts that need wildfire risk reduction and forest health improvement.

Achieving these goals depend on the forest stand conditions and strategic timber sales that are able to help reduce wildfire risk, improve forest health, and contribute revenue to the Common School Fund. Since the 70-acre stand in Hood River County (image below), the Department has processed two more timber sales that will help with land management goals and raise over \$1.4 million for the Common School Fund.



ENHANCING RANGELAND THROUGH PARTNERSHIPS

The Real Property Program manages hundreds of thousands of acres of rangelands with a lean staff.

Success at this scale of management is only possible through partnership work. Adjacent property owners, government entities, federal agencies, and nonprofit organizations are some of the partners that help us build out a landscape-level projects without tapping the Common School Fund.

\$385,000

grant funding spent on DSL rangelands through partnerships

6,261 ACRES

juniper and invasive grass treatments completed

6,000 MILES

average traveled by range staff each month to manage rangelands

14 PARTNERS

help fund and implement rangeland projects

CHALLENGE

Two rangeland staff, with a third hired at the end of FY 2024, manage over 624,000 acres throughout eastern Oregon. Without partners, it would be difficult to manage these expansive areas and budget for rangeland health improvements.

Partners help the Department in three ways. First, grants have a higher chance of success when the project is landscape-scale and multi-partner. Second, working with adjacent property owners ensures the greatest chance of success for treatments, whether working to reduce juniper encroachment or invasive grass on rangeland. Third, some goals are only achievable if a critical mass of land is working towards the same goal, such as preserving habitat for greater sage-grouse.

NEXT STEPS

In FY 2025, the Real Property Program anticipates working with rangeland partners on 11,600 acres of juniper removal and thinning projects, 2,000 acres of invasive annual grass treatment, and other projects in development. As partners identify work throughout central and eastern Oregon, they continue to work with Real Property staff. The Program is actively seeking similar partnerships for projects on its forestlands.



14 rangeland partners honored with a Land Board Award in October 2024

ATTRACTING RENEWABLE ENERGY INVESTMENT

According to renewable energy analysts, approximately 63,200 more acres of Oregon land are needed to develop enough solar energy to replace all current fossil fuel-based energy in the state.

The Real Property Program is investing capacity to help solar development—as well as geothermal and wind—establishment on school lands. Besides helping with the State's climate goals, these leases hold the potential to be the highest revenue producers in the Program.

22,855 ACRES

of solar projects currently under demonstration phases

\$119,276

annual demonstration fees collected on solar projects in FY24

46,000 ACRES

of lands identified with high potential for renewable energy

5 SITES

under lease, license, or ongoing discussion for renewable energy

CHALLENGE

Developing renewable energy projects is a difficult and lengthy undertaking. Industry staff estimate only one out of 20 proposed projects make it to completion because projects fail in the planning and permitting process.

Further complicating the path to success for projects of this type, much of our school land is either core sage-grouse habitat or located far from transmission power lines.

NEXT STEPS

To make school lands an attractive investment for renewable energy lessees, staff are working on a renewable energy analysis of school lands to evaluate ideal sites for project development. The analysis will factor for distance to transmission lines, wildlife habitat impacts, topography, wind and solar energy potential, zoning and other criteria.

Additionally, the Department is discussing conservation easements with Oregon Department of Fish and Wildlife to help mitigate the impact on wildlife habitat for these developments. By April 2025, the Real Property Program anticipates completing the renewable energy analysis to better understand what lands are suitable for development.

Besides solar, there is a growing interest in geothermal energy where wells are drilled to access hot water and steam as a source for electricity. In April 2024, the Department received an application for a geothermal lease in the Crump Lake area. Eastern Oregon has been evaluated to have moderate to high favorability for geothermal energy development.

“

Renewable energy developments serve to greatly benefit Common School Fund income while also helping Oregon meet its clean energy goals.

”

- Director Vicki Walker

STRATEGIC PLAN CHECK-IN

The Real Property program is advancing the Department's **Strategic Plan** goals—specifically goals for Supporting Schools and Thriving Oregon.

- **Supporting Schools** focuses on increasing revenue to the Common School Fund.
- **Thriving Oregon** focuses on building a legacy of healthy, resilient, and accessible natural resources for the people of Oregon.

