



# Common School Forest Land Annual Report

FISCAL YEAR 2020



**Prepared by the  
Oregon Department  
of Forestry**

**February 2020**



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**Annual Report Located at:**

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

# Executive Summary

DATE: February 9, 2020

TO: Governor Kate Brown  
Secretary of State Shemia Fagan  
State Treasurer Tobias Read

FROM: Peter Daugherty, Oregon State Forester

SUBJECT: Fiscal Year 2020 Annual Report for Common School Forest Land

During fiscal year 2020 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 2020 Harvest and Revenue**

In 2020, net operating income increased due to increased volume harvested from CSFL 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. 5.6 MMBF
  - b. 20 percent increase from FY 2019
2. Revenue Transfers to CSF:
  - a. \$2.6 million
  - b. 37 percent increase from FY 2019
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. \$1,103,223
  - b. 16 percent increase from FY 2019
4. CSFL Management costs:
  - a. \$1.5 million
  - b. 9 percent increase from FY 2019
5. CSFL sales sold in FY 2020 (not yet harvested)
  - a. 11.7 MMBF
  - b. Approximately \$5.1 million in timber sale value (prior to CSFL management costs)

#### **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 2020, 228 acres were reforested and 911 acres received young-stand management treatment, improving overall forest health and future growth.

This annual report summarizes CSFL management activities from July 1, 2019 through June 30, 2020.

# Financial and Asset Management

## Overview

This report primarily focuses on FY 2020 (July 1, 2019 through June 30, 2020). 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. This time period includes fiscal years prior to July 1, 2018, when ODF managed the Elliott State Forest.

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 2020 was \$1,103,223. NOI was calculated for FY16, FY18 and FY19 by subtracting costs from total revenue invoiced. FY17 and FY20 was calculated by subtracting costs from total revenue transferred to DSL. Starting in FY20 we are showing only what was transferred to DSL. NOI ranged from \$395,017 to \$2.9 million for CSFL in the past 5 years (Table 1).

Table 1: Net Operating Income	
<b>FY2020</b>	<b>\$1,103,223</b>
FY2019	\$952,534
FY2018	\$816,371
FY2017	\$395,017
FY2016	\$2,935,860
<b>5 Year Average</b>	<b>\$1,240,601</b>

### Annual Revenue

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

### Fiscal Year 2020 Revenue and Investment Costs

During FY 2020, \$2.6 million in revenue was transferred to DSL (Table 2). Total charges for managing the CSFL totaled \$1.5 million during FY 2020 (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 \$403,559 in FY 2020 (Table 3). This is approximately 27 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 prorated which totaled \$384,981. 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 2020 were \$6,830. 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 \$501,397 for wildfire protection on approximately 137,960 acres. This is assessed against all of DSL lands including timber and grazing lands that ODF does not manage. The cost to protect 33,005 acres of ODF managed CSFL was approximately \$102,000.

