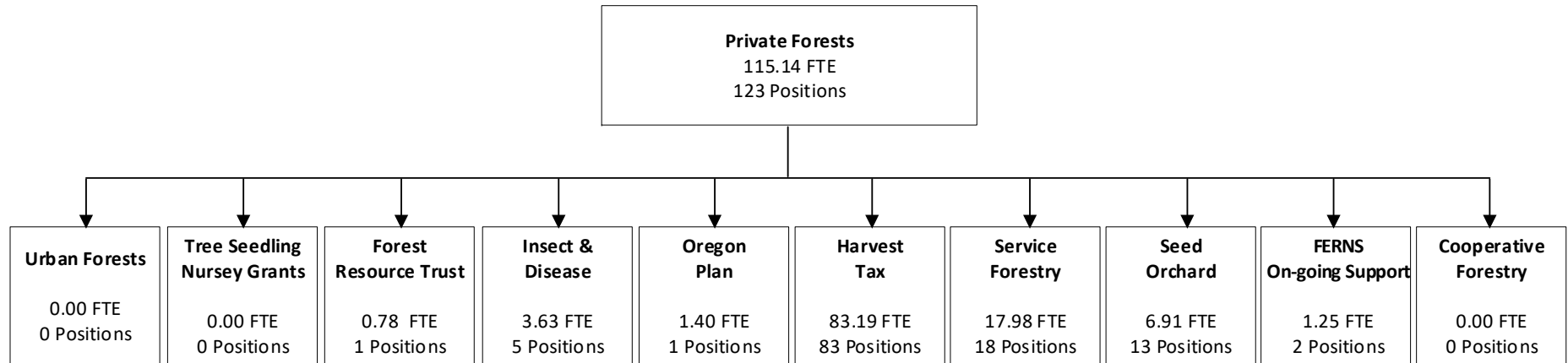


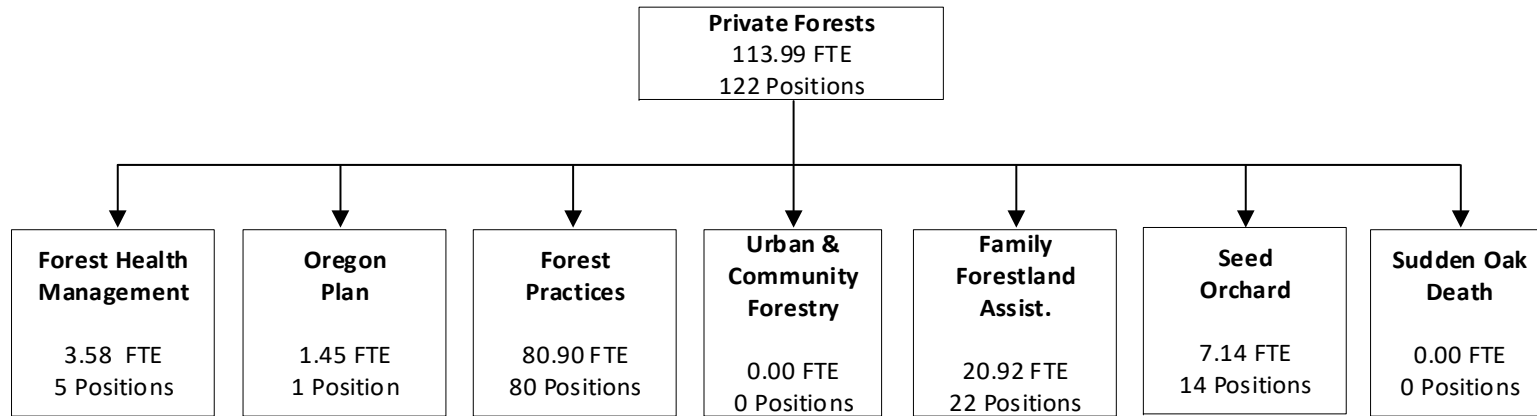
Private Forests Division Narrative

Organization Charts



Current 2021-23 Structure

Private Forests Division Narrative



Prior 2019-21 Structure

Private Forests Division Narrative

Executive Summary

Long-Term Focus Areas

Primary Outcome Area: Responsible Environmental Stewardship

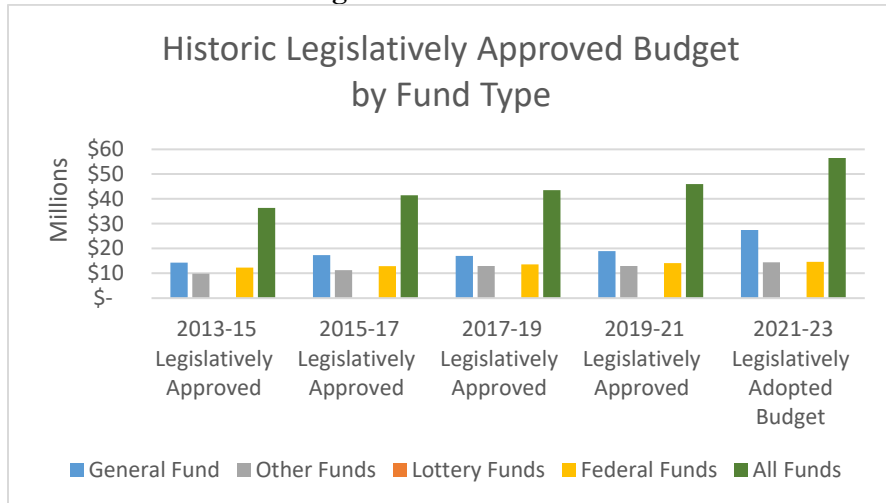
Secondary Outcome Area: Social Equity

Primary Division Contact

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kyle.abraham@odf.oregon.gov

Division Total Funds Budget



Division Overview

Oregon has some of the world’s most productive forestlands. Oregon’s forests, including the 10.3 million privately owned acres (35% of Oregon’s 30 million-acre forestland base), help provide the foundation for the state’s wellbeing and success. The Private Forests Division works to keep these forests productive, while protecting and preserving wildlife habitat, soil, air, and water, so the forests may continue providing sustainable environmental, economic, and social benefits for everyone. The division also supports ODF’s fire protection mission, which relies on an integrated, all-staff approach.