Some examples of measurable objectives tracked by the plan include:

- Update the Asset Management plan (completed FY 2024)
- Renewable energy market analysis for school lands
- Complete In-Lieu Land acquisitions from Bureau of Land Management
- Promote sage-grouse habitat restoration

10

*number of program
projects*

10%

*percent of projects
completed*

70%

*percent of projects in
progress*

20%

*percent of projects
not started*

13%

*program percent of
total Strategic Plan
projects*



THE FUTURE

The Real Property Program has many upcoming actions, activities, and changes which are highlighted in the following two pages.

The Department extends its gratitude to our dedicated staff and partners for their efforts in the management and preservation of Oregon's lands.

Solar panels at the 54 megawatt Gala Solar plant, in Crook County. This development is less than a mile from school lands that are currently under lease for another solar project expected to be developed in the next couple of years.

THE FUTURE: SEVEN UPCOMING ACTIONS

1

FINISHING RENEWABLE ENERGY ANALYSIS

Finish renewable energy analysis to evaluate development of renewable energy projects on school lands.

4

COMMUNICATIONS SITE RULES

Update the rules regarding leases at communication sites to establish modern lease rates and align with current industry standards.
Note: Updated in December 2024

7

SOLAR DEVELOPMENT

Starting at the end of FY 2025 or early FY 2026, The Department anticipates the start of development of two solar projects in Crook and Lake counties.

2

DSL-MANAGED FORESTLANDS

Evaluate additional forestlands to be moved from Oregon Department of Forestry's management to DSL for greater efficiency and more effective management. *Note: On the first day of FY 2025, 1,920 acres of Common School Forestlands in the Klamath area were moved to DSL management.*

5

PARTNERSHIP PROJECTS

In addition to the many rangeland partnership projects already discussed., a 320-acre fuels reduction and forestland resiliency project in Union County, in partnership with the Confederated Tribes of the Umatilla Indian Reservation, is expected to get approval and funding from the Bureau of Indian Affairs.

3

MANAGING FORESTLANDS

The Department will continue to identify and pursue timber sales to thin strategic forest stands for healthier and more resilient forests. *Note: Two timber sales have been executed so far in FY 2025.*

6

LANDS OWED TO THE STATE

The Department continues to acquire lands still owed to the state from statehood from the Bureau of Land Management and anticipates adding 80 acres of land in La Pine by the end of FY 2025. The remaining lands owed to the state total 1,477 acres.

THE FUTURE: FOUR SIGNIFICANT CHANGES TO ANTICIPATE

1

ASSET MANAGEMENT PLAN

The new Asset Management Plan, effective December 1, 2024, will have significant implications to actions, land classifications, and performance tracking. There will also be a new focus on environmental markets and renewable energy projects.

2

ELLIOTT STATE RESEARCH FOREST

The Elliott State Research Forest will become a separate program, allowing greater capacity for Real Property to work more on DSL-managed forestlands. The transfer will also have a significant impact on Real Property fiscal performance.

3

INCREASED GRAZING FEES

Grazing fees are increasing by 28.85% in 2025 due to the effect of higher calf prices on administrative rule calculations.

4

REVENUE FROM ODF-MANAGED FORESTS

Revenue from Oregon Department of Forestry managed forestlands is projected to decrease due to delays in timber production related to Western Oregon State Forest Habitat Conservation Plan.



Customer foraging on school lands near Hampton in Deschutes County

APPENDIX A: SCHOOL LANDS BY CLASSIFICATION

This table shows acres of school land classification at the end of FY 2024. Where noted (*), a portion of land classifications listed as statutory may be shared with other programs. These include Industrial, Commercial, and Residential (ICR) and special stewardship lands. This data was calculated from the mapping database, not deeded acres.

- **Constitutional lands** are obligated to the Constitutional Common School Fund because these lands are or were related to the lands set aside for the purpose of schools in the Oregon constitution at statehood.
- **Statutory lands** were set aside through federal or state statutes, and are obligated to the Statutory Common School Fund.