## CSFL Revenues and Expenditures for FY 2020

Table 2: CSFL Revenues and Expenditures					
Expenditures and Transfers					
Category	FY16	FY17	FY18	FY19	FY20
T & E Surveys	\$318,681	\$255,732	\$84,315	\$86,288	\$108,828
Salem Program	\$616,137	\$503,060	\$205,326	\$183,254	\$297,652
<b>Total Salem Expenditures</b>	<b>\$934,818</b>	<b>\$758,793</b>	<b>\$289,641</b>	<b>\$269,542</b>	<b>\$406,480</b>
<b>Total District Expenditures</b>	<b>\$1,825,312</b>	<b>\$1,612,930</b>	<b>\$583,272</b>	<b>\$653,170</b>	<b>\$690,803</b>
Administrative Transfers	\$752,033	\$733,924	\$448,370	\$444,470	\$398,296
<b>Total Expenditures + Transfers</b>	<b>\$3,512,163</b>	<b>\$3,105,647</b>	<b>\$1,321,283</b>	<b>\$1,367,182</b>	<b>\$1,495,579</b>
District Expenditures Prorated by Acres					
District	FY16	FY17	FY18	FY19	FY20
Tillamook	\$132,713	\$128,778	\$182,519	\$184,428.21	\$204,029.19
Astoria	\$65,785	\$65,667	\$85,919	\$109,456.59	\$96,495.74
Forest Grove	\$18,199	\$20,358	\$24,237	\$37,185.61	\$29,816.57
West Oregon	\$263,039	\$272,127	\$317,171	\$361,443.13	\$460,863.18
North Cascade	\$37,466	\$37,196	\$45,108	\$44,683.30	\$42,793.52
SW Oregon	\$250,521	\$234,398	\$306,241	\$0.00	\$0.00
Coos	\$2,547,397	\$2,157,530	\$96,289	\$0.00	\$0.00
Western Lane <sup>1</sup>	\$52,009	\$70,641	\$55,730	\$429,292.33	\$437,344.44
Klamath-Lake	\$145,035	\$118,953	\$208,069	\$200,692.84	\$224,236.82
<b>Total Expenditures + Transfers</b>	<b>\$3,512,163</b>	<b>\$3,105,648</b>	<b>\$1,321,283</b>	<b>\$1,367,182</b>	<b>\$1,495,579</b>
CSFL Revenues					
District	FY16	FY17	FY18	FY19	FY20
Tillamook	\$24,748	\$13,569	\$14,823	\$127,484	\$87,153
Astoria	\$27,118	\$137,300	\$307,332	\$482,885	\$919,403
Forest Grove	\$3,164	\$29,300	\$301,498	\$322,422	\$491,240
West Oregon	\$931,851	\$1,143,029	\$896,188	\$1,254,904	\$131,847
North Cascade	\$937,821	(\$23,149)	\$5	\$262	\$431
SW Oregon	\$0	\$72,080	\$490,844	\$0	\$0
Coos/Elliott	\$4,230,051	\$2,547,842	\$19,229	\$0	\$0
Western Lane <sup>1</sup>	\$158	\$0	\$1,100	\$83,850	\$266,161
Klamath-Lake	\$292,334	\$20,055	\$64,931	\$47,910	\$143,650
<b>Revenues Transferred to DSL</b>	<b>\$6,448,023</b>	<b>\$3,496,412</b>	<b>\$2,001,213</b>	<b>\$1,899,423</b>	<b>\$2,598,802</b>

<sup>1</sup> Starting FY19 SW Oregon and Coos Districts are being managed out of Western Lane.

## Details of FY 2020 Administrative Costs

Table 3: Details of FY 2020 Administrative Transfer Costs	
Administrative Revenue Transfers	Amount
Administrative Prorate Charge	\$384,981
J.E. Schroeder Seed Orchard	\$6,830
Residual Equity	\$406
Bond Principal	\$11,065
Bond Interest	\$277
<b>ADMINISTRATIVE TRANSFER COSTS TOTAL</b>	<b>\$403,559</b>



## CSFL Land Historical Timber Harvest Value, Volume and Average Stumpage Prices for Fiscal Years 2011 – 2020

<b>Table 4: Common School Forest Land Historical Timber Harvest Value, Volume and Average Stumpage Price Fiscal Years 2011 through 2020</b>			
<b>Fiscal Year</b>	<b><sup>2</sup> Timber Sales Value of Timber Removed</b>	<b>Timber Harvest Volume (MMBF) Removed</b>	<b>Average Sold Sale Stumpage Price/MBF</b>
2020	\$2,597,050	5.590	\$439
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
<b>Last 5 Year Average</b>	<b>\$3,180,905</b>	<b>7.7</b>	<b>\$366</b>
<b>10 Year Average</b>	<b>\$5,306,538</b>	<b>14.0</b>	<b>\$355</b>

<sup>2</sup> Timber Sale Value is gross timber sale's value before project work credits have been subtracted

## Forest Land Management

During FY 2020 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 12 active sales were harvested in FY 2020, producing 5.59 mmbf with a value of \$2,597,050 (Table 7). In addition, there were 8 sales sold in FY 2020, producing approximately 11.72 mmbf (Table 6).

All planned sales on CSFL in FY 2021 are estimated to produce 4.3 mmbf with a net value of \$1.9 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, 06/10/20

Note: Report is based on legal acres not GIS acres

## Timber Sales Sold During FY 2020

Table 6. Common School Forest Lands Timber Sales Sold in Fiscal Year 2020										
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
Wolf Junction	West Oregon	20%	3,068	612	0	14	\$75,429	\$15,056	\$1,347,121	\$268,885
Rock Fall	West Oregon	42%	2,332	969	0	42	\$78,104	\$32,444	\$759,324	\$315,423
Beaver Nation	Tillamook	43%	2,214	945	0	48	\$148,610	\$63,427	\$492,224	\$210,081
GD Yainax*	Klamath-Lake	65%	0	0	131	0	\$15,004	\$9,706	\$0	\$0
Duchess and the Duke	Forest Grove	84%	3,246	2,742	0	69	\$57,313	\$48,407	\$1,566,887	\$1,323,392
Lost Steere	West Oregon	100%	1,495	1,492	0	49	\$62,396	\$62,271	\$562,476	\$561,351
Milk Creek	Southern Oregon	100%	4,710	4,710	0	135	\$102,501	\$102,501	\$2,445,666	\$2,445,666
Tom Folley Salvage	Southern Oregon	100%	251	251	0	0	\$8,000	\$8,000	\$23,658	\$23,658
<b>Totals</b>			<b>17,316</b>	<b>11,721</b>	<b>131</b>	<b>358</b>	<b>\$547,357</b>	<b>\$341,812</b>	<b>\$7,197,356</b>	<b>\$5,148,458</b>

All dollar amounts are rounded to the nearest whole dollar.