Division Funding

The Private Forests Division received \$56,492,368 (\$27,422,077 General Fund; \$14,444,485 Other Funds; \$14,625,806 Federal Funds). This infrastructure

investment provides the leadership, education, and enforcement required to protect natural resources and sustain responsible forestry.

This investment allows the Private Forests Division to most effectively:

- Achieve sustainable forestry while protecting the environment by educating forestry professionals and the public.
- Inspect and monitor forests to ensure compliance with best management practices and rules to protect natural resources.
- Improve and monitor forest health by: detecting harmful insects and diseases early; preventing, suppressing, and eradicating them; and proactively and cooperatively researching forest health strategies.
- Leverage federal and other outside funding sources to maximize Oregonians’ investments.
- Develop partnerships with federal agencies and local communities to: provide technical assistance, particularly on family forestlands; serve urban and community forestry needs; develop biomass solutions to reduce carbon emissions; and protect natural resources.

The estimated cost for 2023-25 is \$60,075,319 and for 2025-27 is \$63,904,642. The projected 2023-25 through 2025-27 biennial budgets use only the standard inflation rate to maintain these services and outcomes. The Private Forests Division continually reviews and identifies services to eliminate, modify, add, or provide by contract to ensure sustainable and cost-effective management.

Division Description

One of Oregon’s most valuable assets, private forestlands produce about 78% of Oregon’s timber harvest. This supports a key industry that directly provides over 71,000 jobs. The division helps ensure the health, ongoing management, resiliency, and productivity of private forests, in addition to the production of both private and public benefits—like jobs, wood products, clean water, clean air, wildlife habitat and scenic beauty—to best serve all Oregonians.

The Private Forests Division’s six main lines of business:

Enforcing the Oregon Forest Practices Act (FPA). A resource-protection cornerstone, the FPA requires post-harvest reforestation, and scientifically supported measures, like streamside buffer rules and forestry best management practices. The FPA encourages private forestland investment by maintaining a

Private Forests Division Narrative

consistent regulatory environment and underwrites a social contract, assuring responsibly managed private forests.

The Private Forests Division, landowners, and loggers work together to protect natural resources. To achieve this, the division:

- Educates and gives technical advice to customers to proactively prevent harm.
- Inspects before, during, and after priority operations.
- Enforces civil and other penalties when necessary and responds to complaints.
- Conducts compliance audits and research to measure the FPA's implementation and effectiveness.

Improving, maintaining, and further automating the forest activity notification (E-Notification) submission and associated administrative processes remains a division focus. E-Notification meets the legal forestry notification requirements, sets consistent data entry and reports, and reduces technical support needs. The division will also be adding functionality to the e-notification system.

The E-Notification system enhances both employees' administrative capacity and customers' efficiency in submitting, managing, and communicating about notifications.

Monitoring and improving forest health. The program partners with universities and federal agencies to survey 28 million acres annually to detect and monitor insect and disease damage. This work, combined with specialized surveys, provides data to prevent and manage insects, diseases, and invasive plants.

Family forestland assistance. About 60,000 family owners manage forests that range in size between 10-500 acres, covering 2.2 million acres. Family-owned forestlands provide contributions to sustainable forestry, water quality, and fish and wildlife habitat exceeding their size. Family forests diversify landscapes and local economies by connecting forestry benefits to urban populations.

Most Oregonians are close to family forests, which are often near urban and suburban areas. Family forests typically are most at risk of conversion to non-forest uses if they lose economic viability. By helping family forestland owners follow the FPA, improve forest health, enhance streams, and protect natural

resources, the department helps keep these lands in forest use. The department helps landowners leverage federal cost-share programs to improve forests.

Urban forestry. This work helps communities identify, maintain, and enhance urban treescapes and their benefits. These include shade, filtering and retaining storm water, healthy streams, and enhancing neighborhoods and property values. The Urban Forestry program helps Oregon's 241 cities, other local governments, and community organizations with resource management, hazard trees, climate change mitigation, and other issues.

J. E. Schroeder Seed Orchard. The J.E. Schroeder Seed Orchard furthers the productivity, health, and economic sustainability of Oregon's forests by growing high-quality tree seed. The seed has highly desirable ecological traits, such as growth potential, wood quality, and disease tolerance. The orchard uses an innovative, long-term, public-private cooperative business model to benefit members.

Oregon Seed Bank. The Seed Bank ensures appropriate, climatically adapted tree seed is available for family forest landowners throughout Oregon. The demand for seed has increased over the years due to a variety of factors. Ecologically adapted seed is an asset on the landscape and may further benefit the forestry sector in general and stimulate Oregon's economic base.

Major cost drivers. Competent, experienced, professional personnel comprise the major division costs. Greater rule complexity, more and varied forest operations, and neighbor concerns or conflicts when forest activity occurs in wildland-urban interface areas combine to create an increased demand for forestry professionals to address these challenges.

Program Justification and Link to Long-Term Focus Areas

Private Forests contributes to several elements of the Governor's long-term vision and focus areas for Oregon.

Responsible Environmental Stewardship—Support of this focus area includes investing in programs that improve air and water quality, and conserve, protect, and restore key watersheds, stabilize fish and wildlife populations, improve forest and rangeland health, and minimize the risk of catastrophic fire. The division achieves these goals by carrying out state laws requiring private forestland owners to continuously grow and harvest trees, "consistent with

Private Forests Division Narrative

sound management of soil, air, water, fish and wildlife resources and scenic resources.” (ORS 527.630).

Forestlands supply abundant, clean water for Oregonians. Fire protection, enforcement of the Forest Practices Act and other laws, active management of forest lands, and voluntary measures by forestland owners all contribute to the health and responsible stewardship of forestlands, where almost all water Oregonians use originates. The department also has statutory requirements to conduct research and monitoring to verify current forest management practices are indeed protective, and to develop new rules or policies where needed to maintain water quality and fish and wildlife habitat.

Oregon’s policy and regulatory framework for protecting water quality relies on strong, but flexible, land use laws, a science-based, adaptive Forest Practices Act, and voluntary measures under the *Oregon Plan for Salmon and Watersheds*. This three-tiered approach results in forestland having the highest water quality in Oregon, and avoids the impairment that would be caused by land use development (urban sprawl) seen in other states. The Division works to keep forestlands forested.

Social Equity—A diverse and dynamic economy provides jobs and prosperity for Oregonians. Sustainably harvested timber is a benefit of Oregon’s private forests and contributes many outcomes, including economic health. Urban forestry assistance enhances urban livability. To prevent forest conversion to other uses, the Private Forests Division created best management practices to prevent forest fragmentation in wildland-urban interface areas.

