



# Common School Forest Land Annual Report

FISCAL YEAR 2019



**Prepared by the  
Oregon Department**  
January 2020



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**Annual Report Located at:**

<http://www.oregon.gov/ODF/Pages/Reports.aspx>

# Executive Summary

DATE: January 21, 2020

TO: Governor Kate Brown  
Secretary of State Bev Clarno  
State Treasurer Tobias Read

FROM: Peter Daugherty, Oregon State Forester

SUBJECT: Fiscal Year 2019 Annual Report for Common School Forest Land

During fiscal year 2019 the Oregon Department of Forestry (ODF) managed 33,005 acres of Common School Forest Land (CSFL). As trustee of the CSFL, the State Land Board (SLB) oversees management to provide Oregonians the greatest benefit, consistent with resource conservation and sound land management strategies. Within this context, these lands are managed to maximize revenue to the state's Common School Fund (CSF) through an agreement among ODF, the SLB and the Department of State Lands (DSL). The DSL 2012 Real Estate Asset Management Plan directs that these lands provide a sustained, even flow of timber harvest. ODF achieves this mandate through goal-driven forest management plans approved by the Oregon Board of Forestry and the SLB. Net revenues generated from CSFL are dedicated to the CSF.

This agreement and partnership among ODF, DSL and the SLB requires ODF to present an annual report regarding the status of management of CSFL. This status report includes information related to timber management (volume and value of harvested, sold and planned timber sales), fiscal year operating costs, revenue transferred to the CSF, reforestation, intensive management accomplishments and costs and other information affecting CSFL management and operations.

## **Fiscal Year 2019 Harvest and Revenue**

In 2019, net operating income increased due to increased volume harvested from CSF timber sales. ODF continues stewardship of 33,005 acres of CSFL through active management, supervising and administering timber operations, monitoring environmental successes and sustaining critical wildlife habitat areas.

A number of reforestation and replanting projects were completed successfully, and young stand management activities continue to actively grow healthy, sustainable forests for future generations – providing a range of longer-term natural benefits such as wood products, diverse ecosystems and habitat, and clean air and water.

1. CSFL Harvest Volume:
  - a. 4.7 MMBF
  - b. 31 percent increase from FY 2018
  
2. Revenue Transfers to CSF:
  - a. \$1.9 million
  - b. 5 percent decrease from FY 2018
  
3. Net Operating Income (NOI): NOI is the total revenue received by ODF minus management costs. It is influenced by the same factors that affect volume and value, as well as management expenses.
  - a. \$952,534
  - b. 17 percent increase from FY 2018
  
4. CSFL Management costs:
  - a. \$1.4 million
  - b. 3.5 percent increase from FY 2018
  
5. CSFL sales sold in FY 2019 (not yet harvested)
  - a. 2.9 MMBF
  - b. Approximately \$492,000 in net timber sale value

#### **Other Forest Management Activities**

Reforestation and young stand management are integral to ensuring a sustainable flow of wood and future habitat development. On CSFL in FY 2019, 98 acres were reforested and 398 acres received young-stand management treatment, improving overall forest health and future growth.

This annual report summarizes CSFL management activities from July 1, 2018 through June 30, 2019.

# Financial and Asset Management

## Overview

This report primarily focuses on FY 2019 (July 1, 2018 through June 30, 2019). However forest management often requires evaluating trends in revenue and costs for previous biennia (e.g., sales approved in one year’s operating plan may be harvested over one to three subsequent years). Revenue transferred to the CSF from management of CSFL has varied over the past 10 years from \$1.9 million to \$11 million annually.

The primary factors influencing revenue fluctuations include: housing starts, lumber prices, harvest timing, individual sale volumes and value, changing ratios between harvests on CSFL and Board of Forestry lands (BOFL), endangered species act protection measures and uncertainty and constraints associated with litigation.

### Net Operating Income (NOI)

NOI for CSFL for FY 2019 was \$952,534. Net Operating Income is calculated by subtracting all costs from revenue. NOI ranged from \$395,017 to \$2.9 million for CSFL in the past 5 years (Table 1).