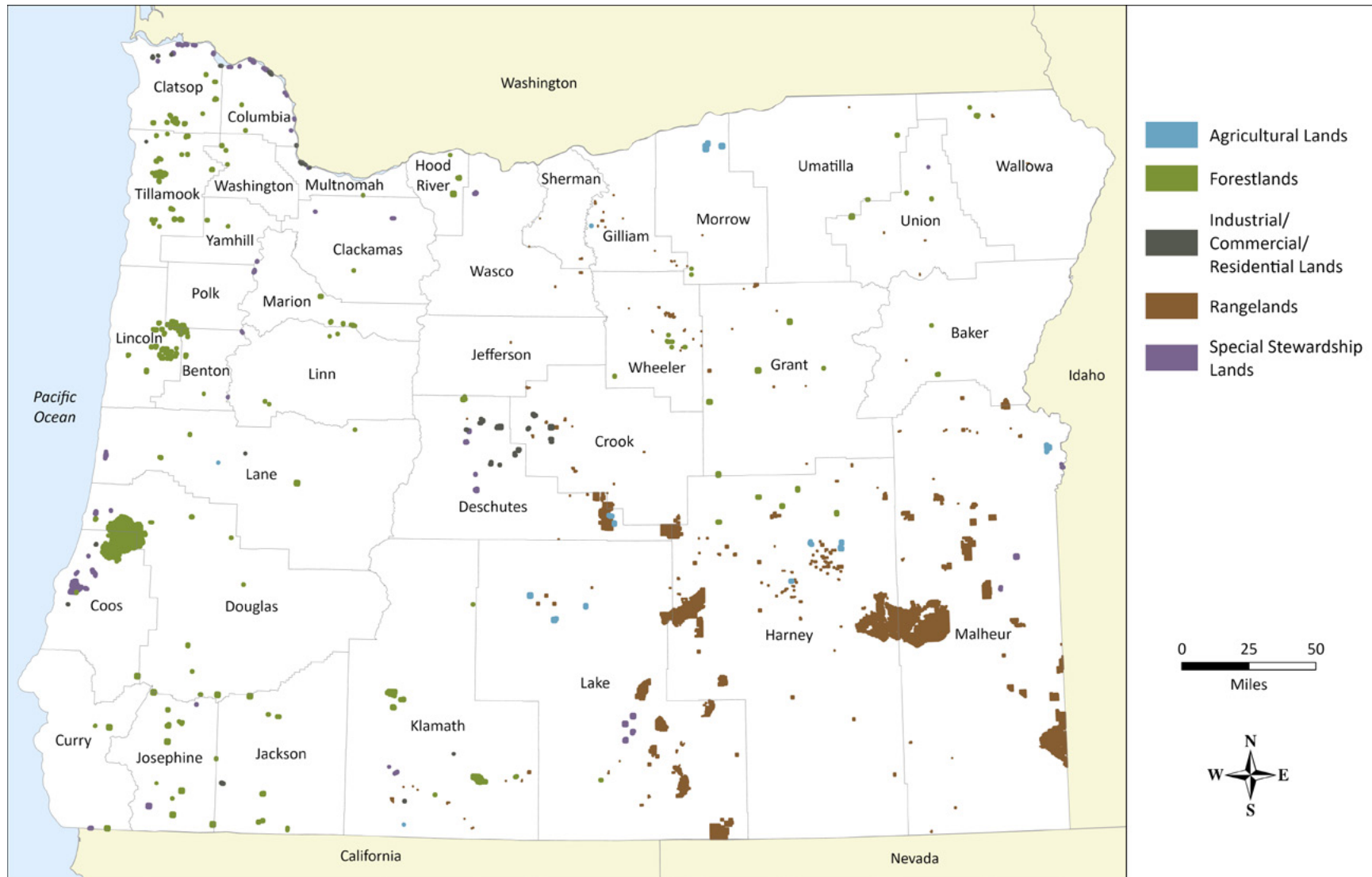
School Lands Ownership				
LAND CLASSIFICATION		CONSTITUTIONAL OWNERSHIP	STATUTORY OWNERSHIP	TOTAL LAND CLASSIFICATION
Agricultural Land		7,051	2	7,053
Forestland (All)		39,087	83,412	122,499
	ODF-Managed Forestland	26,536	182	26,718
	DSL-Managed Forestland	12,551	0	12,551
	Elliott State Research Forest	0	83,230	83,230
ICR*		3,879	520	4,399
Mineral (Subsurface Only)		768,211	272	768,483
Rangeland		598,675	25,534	624,209
Special Stewardship**		5,161	9,340	14,501
Land Classification Total		1,422,064	119,080	1,541,144
Total School Lands Without Minerals or Other Programs		653,853	109,409	763,262

* Of the statutory ICR acres, approximately 338 acres are managed by the Aquatic Resource Management Program.