Program Performance

Key metrics include:

- 2018 Forest Practices Act compliance was 97 percent.
- Independent certification organizations determined over 11% of family and 69% industrial forestlands are “soundly managed.”
- Over 97% of non-federal forestland remains free of significant insect or disease damage.
- Private landowners have invested over \$107 million in voluntary measures under the Oregon Plan to support watershed improvement.

The following table shows examples of yearly division work activity.

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Number of Forest Operation Units	14,710	17,783	18,352	20,803	23,726	20,531	20,729	21,751	19,365
Family Forest Assists	1,419	1,457	1,421	1,510	1,153	852	774	1,131	1,139
Family Forest Acres with Improved (new or updated forest stewardship) Management Plans	9,871	9,579	12,313	4,966	7,274	7,423	5,546	20,812	8,539

Enabling Legislation/Program Authorization

ORS 527 specifies the division’s responsibilities for the Forest Practices Act, integrated pest management, and insect and disease control. ORS 526 specifies responsibilities for urban forestry, seed orchard, and the Woodland Management Act.

Funding Streams Supporting the Division

Oregon Forest Practices Act (FPA) enforcement is primarily funded using General Fund and the Forest Products Harvest Tax, a 60:40 ratio. Forest Health invests its General Fund dollars to leverage mostly Federal Funds. Family Forestland Assistance and Urban Forestry are entirely federally funded.

Program Unit Narratives

Activities, Programs and Issues

Forest Practices Act Administration: The Private Forests Division protects Oregon’s natural resources through landowner and operator education and enforcement of the Forest Practices Act (FPA). The department’s statutory obligation to administer the FPA and administrative rules requires adequate staffing to inspect and monitor forest activities. The division’s continued success builds on the shared responsibility and partnership among operators, landowners, and ODF. This approach produces high compliance levels with forest practices rules. Maintenance of a stable complement of field foresters and technical experts is key to ensuring that private forestland owners meet or exceed best management practices.

The division conducts an FPA compliance audit using a third-party contractor. The audit results helped in developing a key performance measure that more accurately reflects our effectiveness in administering the FPA. Annual audits help ensure staff consistently apply the FPA rules, examine implementation and ease of use, target training opportunities, and support third-party programs that certify privately-owned forests are managed soundly.

Private Forests Division Narrative

The department has continued to focus on cost savings, efficiencies, and cost-avoidance strategies to effectively administer the FPA. Previously, stakeholders expressed concern that our ability to administer the FPA has not kept up with technology advances and suggested improved service delivery could save time and money. The department created an online electronic notification (E-Notification) system which improved administrative and enforcement efficiency for managing notifications and customer communication. The streamlined system allows stewardship foresters to invest more one-on-one time helping landowners and operators with forestry assistance, rather than processing paperwork. Department staff also benefit from quicker response times for information requests.

Public subscribers continue to benefit from the E-Notification subscription system. ODF must give members of the public 15 days to offer public comments from when ODF receives a notification. The E-Notification system allows subscribers to immediately receive and view notifications online. This function also allows subscribers to comment on planned operations and provides for prompt communication of any comments to the operator, landowner, and stewardship forester. The cost is free for subscribers to utilize this tool.

The Private Forests Division performs the following key functions and actions to meet business goals and objectives:

- Ensure compliance with rules such as timber harvesting, road construction and maintenance, treatment of slash following harvest, use of forest chemicals and reforestation.
- Protect certain special resources including significant wetlands, sensitive bird nesting, roosting and watering sites, and sites used by threatened and endangered species.
- Encourage the use of non-regulatory measures such as stewardship agreements and cost-share programs to support sustainable and healthy forests.
- Effectively manage data on land ownership, beneficial use, sensitive resource sites, reforestation compliance, and activity tracking and reporting.
- Maintain a high level of engagement with landowners and operators to ensure consistent application of best management practices.
- Provide effective education:

- Urban interface: Focus on local government and public meetings to address emerging issues and coordinate on land-use planning.
- Family forestland: Partner with Oregon State University Extension, Oregon Tree Farm System, Oregon Small Woodlands Association, and Oregon Forest Resources Institute on education and training. Conduct pre-operation inspections, which are critical for family forestland owners.
- Industrial/investment forestland: Coordinate with certification programs. Conduct joint training with Associated Oregon Loggers.
- Interagency and inter-program: Coordinate and conduct interagency and inter-program training to ensure consistent implementation of the Forest Practices Act and appropriate consultation with other agencies. Recognize performance of operators above and beyond the FPA.
- Through effective enforcement, create accountability for activities not in compliance with the FPA, and correct or mitigate resource damage.
- Address public safety related to rapidly moving landslides that may come from forestlands.
- Protect scenic values along specified highways.
- Conduct monitoring on the effectiveness of rules and report the findings.
- Audit rule compliance and utilize findings to target internal and external training.
- Maintain certification of wood harvested in Oregon under the FPA as responsibly sourced in accordance with ASTM international standard D7612-10.

Water Quality: Oregon forestlands provide a critical source of clean water for Oregonians and fish habitat. Protecting, maintaining and enhancing the health of Oregon's forests, soil and water resources is a key strategy in the 2011 Forestry Program for Oregon, the Oregon Board of Forestry's overarching policy document. The Private Forests Division serves a critical role in ensuring high water quality by implementing and enforcing rules that protect drinking water and fish habitat from unnecessary human-caused impacts. The division also supports the implementation and reporting of voluntary measures to protect and maintain water quality and fish habitat. The division also embraces its statutory requirement to conduct research and monitoring to verify that current forest management practices are indeed protective and develop new rules or policies where needed to maintain water quality and fish habitat.

Private Forests Division Narrative

The Private Forests Division reestablished its monitoring program in 2011 but has seen reductions since that time and additional expectations for monitoring. The division's current capacity is not sufficient to keep pace with demand for overall monitoring needs or to support broader environmental strategies. Expanding the capacity of the Monitoring Unit will also allow the division to address growing concerns of the public and other state agencies regarding monitoring implementation and effectiveness of the FPA in protecting water resources and sensitive aquatic species.