\*GD Yainax is a pulp thinning and the revenue will be reinvested in road construction and maintenance resulting in no net revenue.

## Activity Summary for FY 2020

Table 7. Active Timber Sales on Common School Forest Lands Volume and Value, Fiscal Year 2020					
Sale Name	District	Sale No.	%CSFL	MMBF Harvested	Value CSFL
Manzanita Woman	Klamath-Lake	KL-341-2019-W00513-01	100%	0.74	\$143,494
Cole Soap	Astoria	AT-341-2018-W00618-01	63%	2.97	\$1,671,323
Sassy Sally	Astoria	AT-341-2019-W00361-01	0%	0.00	\$116
Woods Way	Forest Grove	FG-341-2018-T18029-01	34%	0.69	\$385,919
High Standards	Tillamook	TL-341-2018-T18065-01	7%	0.18	\$70,277
Beaver Nation	Tillamook	TL-341-2020-W00288-01	43%	0.01	\$3,159
Powerline Thin	West Oregon	WO-341-2018-W00671-01	30%	0.11	\$43,265
Cold Boulder	West Oregon	WO-341-2020-W00776-01	11%	0.17	\$67,978
Rock Fall	West Oregon	WO-341-2020-W00789-01	42%	0.44	\$172,096
Thin Women	West Oregon	WO-341-2019-W00667-01	1%	0.00	\$845
Tom Folley Salvage	Western Lane	WL-342-2020-W00452-01	100%	0.24	\$29,856
Milk Creek	Western Lane	WL-341-2020-W00577-01	100%	0.02	\$8,722
				<b>5.59</b>	<b>\$2,597,050</b>

## Planned Timber Sales for FY 2021

Table 8: Annual Operation Plan Timber Sales Planned On CSFL in FY 2021									
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	\$23,231	\$34,338
Harlan Hangover	West Oregon	33%	3,510	1,174	21	0	\$1,667,298	\$13,608	\$544,161
Just in Beaver	West Oregon	34%	1,784	614	13	0	\$802,742	\$18,242	\$257,885
Rebott	West Oregon	63%	3,736	2,344	69	0	\$1,774,724	\$26,152	\$1,087,068
<b>Total</b>			<b>10,895</b>	<b>4,296</b>	<b>104</b>	<b>27</b>	<b>\$4,897,506</b>	<b>\$81,233</b>	<b>\$1,923,452</b>

## Reforestation and Intensive Management for FY 2020

Table 9: Intensive Management Activities On CSFL - FY 2020			
Management Activity	Acres Planned	Acres Completed	Total Cost
Initial Planting*	234	228	\$73,966
Interplanting	45	41	\$12,239
Invasive Plant Control	4	0	\$0
Precommercial Thinning**	10	0	\$0
Pruning	0	0	\$0
Release-Chemical- Aerial	0	0	\$0
Release-Chemical-Hand**	169	74	\$6,438
Release-Mechanical-Hand**	20	41	\$18,358
Site Prep –Mechanical	10	19	\$5,459
Site Prep -Slash Burning	73	23	\$895
Site Prep-Chemical- Aerial	0	0	\$0
Site Prep-Chemical- Hand	130	130	\$11,326
Surveys - Invasive Plants	0	0	\$0
Surveys – Reforestation	100	345	\$0
Tree Protection-Barriers**	5	10	\$3,442
Tree Protection-Direct Control	0	0	\$0
Underplanting*	0	0	\$0
<b>Total</b>	<b>800</b>	<b>911</b>	<b>\$132,122</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 for FY 2020

Table 10: FY 2020 Annual Road Work – CSFL								
District & County	Aggregate/Paved Surface (miles)			Dirt Surface (miles)			Bridge	Fish Pipes
	Constructed	Improved	Vacated	Constructed	Improved	Vacated	Installed	Installed
West Oregon/Lincoln	0.00	0.78	0	0.61	0	0	0	0
West Oregon/Polk	0.00	0.24	0	0	0	0	0	0
Totals	<b>0.0</b>	<b>1.02</b>	<b>0.0</b>	<b>0.61</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