** Of the statutory Special Stewardship acres, approximately 6,681 acres are managed by South Slough Reserve and 2,380 acres are under the Aquatic Resource Management Program.

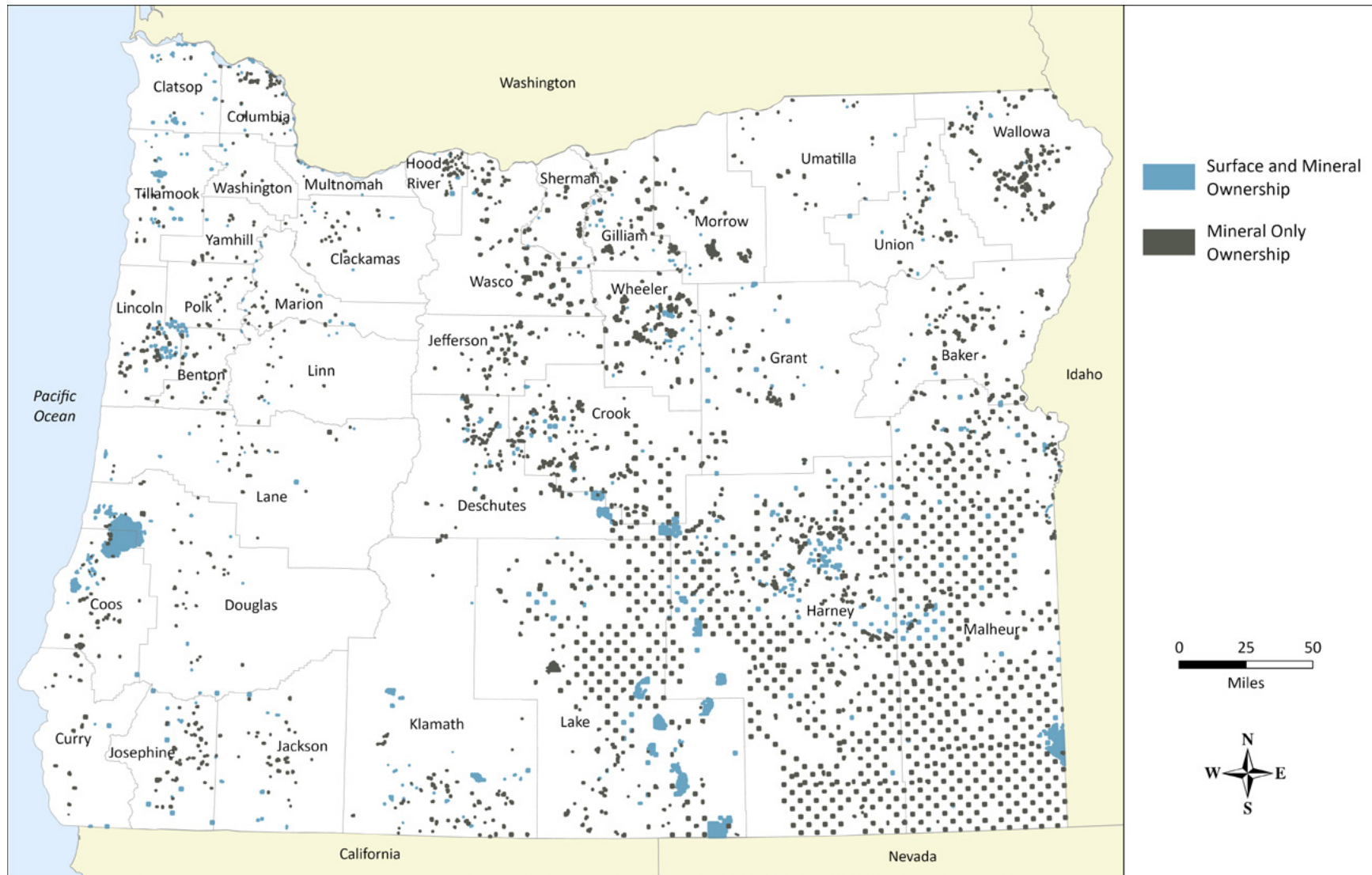
APPENDIX A: SCHOOL LANDS BY CLASSIFICATION (CONTINUED)