The division is engaged with other state natural resource agencies in planning for a secure and resilient future for protecting water resources for all Oregonians. This work recognizes that Oregon's local economies and communities are vulnerable to drought, fires, and floods. To address these challenges, including climate change and population dynamics, the division is working to include forestlands as key contributors to supporting a resilient natural infrastructure and maintaining ecosystem services for the long-term benefit of all Oregonians. Additionally, the Monitoring Unit plays a key role in the ODF-DEQ collaboration to maintain and improve water quality throughout Oregon forestlands by formalizing cooperative interagency policy and technical efforts.

In addition, the division's stewardship foresters play a significant role in implementing the *Oregon Plan for Salmon and Watersheds*, which seeks to restore salmon runs to a sustainable level and improve water quality. Resources are needed to continue to implement voluntary measures, support collaborative monitoring, and gather information for addressing the Board's indicators of sustainable forests. Oregon Plan voluntary restoration measures are Oregon's home-grown response to listings of some salmon species under the federal Endangered Species Act. Stewardship foresters help forestland owners identify opportunities for improving riparian function and stream habitat (e.g., large wood placement) and work with local watershed councils to implement restoration projects and conduct monitoring.

Family Forestland Technical Assistance: Oregon's 4.3 million acres of nonindustrial family forestlands provide important social, ecological, and economic benefits across urban and rural landscapes. At the urban and wildland-urban interface, family forestlands account for 80% (1.7 million acres) of forested areas. Family forestlands often occupy ecologically important, lower-elevation settings near residential areas. Family forestlands comprise smaller,

diverse parcels, reflecting a broad range of landowner objectives and uses. Active management of these forests is critical to maintaining a diverse, resilient, and fire safe landscape. Development and delivery of landowner assistance programs that encourage active management has been limited due to decreasing federal support. At present, there are no state funds for these activities.

Family forestland owners need information and technical assistance to properly manage their lands for multiple resources. These forest owners often face pressure to convert forestland to non-forest uses because the land value exceeds the timber value. As many family forestlands shift ownership to the family's next generation, the new owners often lack forest management experience or knowledge and look to the department for assistance. Landowners seek assistance with fire and fuels management, post-fire restoration, and response to forest health threats caused by drought and other environmental factors.

Overall, the division aims to protect and enhance these lands' forest value through active management to meet multiple landowner objectives, as outlined by the Woodland Management Act of 1979 (ORS 526.450). These forestlands produce important social, ecological, and economic values for all Oregonians. Increased capacity is necessary to sustain family forestlands and their benefits. Key components of this program include:

- Providing one-on-one technical assistance.
- Planning fuel reduction and forest health projects.
- Developing and delivering incentives.
- Supporting locally-led collaborative efforts to build landscape-scale forest restoration projects.
- Implementing the Oregon Plan for Salmon and Watersheds.
- Administering the Forest Practices Act.

With limited state funding for landowner assistance, the department has traditionally relied upon grants from the USDA Forest Service State & Private Forestry Program (USFS), but those funds have decreased. More recently, the department partnered with the USDA Natural Resources Conservation Service (NRCS) and USDA Farm Service Agency (FSA) to connect forest landowners with financial assistance available through federal Farm Bill Programs.

Through these partnerships, ODF stewardship foresters provide technical assistance that enables landowners to access federal cost-share programs.

Private Forests Division Narrative

Looking forward, the department is looking increasingly to partnerships with both federal agencies and local organizations to build landscape-scale projects that address forest management needs on public and private lands.

Depending on available funding, the department assists family forestland owners by helping them:

- Access technical and financial assistance programs, especially those available through key federal partners like the NRCS and USFS.
- Develop management plans; and certify their forests as responsibly managed.
- Learn young-forest management activities, such as replanting trees, pre-commercial thinning, fuels reduction, and salvaging damaged trees.
- Form cooperatives or partnerships to efficiently implement forest management activities at a landscape scale (across ownerships).

Urban and Community Forestry: Oregon cities face great complexity when balancing competing social demands with their forests' many economic and environmental benefits. The Urban and Community Forestry Assistance program (UCF) works efficiently and innovatively to help meet the urban forestry needs of Oregon's 241 incorporated cities, other public agencies, and urban forestry-related non-profit organizations. Annually, two UCF staff assist approximately 45% of Oregon's cities and related entities through trainings, workshops, webinars, email advice, and onsite visits. More than 90% of Oregon's population live in these cities.

Most forestry funding is focused outside of urban growth boundaries. However, most salmon-bearing streams pass through cities, many invasive species get started in cities, and significant wildfire risk exists in cities and suburbs in drier areas of the state. Most cities—especially rural communities with less than 30,000 population—lack the forestry technical expertise to address these issues, along with the day-to-day matters, such as managing tree risk in public areas, using trees to lessen storm water runoff, scheduling pruning and other tree maintenance, and selecting proper trees to augment their city infrastructure rather than damage it. Cities often react to hazardous tree issues rather than working to prevent them. The division's Urban Forestry staff help cities learn these proactive urban forestry management skills.

The urban forests' roles in augmenting economic, environmental, and social well-being are not well understood by the general population. For example, the "typical" land development process often involves the total removal of mature trees, can degrade water quality and quantity, reduce air quality, diminish wildlife habitat, reduce community livability, and raise social justice concerns. Increased development in the wildland urban interface fragments forested lands and boosts the risk of catastrophic wildfire. In downtown areas, trees can stimulate economic health, reduce the heat island effect, and make streets more attractive. UCF staff assist cities in understanding development trade-offs, urban forestry best management practices, and the importance of investing in their urban forest's benefits.

The UCF program relies solely on federal funding, which once was enough to support 3.0 FTE staff members, but now only provides funding enough for 1.75 FTE. Additional, ongoing federal or state funding would be used to restore the number of UCF staff to 3.0 FTE. Additional staffing could be used to:

- Develop and teach urban forestry courses to increase local technical capacity.
- Implement cooperative projects with the U.S. Forest Service, OSU Extension, companies, and non-profit groups.
- Help cities address wildland urban interface issues through programs such as FireWise USA and OSU's Citizen Fire Academy.
- Plan and respond to social justice and social equity concerns for urban tree canopies.

Through a (federal) Landscape Scale Restoration grant, the UCF program procured a statewide tree mapping platform that all Oregon cities can use for free for three years. This platform helps UCF staff provide targeted outreach to communities, focus on underserved populations, and allows communities to create much needed inventory-based urban forestry management plans. It will enable the UCF program to build a statewide urban tree database with which to anticipate the encroachment of invasive tree pests, the effects of climate change, and the performance of different trees.