<b>Table 1: Net Operating Income</b>	
<b>FY2019</b>	<b>\$952,534</b>
FY2018	\$816,371
FY2017	\$395,017
FY2016	\$2,935,860
FY2015	\$909,258
<b>5 Year Average</b>	<b>\$1,201,808</b>

### Annual Revenue

Annual revenue is reported throughout this report, with influencing factors included for context.

### Fiscal Year 2019 Revenue and Investment Costs

During FY 2019, \$1.9 million in revenue was transferred to DSL (Table 2). Total charges for managing the CSFL totaled \$1.4 million during FY 2019 (Table 2). These expenditures include State Forests Division personnel in Salem, three regional areas, and seven districts. The units are responsible for timber sale contract development and compliance, reforestation and intensive management activities, Endangered Species Act compliance, research and monitoring, forest planning and overall program administration.

Other charges to the CSF, referred to as “Net Revenue Transfers,” totaled \$444,181 in FY 2019 (Table 3). This is approximately 32 percent of total overall costs. Revenue transfers include a prorated portion of ODF’s total costs for capital improvement projects, debt service and seed orchard management for reforestation and genetically improved seed.

Revenue transfers also include a portion of overall agency administration prorate which totaled \$427,941. It is ODF's goal to ensure that allocation of agency administrative costs accurately reflects work performed by administrative and managerial staff, and that each program pays their appropriate share of administrative costs.

J.E. Schroeder Seed Orchard costs for FY 2019 were \$4,544. These funds were used to produce genetically improved seed (superior growth, wood quality, and disease tolerant characteristics as identified through traditional breeding and selection methods) appropriate for reforesting state forestlands.

The ODF Fire Protection Division assessed DSL \$482,868 for CSFL wildfire protection.

Table 2: CSL Revenues and Expenditures					
Expenditures and Transfers					
Category	FY15	FY16	FY17	FY18	FY19
T & E Surveys	\$299,192	\$318,681	\$255,732	\$84,315	\$86,288
Salem Program	\$693,229	\$616,137	\$503,060	\$205,326	\$183,254
Total Salem Expenditures	\$992,421	\$934,818	\$758,793	\$289,641	\$269,542
Total District Expenditures	\$1,676,363	\$1,825,312	\$1,612,930	\$583,272	\$653,170
Administrative Transfers	\$651,927	\$752,033	\$733,924	\$448,370	\$444,470
<b>Total Expenditures + Transfers</b>	<b>\$3,320,711</b>	<b>\$3,512,163</b>	<b>\$3,105,647</b>	<b>\$1,321,283</b>	<b>\$1,367,182</b>
District Expenditures Prorated by Acres					
District	FY15	FY16	FY17	FY18	FY19
Tillamook	\$132,897	\$132,713	\$128,778	\$182,519	\$184,428.21
Astoria	\$68,236	\$65,785	\$65,667	\$85,919	\$109,456.59
Forest Grove	\$19,133	\$18,199	\$20,358	\$24,237	\$37,185.61
West Oregon	\$292,381	\$263,039	\$272,127	\$317,171	\$361,443.13
North Cascade	\$37,533	\$37,466	\$37,196	\$45,108	\$44,683.30
SW Oregon	\$216,723	\$250,521	\$234,398	\$306,241	\$0.00
Coos	\$2,313,784	\$2,547,397	\$2,157,530	\$96,289	\$0.00
Western Lane <sup>2</sup>	\$57,258	\$52,009	\$70,641	\$55,730	\$429,292.33
Klamath-Lake	\$182,766	\$145,035	\$118,953	\$208,069	\$200,692.84
<b>Total Expenditures + Transfers</b>	<b>\$3,320,711</b>	<b>\$3,512,163</b>	<b>\$3,105,648</b>	<b>\$1,321,283</b>	<b>\$1,367,182</b>
CSL Revenues					
District	FY15	FY16	FY17	FY18	FY19
Tillamook	\$44,188	\$24,748	\$13,569	\$14,823	\$127,484
Astoria	\$62,831	\$27,118	\$137,300	\$307,332	\$482,885
Forest Grove	\$1,399	\$3,164	\$29,300	\$301,498	\$322,422
West Oregon	\$215,338	\$931,851	\$1,143,029	\$896,188	\$1,254,904
North Cascade	\$121,270	\$937,821	(\$23,149)	\$5	\$262
SW Oregon	\$33,821	\$0	\$72,080	\$490,844	\$0
Coos/Elliott	\$2,128,342	\$4,230,051	\$2,547,842	\$19,229	\$0
Western Lane	\$1,372,255	\$158	\$0	\$1,100	\$83,850
Klamath-Lake	\$250,525	\$292,334	\$20,055	\$64,931	\$47,910
<sup>1</sup> Revenues Received by ODF	\$4,229,969	\$6,447,245	\$3,955,381	\$2,137,654	\$2,319,717
<sup>1</sup> Revenues Transferred to DSL	\$4,246,450	\$6,448,023	\$3,496,412	\$2,001,213	\$1,899,423