School Lands Map (Without Minerals)



APPENDIX A: SCHOOL LANDS BY CLASSIFICATION (CONTINUED)

Minerals Map



APPENDIX B: PROGRAM PERFORMANCE

This table shows Real Property Program performance measures of gross revenue and net operating income for the past three fiscal years and the 3-year average net operating income. FY 2024 was the first year overall NOI was positive in the last five years. The Elliott State Research Forest experiences annual losses as timber harvesting has been on hold, but expenses were down in FY 2024 and forestlands had the lowest loss in seven years. Rangelands had a slight loss due to a vehicle-caused wildfire expense (\$575,000), which we anticipate being reimbursed by insurance. This table does not include income from land sales.

Real Property Revenues, Expenditures, and Net Operating Income (NOI) by Land Class

	FISCAL YEAR 2022			FISCAL YEAR 2023			FISCAL YEAR 2024			3- YEAR AVG ANNUAL NET OPERATING INCOME
LAND CLASSIFICATION	GROSS REVENUE	EXPENSE	NOI	GROSS REVENUE	EXPENSE	NOI	GROSS REVENUE	EXPENSE	NOI	
Agricultural Land	\$337,531	\$161,765	\$175,765	\$341,739	\$102,407	\$239,332	\$348,780	\$57,869	\$290,911	\$235,336
Rangeland	\$694,826	\$637,089	\$57,736	\$850,650	\$646,584	\$204,066	\$1,162,480	\$1,167,275	(\$4,796)	\$85,669
ICR	\$1,142,550	\$1,049,876	\$92,674	\$991,491	\$750,058	\$241,433	\$1,060,699	\$822,900	\$237,799	\$190,635
Forestland	\$3,334,246	\$3,796,799	(\$462,552)	\$2,921,775	\$6,016,634	(\$3,094,860)	\$4,508,362	\$4,594,171	(\$85,809)	(\$1,214,407)
Mineral & Energy Resource	\$97,256	\$52,494	\$44,762	\$130,650	\$60,341	\$70,309	\$110,509	\$63,079	\$47,431	\$54,167
Special Stewardship	\$2,967	\$7,767	(\$4,800)	\$9,574	\$8,919	\$655	\$6,000	\$4,327	\$1,673	(\$824)
Total	\$5,609,376	\$5,705,791	(\$96,415)	\$5,245,879	\$7,584,943	(\$2,339,064)	\$7,196,830	\$6,709,621	\$487,208	(\$649,424)
Total Without Forestland	\$2,275,129	\$1,908,992	\$366,137	\$2,324,104	\$1,568,308	\$755,796	\$2,688,468	\$2,115,450	\$573,018	\$564,984

APPENDIX B: PROGRAM PERFORMANCE (CONTINUED)

Forestland Breakdown (Not Inclusive of Land Sales)

LAND CLASSIFICATION	FISCAL YEAR 2022			FISCAL YEAR 2023			FISCAL YEAR 2024			3- YEAR AVG ANNUAL NET OPERATING INCOME
	GROSS REVENUE	EXPENSE	NOI	GROSS REVENUE	EXPENSE	NOI	GROSS REVENUE	EXPENSE	NOI	
ODF-managed Forestland	\$3,172,047	\$1,446,295	\$1,725,752	\$2,754,787	\$1,846,378	\$908,409	\$2,801,158	\$2,109,972	\$691,186	\$1,108,449
Elliott Forest	\$145,025	\$2,215,977	(\$2,070,953)	\$74,886	\$4,078,365	(\$4,003,480)	\$485,106	\$1,832,608	(\$1,347,502)	(\$2,473,978)
Shutter Creek	n/a	n/a	n/a	n/a	n/a	n/a	\$571,646	\$459,632	\$112,014	\$112,014
DSL-managed Forestland	\$17,175	\$134,526	(\$117,351)	\$92,102	\$91,891	\$211	\$650,453	\$191,960	\$458,493	\$113,784
Total Without Elliott & Shutter Creek	\$5,464,351	\$3,489,814	\$1,974,537	\$5,170,993	\$3,506,577	\$1,664,416	\$6,140,078	\$4,417,382	\$1,722,697	\$1,787,217

APPENDIX C: AUTHORIZATIONS

This table shows a tally of leases, licenses, easements, permits for uses on school lands in FY 2024. When compared to FY 2023, authorizations were slightly up, and total revenue increased about \$350,000.