Additionally, in Oregon, knowledge of and entry pathways into the urban forestry/arboriculture profession is low, even though there is continued growth in this field. Especially in areas experiencing increasing development pressure, work by tree service companies is in high demand, and cities need urban

Private Forests Division Narrative

foresters. The 2018 USDA Forest Service-National Urban and Community Forestry Advisory Council (NUCFAC)-funded study, *Urban Forestry 2020*, research into urban forestry-related career access, educational opportunities, and recruitment resulted in a number of findings relative to Oregon's urban and community forestry future. The need for good urban foresters and arborists is growing in the Pacific Northwest. With increased funding, the UCF program could work with private- and public-sector partners to address the deficiencies described in the *Urban Forestry 2020* report and create job training pathways for underserved and under-represented populations across the state.

A 2014 urban forestry survey showed ODF's assistance since 1991 increased several metrics: the number of cities with active urban forestry programs, the depth and sophistication of these programs, and local urban forest management investment. It showed that ODF services improved urban forest management and increased the likelihood that cities would proactively address tree problems. As cities continue to develop, the need for Urban Forestry expert technical assistance, access to technical resources such as tree inventory software, and pathways into the urban forestry field will continue to grow throughout Oregon.

Forest Health Management: Insects, diseases, and invasive plants cause significant tree mortality, growth loss, and other damage to Oregon's forests. These impacts affect the economic and ecological roles forests play in the state. Additionally, this disturbance may contribute to hazardous forest fire conditions.

The department invests millions of dollars in federal grant funds in the form of eradication, control, and pest prevention treatments. The department also implements education, training, and public assistance, including delivery of cost-share funding, particularly in the wildland urban interface areas. ODF delivers on these priorities by:

- Conducting annual aerial surveys to identify damage from insects, disease and other agents on 28-million forested acres. Oregon and Washington lead the nation with the longest consecutive record of annual aerial surveys, initiated in 1947.
- Providing technical assistance and training to forest owners, foresters, and agencies about forest health and integrated pest management.
- Slowing the spread of the sudden oak death pathogen through intensive treatments.

- Performing surveys to detect Swiss needle cast, bear, sudden oak death, emerald ash borer, gypsy moth, and other damaging agents.
- Analyzing the state's insect and disease trends. For example, in 2019, the state estimated 753,000 acres with tree damage and mortality due to insects and disease which is the highest since 2011 and an increase for a third consecutive year. Increases can indicate poor forest health.
- Cooperating on applied research on specific forest health topics, such as Swiss needle cast, bark beetles, and Scotch broom bio-control.

Invasive Species: Non-native plants, animals, and diseases increasingly threaten forests. For example, Scotch broom causes lost timber revenue and requires control measures costing \$47 million annually, more than all other Oregon weeds combined.

As worldwide trade, travel and shipping increase, so do the invasive species threats. Managing these threats requires integrated and coordinated efforts. The department implements this approach by closely cooperating with agencies, research institutions, and the U.S. Forest Service.

Examples of collaborative efforts include:

- Asian and European gypsy moth eradication efforts included working closely with the Oregon Department of Agriculture, and several federal agencies, including the Oregon Invasive Species Council which coordinated the outreach effort.
- Emerald ash borer (EAB) surveys are jointly conducted with U.S. and Oregon Departments of Agriculture. Nationally, property value loss and control costs for EAB total \$1.7 billion annually. The emerald ash borer has not been found in Oregon. The Oregon Department of Agriculture, the Department of Forestry, the cities of Portland and Corvallis, Oregon State University, and the U.S. Department of Agriculture are among 45 entities that developed a readiness and response plan if the insect does arrive.
- The Forest Pest Detector Program is a grant-funded collaborative effort with OSU to train tree professionals in the signs and symptoms of invasive species. Through training, participants learn how to detect emerald ash borer and the Asian long-horned beetle. The program has trained over 500 professionals.

Private Forests Division Narrative

Insects: Insects are a part of natural cycles in the forest. Insects can support critical functions, such as pollination and natural control of other insects that damage trees. On the other hand, periodic forest insect outbreaks can cause significant tree death and damage. The department engages in activities that support healthy insect population levels and remedies where damaging outbreaks are occurring. Examples include:

- The Oregon Bee Project is bringing Oregonians together to create a science-based strategy to protect and promote and manage native bees through education, pollinator-friendly practices and research.
- The bark beetle cost share program aids landowners in performing preventative measures to avoid bark beetle outbreaks in at-risk areas by providing a 50/50 cost share for activities such as thinning, sanitation, slash management and in some cases chemical treatments.

Diseases: Forest disease has an important role in forests but at unhealthy levels can negatively impact forests. In recent years, sudden oak death and Swiss needle cast have become particularly prevalent.

Sudden Oak Death kills tanoak and damages native rhododendron, huckleberries and other plants, currently, along the southwest coast in Curry County. It has been pushing north and intensifying within the quarantine area and threatens tanoak outside the quarantine. An interagency team has slowed the pathogen's spread. However, a number of issues are contributing to its continued spread: 1) a large disease footprint that readily spreads, 2) the emergence of a new, more virulent strain that threatens conifer species, 3) treatment funding levels are relatively flat despite continued and growing support from the Legislature and flat or declining federal contributions, and 4) added survey complexities and resource competition created by the emergency response to the Chetco Bar Fire.

Swiss Needle Cast, a fungus, affects Douglas fir on over 546,000 acres, mostly in the Coast Range. It causes needles to turn yellow and prematurely fall, which reduces growth and survival. The fungus causes the loss of more than 190 million board feet per year.

J. E. Schroeder Seed Orchard: The J.E. Schroeder Seed Orchard furthers the productivity, health, and economic sustainability of Oregon's forests by growing high-quality tree seed. Goals for the orchard include meeting the seed production and management objectives of orchard cooperators. This is done to

ensure long-term cooperative tree improvement and conserve productive tree species' genes. The seed orchard, a prominent producer of native tree seed since the early 1970s, helps ensure an ongoing supply of high-quality seed adapted to forest environments. The seed has highly desirable ecological traits, such as growth potential, wood quality, and disease tolerance. The orchard makes these enhancements using conventional plant breeding methods without genetic engineering or molecular technologies.