<sup>1</sup> There is a difference in revenues received and revenue transferred due to timing of transfers.

<sup>2</sup> Starting FY19 SW Oregon and Coos Districts are being managed out of Western Lane.

Table 3: Details of FY 2019 Administrative Transfer Costs	
Administrative Revenue Transfers	Amount
Administrative Prorate Charge	\$427,941
J.E. Schroeder Seed Orchard	\$4,554
Residual Equity	\$316
Bond Principal	\$10,553
Bond Interest	\$817
<b>ADMINISTRATIVE TRANSFER COSTS TOTAL</b>	<b>\$444,181</b>

**Table 4: Common School Forest Land Historical Timber Harvest Value, Volume and Average Stumpage Price  
Fiscal Years 2010 through 2019**

<b>Fiscal Year</b>	<b><sup>1</sup> Timber Sales Value of Timber Removed</b>	<b>Timber Harvest Volume (MMBF) Removed</b>	<b>Average Sold Sale Stumpage Price/MBF</b>
2019	\$2,057,269	4.671	\$170
2018	\$1,534,693	3.573	\$476
2017 Elliott State Forest (Coos District)	\$2,691,137	7.758	\$347
2017 Other CSFL	\$1,152,934	2.765	\$413
<b>Total 2017</b>	<b>\$3,844,071</b>	<b>10.523</b>	<b>\$413</b>
2016 Elliott State Forest (Coos District)	\$3,416,945	7.990	\$327
2016 Other CSFL	\$2,454,497	6.170	\$347
<b>Total 2016</b>	<b>\$5,871,441</b>	<b>14.160</b>	<b>\$332</b>
2015 Elliott State Forest (Coos District)	\$3,592,162	8.260	\$436
2015 Other CSFL	\$2,367,124	6.990	\$356
<b>Total 2015</b>	<b>\$5,959,286</b>	<b>15.250</b>	<b>\$375</b>
2014 Elliott State Forest	\$2,524,725	6.960	\$434
2014 Other CSFL	\$1,503,429	4.000	\$205
<b>Total 2014</b>	<b>\$4,028,154</b>	<b>10.960</b>	<b>\$411</b>
2013 Elliott State Forest	\$1,606,932	4.514	\$288
2013 Other CSFL	\$1,992,098	6.562	\$328
<b>Total 2013</b>	<b>\$3,599,030</b>	<b>11.076</b>	<b>\$308</b>
2012	\$12,004,481	32.250	\$313
2011	\$11,569,905	32.116	\$317
2010	\$8,221,998	24.812	\$263
<b>Last 5 Year Average</b>	<b>\$3,853,352</b>	<b>9.635</b>	<b>\$368</b>
<b>10 Year Average</b>	<b>\$5,869,033</b>	<b>15.939</b>	<b>\$338</b>

<sup>1</sup> Timber Sale Value is gross timber sale's value before project work credits have been subtracted

## Forest Land Management

During FY19 ODF managed 33,005 acres of CSFL (Table 5). Activities conducted on CSFL managed by ODF include: timber harvest, reforestation and intensive management, and road construction and maintenance. These lands are composed of four DSL Asset Management Plan forestland classifications: General Stewardship, Focused Stewardship, Special Use and High Value Conservation Areas.