Land Authorizations

AUTHORIZATION TYPE	LAND USE	# OF AUTHORIZATIONS	TOTAL ACRES	TOTAL REVENUE	% TOTAL REVENUE
Forage Leases	Grazing	157	657,738	\$953,358	53%
Special Use Leases/ Licenses	Agriculture	13	7,125	\$337,726	19%
	ICR	2	402	\$91,919	5%
	Communications	24	5	\$119,769	7%
	Hard Mineral	2	680	\$108,167	6%
	Upland Quarry	2	10	\$750	0%
	Recreation	6	80.8	\$6,850	0.4%
	Solar Energy	4	22,855	\$119,276	6.6%
	Miscellaneous	5	6,085	\$2,350	0.1%
Oil & Gas	Oil & Gas	7	n/a	\$1,087	0.1%
Easements	Easements	5	1.8	\$63,784	3.5%
Permits	Small Products, Gravel Removal, Firewood & Hauling Permits	26	n/a	\$7,984	0.4%
Total*		253	694,983	\$1,813,020	100.00%

Note: Acres may be double-counted due to multiple authorizations on the same property.

*Total is for authorizations issued by the Real Property Program and does not include income from the leasing of space in the Department's Salem building.

APPENDIX D: LAND TRANSACTIONS

FY 2024 had few finalized land transactions. The 159-acre Millican Road parcel was sold and the Department acquired Shutter Creek from the Oregon Department of Corrections as an operations base for the Elliott State Research Forest.

Land Transactions

TRANSACTION TYPE	LAND SALE NAME	TRANSACTION AMOUNT	COUNTY	DEED DATE	ACRES	LAND CLASSIFICATION	OWNERSHIP DESIGNATION
Land Sale	Millican Land Parcel	\$4,527,510	Crook	12/21/23	158.87	ICR	Constitutional
Acquisition	Shutter Creek	\$0	Coos	8/11/23	52	ICR	Statutory

APPENDIX E: ROLLING THREE-YEAR NET OPERATING INCOME

This table is a new addition to this year's annual report, which reflects the stability of income on land classifications and forestland units. Agricultural lands exhibit very stable income. Special stewardship had a communication site that was reclassified as rangelands in 2021. Rangeland averages fluctuate because cattle market prices set grazing fees and wildfire suppression costs also impact the program. The Elliott State Research Forest has a significant impact on program totals.

Rolling Three-Year Average Annual Net Operating Income

LAND CLASSIFICATION	YEARS				
	FY 2018-2020	FY 2019-2021	FY 2020-2022	FY 2021-2023	FY 2022-2024
Agricultural Land	\$201,864	\$201,334	\$191,670	\$208,266	\$235,336
Forestland (All)	(\$899,804)	(\$813,333)	(\$575,608)	(\$1,294,243)	(\$1,214,407)
ODF-Managed Forestland	\$669,540	\$817,194	\$1,264,311	\$1,243,204	\$1,108,449
DSL-Managed Forestland	(\$101,101)	(\$79,277)	(\$60,984)	(\$43,763)	(\$113,784)
Elliott State Research Forest	(\$1,468,242)	(\$1,543,894)	(\$1,771,579)	(\$2,493,684)	(\$2,473,978)
ICR	\$263,701	\$92,549	\$38,367	\$85,259	\$190,635
Mineral	\$116,938	\$42,739	\$36,635	\$30,072	\$54,167
Rangeland	\$279,965	\$74,650	\$134,645	\$91,100	\$85,669
Special Stewardship	\$17,564	\$28,446	\$15,545	\$6,974	(\$824)
School Lands Avg. Total	(\$19,772)	(\$373,615)	(\$158,746)	(\$872,572)	(\$649,424)
Total School Lands Without Elliott or Shutter Creek	\$1,448,470	\$1,170,279	\$1,612,833	\$1,621,112	\$1,787,217