The orchard uses an innovative, long-term, public-private cooperative business model to benefit members. There are 32 cooperative orchards with 24 different cooperative members including state and federal agencies, and industrial forest companies. Orchards include Douglas Fir from Oregon and Washington, western hemlock, western red cedar, and Willamette Valley ponderosa pine. Yields of cone crops are consistently high and predictable. During the 2019 harvest season, the bearing orchards produced 688 pounds of Douglas fir seed, or enough to reforest about 40,000 acres of land.

Given the structure of the J. E. Schroeder Seed Orchard, the business model is dependent upon the recruitment and retention of cooperators. The orchard complex relies upon the repayment of services by the cooperators, receiving no outside state or federal funding support.

Oregon Seed Bank: The Seed Bank assures appropriate, climatically adapted tree seed is available for family forest landowners throughout Oregon. The Seed Bank is able to purchase up to 6% of each harvest from the Schroeder Seed Orchard and make it available to purchase at cost for family forest landowners, conservation programs, and tree seed nurseries.

The demand for seed has increased over the years due to a variety of factors. Seed availability has also increased to include seed zones across the state. The major tree species available include Douglas fir, western hemlock, western red cedar, and Willamette Valley ponderosa pine, but a wide range of additional species can also be obtained through the Oregon Seed Bank.

The impact of the Seed Bank is significant. In 2019, over 168 pounds of seed capable of producing in excess of 3.2 million seedlings was distributed. This seed, composed of seven important species, is capable of reforesting over 8,000 acres. Genetically improved seed can produce greater growth which has the potential to increase profitability for family forest landowners and is consistent with

Private Forests Division Narrative

ODF goals of maintaining a productive forest land base. Ecologically adapted seed is an asset on the landscape and may further benefit the forestry sector in general and stimulate Oregon's economic base. Despite the availability of tree seed through the Seed Bank, family forestland owners face challenges having their seed grown into seedlings needed for forest regeneration following harvest or natural disturbances such as wildfire, as nursery growing space is limited when demand for forest seedlings is high.

Biomass and Wood Utilization: Robust markets for wood products and forest biomass benefit all Oregonians through rural economic development, improved forest health, reduced fire risk and suppression costs, and homegrown, low-carbon energy. Markets for forest products offer forest landowners a revenue stream needed to manage forests for a variety of outcomes, including responding to insect, disease and wildfire. Markets play a key role in keeping forests healthy and productive. For federal managers, improved markets for biomass and other restoration by-products could increase the pace and scale of federal forest restoration efforts.

ODF will continue to build on successful partnerships, such the Cohesive Wildfire Strategy and the Statewide Wood Energy Team, to strengthen wood products and biomass markets.

Past market development activities focused on providing financial support to entrepreneurs bringing new forest products and biomass uses forward. ODF's grant investments to businesses have resulted in several new startups and business expansions including:

- Restoration Fuels' new \$18.5 million torrefied wood facility in John Day, currently under construction, will use 150,000 green tons of low-value biomass from surrounding federal forests.
- Silver Sage's new \$22 million combined wood and alfalfa pellet mill under construction in Hines. The new facility will generate 15 new jobs and create demand for over 40,000 tons of forest biomass.
- InBound LLC worked with the community of Oakridge to develop a low-cost firewood program to provide a consistent source of dry firewood to help lower winter air emissions. The firewood program is part of the community's effort to improve air quality.
- Wallowa Resources developed a biochar-based soil product at Integrated Biomass Resources to make greater use of forest residuals and serve the

growing demand for biochar-based soil amendments. IBR's development of a soil product with biochar diversifies their product offerings and provides a value-added use for forest residuals.

The rising popularity of mass timber construction presents an opportunity for expanded use of traditional and advanced wood products. Interest in tall wood buildings also creates an opportunity to inform the public about the benefits of building with wood from Oregon's forests. Global demand for low-carbon energy sources is creating opportunities to use Oregon's abundant forest resources for new products such as industrial wood pellets, torrefied wood pellets and liquid transportation fuels. Heightened interest in corporate sustainability is raising demand for biomass energy to serve the growing energy load created by the technology sector. Interest in carbon sequestration and improved soil health is driving efforts to commercialize biochar as a carbon-negative soil amendment.

Current Issues and Focus

Since the founding of the Department of Forestry in 1911, Oregon has witnessed a continuous evolution of forest challenges. Starting with wildfire and reforestation laws, and later evolving into maintaining healthy, sustainable forests on both private and public forestland, Oregon has been successful in meeting these challenges. The passage of Oregon's Forest Practices Act in 1971, was precipitated by an increase in the public's environmental awareness and concern regarding natural resource protection. The FPA and associated best management practices emphasize a strong regulatory approach to ensuring desired public benefits from private forestlands and has continued to adapt over time in response to monitoring and research findings.

Today, ODF faces the next evolution of challenges to healthy, sustainable forests in Oregon - conversion and fragmentation of forestlands and the associated challenges with increased development and population pressure. As Oregon grows it faces greater development and population pressures; increasing numbers of forest tracts are being converted to other uses or face a heightened risk of conversion in the future. Nationally, the U.S. Forest Service and the National Association of State Foresters identified development and forest fragmentation as critical issues. Development and economic pressures on private lands are driving parcellation and conversion of forestland to other uses. Private lands close to expanding population centers and family forests are particularly threatened by these trends. Expansion of populations into the forest increases the number of complaints and conflicts with working forests, as well

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as the number of wildfire ignition sources. This creates further disincentive to maintain sustainable working forests close to population centers. Of all the human impacts to forests, development causes the most permanent change.

A report by the Forest Service states nearly 80% of the nation's freshwater originates from forestland. When forests are lost to conversion, stand-replacing wildfire, or severe insect and disease outbreaks, the quality and quantity of our water supply is affected. Forests, water, fish and wildlife habitat, and people are intricately connected. The new challenges of urban sprawl, forest conversion, climate change, invasive species, and severe wildfires are more daunting and complex than issues at the time the FPA was enacted in 1971.