### Timber Management Activities

A total of 8 active sales were harvested in FY 2019, producing 1.09 mmbf with a value of \$571,049 (Table 7). In addition, there were 5 sales sold in FY 2019, producing approximately 2.89 mmbf (Table 6).

All planned sales on CSFL in FY 2020 are estimated to produce 7.3 mmbf with a net value of \$3 million (Table 8).

Reforestation and intensive management activities such as site preparation, planting and thinning are used to promote healthy and productive forest land. Table 9 summarizes planned and completed acres and costs for these activities on CSFL.

Table 10 provides information about the road system management on CSFL by District and County.

COUNTY	CSFL ACRES
BENTON	563
CLACKAMAS	113
CLATSOP	2,060
COLUMBIA	80
COOS	720
CURRY	1,352
DOUGLAS	1,908
JACKSON	1,622
JOSEPHINE	3,961
KLAMATH	6,827
LANE	907
LINCOLN	4,477
LINN	90
MARION	720
POLK	1,690
TILLAMOOK	5,584
WASHINGTON	250
YAMHILL	80
<b>GRAND TOTAL:</b>	<b>33,005</b>

Source: ODF, 09/24/19

Note: Report is based on legal acres not GIS acres

## Timber Sales Sold During FY 2019

Table 6. Common School Forest Lands Timber Sales Sold in Fiscal Year 2019										
Sale Name	ODF District	CSFL % of Sale	Total Sale Volume (Mbf)	CSFL Volume (Mbf)	CSFL Acres Partial Cut	CSFL Acres Regen.	Total Project Costs	CSFL Project Costs	Net Sale Value (BOF + CSFL)	Net CSFL Value
Sassy Sally	Astoria	0.01%	4,814	0.48	0.01	0.01	\$312,913	\$31.29	\$1,382,697	\$138
Manzanita Woman	Klamath-Lake	100%	2,678	2,678	312.5	25.6	\$41,419	\$41,419	\$418,804	\$418,804
Cold Boulder	West Oregon	11%	1,709	183	0.0	9.6	\$50,610	\$5,430	\$615,359	\$66,028
Thin Women	West Oregon	1%	1,990	13	0.9	0.4	\$54,001	\$356	\$338,005	\$2,231
Shingle South Thin	West Oregon	1%	1,301	16	2.4	0.0	\$30,751	\$381	\$403,666	\$5,005
<b>Totals</b>			<b>12,492</b>	<b>2,891</b>	<b>316</b>	<b>36</b>	<b>\$489,694</b>	<b>\$47,619</b>	<b>\$3,158,532</b>	<b>\$492,207</b>

All dollar amounts are rounded to the nearest whole dollar.

## Activity Summary for FY 2019

Table 7. Active Timber Sales on Common School Forest Lands Volume and Value, Fiscal Year 2019					
Sale Name	District	Sale No.	%CSFL	MMBF Harvested	Value CSFL
Woods Way	Forest Grove	FG-341-2018-T18029-01	34%	0.83	\$472,157
Cole Soap	Astoria	AT-341-2018-W00618-01	64%	0.01	\$6,249
Powerline Thin	West Oregon	WO-341-2018-W00671-01	30%	0.24	\$92,643
Cold Boulder	West Oregon	WO-341-2020-W00776-01	11%	0.00	\$0
Manzanita Women	Klamath-Lake	KL-341-2019-W00513-01	100%	0.00	\$0
Thin Women	West Oregon	WO-341-2019-W00667-01	1%	0.00	\$0
Shingle South Thin	West Oregon	WO-341-2019-W00790-01	1%	0.00	\$0
Sassy Sally	Astoria	AT-341-2019-W00361-01	.01%	0.00	\$0
				<b>1.09</b>	<b>\$571,049</b>