APPENDIX F: RETURN ON ASSET VALUE

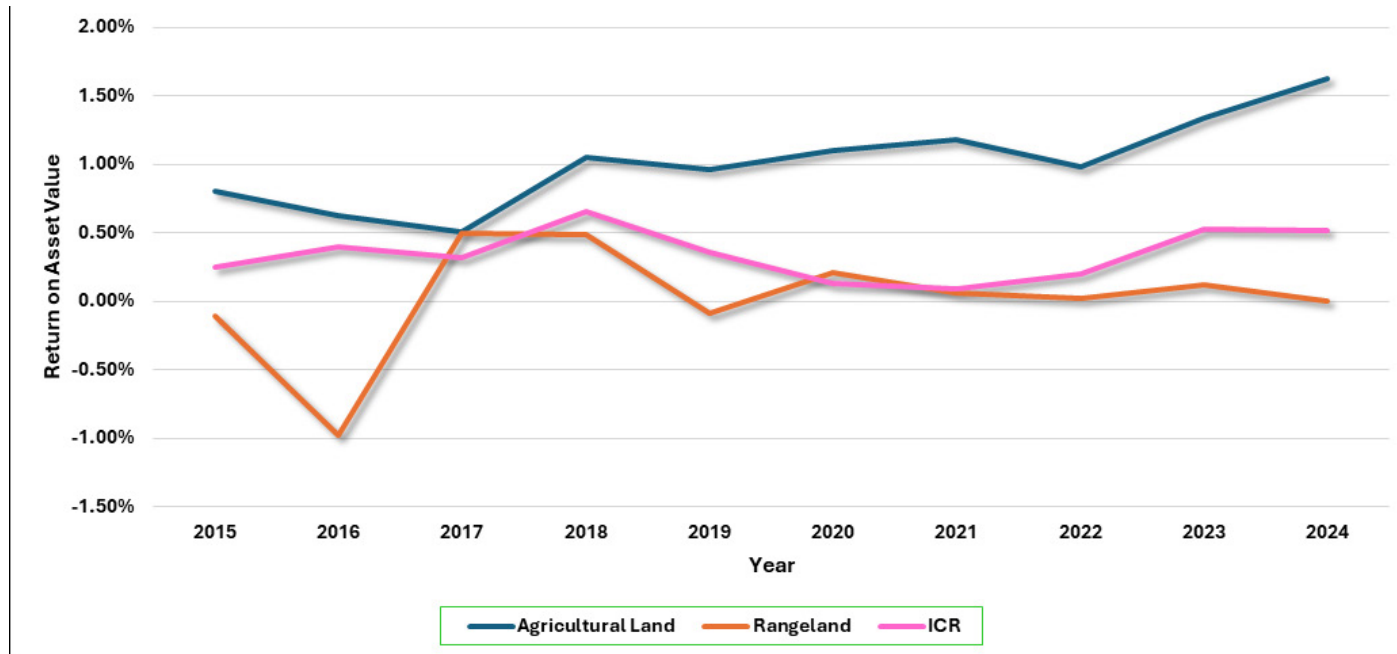
Return on asset value measures revenue generated compared to market value of the land. This measurement is calculated by dividing net operating income by land market values. For this report, land values for FY 2022 were used. Overall forestlands and Elliott State Research Forest remain negative. DSL-managed forestlands and agricultural lands are up in FY 2024. Rangelands were down slightly due to the wildfire and ICR lands were flat compared to the previous year. For 10-year return trends, see the figures below.

Market Value and Performance by Land Classification

LAND CLASSIFICATION		2024 NOI	2022 MARKET VALUE (MILLIONS)	2024 RETURN ON ASSET VALUE
Agricultural Land		\$290,911	\$17,850,000	1.63%
Rangeland		(\$4,796)	\$175,950,000	0.00%
ICR		\$237,799	\$46,000,000	0.52%
Forestland (All)		(\$85,809)	\$111,100,000	-0.08%
	ODF-Managed Forestland	\$691,186	\$91,650,000	0.75%
	DSL-Managed Forestland	\$458,493	\$19,450,000	2.36%
	Elliott State Research Forest	(\$1,235,488)	\$220,800,000	-0.56%
TOTAL		\$1,673,593	\$350,900,000	0.48%

APPENDIX F: RETURN ON ASSET VALUE (CONTINUED)

10-Year Return on Asset Value by Agricultural, Rangeland, and ICR Land Classifications



10-Year Return on Asset Value For Forestland Types