These changes and challenges affect the department's ability to deliver efficient and effective services to private forest landowners and thus maintain healthy forests. ODF faces a significant task in administering the FPA and providing wildland, urban, and community forest education and technical assistance. ODF field staff spend an increasingly disproportionate amount of time working with complex natural resource situations and conflicts in forests already at risk of conversion and fragmentation. The department must ensure it continues to deliver a mix of services that meets the diverse needs of Oregonians, landowners, communities, developers, regulators, and stakeholders across a broad diversity of forests while promoting and conserving forest land and forest values. Thus, where the regulatory approach was the primary tool in the past, the changing landscape and socio-economic needs of today's society highlight the need to develop new and innovative landowner and institutional strategies to address current challenges.

Revenue Sources and Proposed Revenue Changes

The Private Forests Division makes use of multiple funding sources to operate its programs:

- Forest Practices—To fund Forest Practices Act administration, the General Fund typically contributes 60%, and 40% comes from the Oregon Forest Products Harvest Tax.
- Federal Funds—The division receives funds from several federal agencies. Most federal funds have historically been from the U.S. Forest Service. About half of these come from consolidated grant programs. The remaining federal funds are matched at a 1:1 ratio, with General Fund and with non-federal partner funds.

- Other Funds—Includes cooperative projects, private donations, and other receipts. This revenue is estimated based on previous years.
 - Cooperative project partners include Oregon State University, the Oregon Departments of Agriculture, Fish and Wildlife, and Environmental Quality, the Oregon Watershed Enhancement Board, the Oregon Forest & Industries Council, and the federal Natural Resource Conservation Service and Forest Service.
 - Private Donations – Urban and Community Forestry Assistance Program receives and disburses money and labor, material, seedlings, trees and equipment donations from public and private sources for urban and community forestry programs.
 - Other receipts and fees include seed sales to family forestland owners and document request fees.

Base Budget & Essential Package

Package 000-Current Service Level Exception Request-Base Budget Change

In the Private Forests Division there were two base adjustments; step adjustments for seasonal positions vacant during ORPICS roll and moving funding of positions with less than one month of funds in a DCR. There was an increase of 1 position count and a decrease (0.01) FTE.

Package 010-Vacancy Factor and Non-ORPICS Personal Services

This package includes standard inflation of 4.3% on non-ORPICS items such as temporaries, overtime, shift differential, all other differentials and unemployment compensation, including the OPE associated with them.

Package 022-Phased-out Programs and One-time Costs

The purpose of this package is to phase out one-time budget increases remaining from prior biennia. Private Forests is phasing out one-time funding of (\$1,700,000) General Fund related to Sudden Oak Death control.

Package 031-Standard Inflation and State Government Service Charge

The purpose of this package is to include a set of standardized inflation rates for all agencies, increasing their budgets above their final Base amounts for all non-Personal Services expenditure accounts. These rates are 4.3% for standard or "generic" accounts, and then larger rates for "Price List Accounts," specifically 5.7% for Professional Services and 19.43% for Attorney General charges. There is no change to position counts or FTE.

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Package 033-Exceptional Inflation

The purpose of this package is to recognize budget increases which exceed the standard inflation rate. There are two drivers of this package for ODF, one in the Agency Administration program, and the other in the operating programs. First, Price List costs and increases to State Government Service Charges (SGSC) are included in the Agency Administration program. This drives Package 033 OF increases in CSG 4425 for Agency Administration. Second, funding of Agency Administration programs costs, included Personal Services and SGSC increases, comes from OF revenue transfers and GF Special Payments. This drives Package 033 GF increases in CSG 6060 for three operating programs. There is no change to position counts or FTE.

Package 050-Fund Shifts

The purpose of this package is to correct the funding split of two positions in the base with less than 1.00 month of funding.

Package 060-Technical Adjustments

The purpose of this package is to move the risk portion of State Government Service Charges out of all operating programs and into the Agency Administration SCR. There is no change to position counts or FTE.

Program Enhancement Packages

Package Number	Component Title	All Funds	Positions / FTEs
101	Fire Org Sustainability & Modernization	\$25,481	0/0.00
171	Firefighter Life Safety	\$18,330	0/0.00
172	Diversity, Equity & Inclusion	\$44,397	0/0.00
173	Administrative Modernization	\$144,069	0/0.00
174	Facilities Capital Management Capacity	\$44,397	0/0.00
200	MGO Recommendations	\$623	0/0.00
801	LFO Analyst Adjustments	\$2,556,791	2/1.25
810	Statewide Adjustments	(\$194,381)	0/0.00
811	Budget Reconciliation Adjustments	\$6,143,830	3/3.00
Total Packages:		\$8,783,537	5/4.25

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Package 101-Fire Org Sustainability & Modernization

Purpose: This package provides funding to pay internal assessments for costs associated with the package in the Agency Administration program.

Staffing Impact: None.

Revenue Source: The Private Forest portion of this package is 100% General Fund.

Funding:

	<u>Agency Request Budget</u>	<u>Governor's Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	\$0	\$25,481
Other Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
All Funds	\$0	\$0	\$25,481
Position/FTE:	0/0.00	0/0.00	0/0.00

Package 171-Firefighter Life Safety

Purpose: The agency provides critical life safety communication and location tracking for firefighters and emergency response efforts through operation and maintenance of wireless communication systems, equipment, resources, and infrastructure.

How Achieved: All Agency Administration costs are prorated among operating programs, based on a prorate process. In the Private Forests program, this package provides funding to pay internal assessments for costs associated with the package in the Agency Administration program.

Staffing Impact: None.

Funding:

	<u>Agency Request Budget</u>	<u>Governor's Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$18,330	\$18,330	\$18,330
Other Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
All Funds	\$18,330	\$18,330	\$18,330
Position/FTE:	0/0.00	0/0.00	0/0.00

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Package 172-Diversity, Equity & Inclusion

Purpose: As the Administrative Branch continues to align administrative functions across the agency, it has become clear that many processes and information systems are operating within disparate silos, lack of standardization, outdated technology, and limited capability to adapt to improving business practices. In addition, the agency’s ability to provide contemporary services in a dynamic and fluid environment is hampered by staffing constraints.

How Achieved: All Agency Administration costs are prorated among operating programs, based on a prorate process. In the Private Forests program, this package provides funding to pay internal assessments for costs associated with the package in the Agency Administration program.

Staffing Impact: None.

Funding:

	<u>Agency Request</u> <u>Budget</u>	<u>Governor’s</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$44,397	\$44,397	\$44,397
Other Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
All Funds	\$44,397	\$44,397	\$44,397
Position/FTE:	0/0.00	0/0.00	0/0.00

Package 173-Administrative Modernization

Purpose: As the Administrative Branch continues to align administrative functions across the agency, it has become clear that many processes and information systems are operating within disparate silos, lack of standardization, outdated technology, and limited capability to adapt to improving business practices. In addition, the agency’s ability to provide contemporary services in a dynamic and fluid environment is hampered by staffing constraints.