## Planned Timber Sales for FY 2020

Table 8: Annual Operation Plan Timber Sales Planned On CSFL in FY 2020									
Sale Name	ODF District	CSFL Percent of Sale	Timber Sale Volume (MBF)	CSFL Volume (MBF)	CSFL Acres Regen Cut	CSFL Acres Partial Cut	Total Sale Value	CSFL Project Costs	Net CSFL Value
Hamlet 8	Astoria	9%	1,865	164	0	27	\$652,743	\$20,973	\$36,597
Beaver Nation	Tillamook	52%	1,382	722	55	0	\$408,772	\$13,562	\$199,870
Cline Miller Thin	West Oregon	4%	1,296	54	0	7	\$291,661	\$1,827	\$10,229
Green Acres Thin	West Oregon	0%	1,505	3	0	0	\$338,571	\$66	\$556
Little Thin on the Prairie	West Oregon	100%	1,161	1,161	0	129	\$261,131	\$40,000	\$221,131
Wolf Junction	West Oregon	18%	3,663	675	14	0	\$2,106,329	\$16,234	\$372,165
Milk Creek	Western Lane	100%	4,486	4,486	104	0	\$2,242,880	\$95,000	\$2,147,880
<b>Total</b>			<b>15,358</b>	<b>7,264</b>	<b>174</b>	<b>164</b>	<b>\$6,302,085</b>	<b>\$187,663</b>	<b>\$2,988,427</b>

## Reforestation and Intensive Management

**Table 9: Intensive Management Activities On CSFL - FY 2019**

Management Activity	Acres Planned	Acres Completed	Total Cost
Initial Planting*	99	98	\$31,387
Interplanting	4	0	\$0
Invasive Plant Control	4	0	\$0
Precommercial Thinning**	25	44	\$3,490
Pruning	0	0	\$0
Release-Chemical- Aerial	0	0	\$0
Release-Chemical-Hand**	117	9	\$1,622
Release-Mechanical-Hand**	10	41	\$8,453
Site Prep –Mechanical	9	10	\$3,231
Site Prep -Slash Burning	9	0	\$2,690
Site Prep-Chemical- Aerial	13	13	\$643
Site Prep-Chemical- Hand	44	44	\$3,004
Surveys - Invasive Plants	0	0	\$0
Surveys – Reforestation	55	125	\$1,288
Tree Protection-Barriers**	5	14	\$5,058
Tree Protection-Direct Control	44	0	\$0
Underplanting*	0	0	\$0
<b>Total</b>	<b>438</b>	<b>398</b>	<b>\$60,866</b>

\*Planting costs include all costs including seedlings & seed.

\*\*Some districts used inmate labor. Inmate crew costs are covered in this table.

## Road Management Activities

**Table 10: FY 2019 Annual Road Work – CSFL**

District & County	Aggregate/Paved Surface (miles)			Dirt Surface (miles)			Bridge	Fish Pipes
	Constructed	Improved	Vacated	Constructed	Improved	Vacated	Installed	Installed
Astoria-Clatsop	0.00	2.60	0	0	0	0	0	0
Forest Grove-Tillamook	0.46	0.19	0	0	0	0	0	0
North Cascade-Linn	0.94	14.28	0	0	0	0	0	0
North Cascade-Marion	1.87	11.21	0	0	0	0	0	0
West Oregon-Lincoln	0.00	1.10	0	0.3	0	0	0	0
Totals	<b>3.3</b>	<b>29.4</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## **Links To More Information**

### **Stand Level Inventory**

[Forest Inventory Report](#) covers the fiscal year-end stand level inventory estimates on Board of Forestry and Common School Land for each district.

### **Stream and Watershed Restoration**

[Restoration reports](#) summarize all restoration activity reported to OWEB by State Forest Districts since 1995.

### **Forest Health**

- [Aerial Survey Summary Reports](#) by ODF Area
- [Forest Health Highlights Report](#) -Joint Publications of Oregon Department of Forestry and USDA Forest Service, Pacific Northwest Region