How Achieved: All Agency Administration costs are prorated among operating programs, based on a prorate process. In the Private Forests program, this package provides funding to pay internal assessments for costs associated with the package in the Agency Administration program.

Staffing Impact: None.

Funding:

	<u>Agency Request</u> <u>Budget</u>	<u>Governor’s</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$0	\$0	\$144,069
Other Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
All Funds	\$0	\$0	\$144,069
Position/FTE:	0/0.00	0/0.00	0/0.00

Package 174-Facilities Capital Management Capacity

Purpose: The Facilities Capital Management Program requires additional capacity to: address workload capacity limitations; to meet statutory and executive order requirements; meet sustainability performance criteria; manage its new building and structures asset portfolio data management system; and provide facilities management and construction project management capacity in the program’s statewide facilities section and the field.

How Achieved: All Agency Administration costs are prorated among operating programs, based on a prorate process. In the Private Forests program, this package provides funding to support administrative pro-rate charges to the operating divisions for limited duration positions established in the Facilities program to address the workload resultant from damaged and destroyed infrastructure during the 2020 wildfire season.

Staffing Impact: None.

Funding:

	<u>Agency Request</u> <u>Budget</u>	<u>Governor’s</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$103,865	\$44,397	\$44,397
Other Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
All Funds	\$103,865	\$44,397	\$44,397
Position/FTE:	0/0.00	0/0.00	0/0.00

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Package 200-MGO Recommendations

Purpose: This package reflects recommendations made by Macias, Gini, and O’Connell LLP (MGO), a consultant hired by the Department of Administrative Services (DAS) on behalf of Governor Brown to perform a review of financial processes related to Fire Protection operations. The final report from MGO was published in April 2021. This analyst package was developed from the observations and recommendations in the MGO report; related to the agency’s financial processes.

How Achieved: In the Private Forests program, this package includes funding for the payment of the administrative pro-rate for position actions in the Agency Administrative division that transferred eight positions from the Fire Protection program and established an additional four positions to align agency operations with recommendations made by MGO.

Staffing Impact: None.

Funding:

	<u>Agency Request Budget</u>	<u>Governor’s Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	\$0	\$623
Other Funds	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0
All Funds	\$0	\$0	\$623
Position/FTE:	0/0.00	0/0.00	0/0.00

Package 801-LFO Analyst Adjustments

Purpose: This package includes three adjustments to the Private Forests division budget.

How Achieved: The first includes \$163,674 General Fund to correct an error made to technical adjustments in Package 060 that removed funding for administrative pro-rate costs. Second, an additional \$555,374 General Fund, \$137,743 Other Funds expenditure limitation. Finally, a one-time appropriation of \$1.7 million General fund is included in the package for continued eradication and containment programs related to Sudden Oak Death (SOD).

Staffing Impact: Establishment of one limited duration position (0.25 FTE) and one permanent position (1.00 FTE).

Funding:

	<u>Agency Request Budget</u>	<u>Governor’s Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	\$0	\$2,419,048
Other Funds	\$0	\$0	\$137,743
Federal Funds	\$0	\$0	\$0
All Funds	\$0	\$0	\$2,556,791
Position/FTE:	0/0.00	0/0.00	2/1.25

Package 810-Statewide Adjustments

Purpose: This is an analyst package to adjust agency budgets statewide as a result of changes to centralized State services, such as administrative charges for DAS and the Attorney General. These reductions are partially in State Government Service Charges, which are paid by Agency Administration and funded through the Admin Prorate from operating programs such as Fire Protection. Some of these reductions are for estimated charges, such as SDC, EGS, Parks Assessment, and Procurement.

In the Private Forests program, the result of this is both a reduction to its portion of General Fund support of the Admin Prorate as well as reductions to various estimated charges.

Staffing Impact: None.

Revenue Source:

	<u>Agency Request Budget</u>	<u>Governor’s Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	\$0	(\$167,457)
Other Funds	\$0	\$0	(\$15,136)
Federal Funds	\$0	\$0	(\$11,788)
All Funds	\$0	\$0	(\$194,381)
Position/FTE:	0/0.00	0/0.00	0/0.00

Package 811-Budget Reconciliation Adjustments

Purpose: This package appropriates \$5 million General Fund to the Private Forests Division to provide grants to plant nurseries to develop tree seedling capacity, in order to increase the supply of tree seedlings for replanting needs due to the 2020 wildfire season.

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This package also increases General Fund \$686,300 and \$457,530 Other Funds for the establishment of three permanent full-time positions. These three positions, a riparian and aquatic monitoring specialist, a forest road specialist and a geotechnical specialist, will support the administration of the Forest Practices Act and provide technical assistance to forest landowners to ensure sound forest management and ecological protection.

Staffing Impact: Establishes 3 permanent full-time positions (3.00 FTE).

Funding:

	<u>Agency Request</u> <u>Budget</u>	<u>Governor's</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$0	\$0	\$5,686,300
Other Funds	\$0	\$0	\$457,530
Federal Funds	\$0	\$0	\$0
All Funds	\$0	\$0	\$6,143,830
Position/FTE:	0/0.00	0/0.00	3/3.00

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Detail of Revenue 107BF07

Source	Fund	ORBIT'S Revenue Acct	2017-2019 Actual	2019-21 Legislatively Adopted	2019-21 Estimated	2021-23		
						Agency Request	Governor's	Legislatively Adopted
Charges for Services	3400	0410	\$467,581	\$2,435,819	\$2,435,819	\$2,540,559	\$2,540,559	\$2,540,559
Sales Income	3400	0705	\$78,882	\$0	\$100,000	\$469,970	\$469,970	\$469,970
Donations	3400	0905	\$0	\$307,093	\$307,093	\$320,298	\$320,298	\$320,298
Loan Repayments	3400	0925	\$10,000	\$1,681,303	\$1,681,303	\$1,673,741	\$1,673,741	\$1,673,741
Federal Funds	6400	0995	\$3,682,522	\$14,063,802	\$14,063,802	\$14,640,000	\$14,421,943	\$14,640,000
Transfers In – Intrafund	3400	1010	\$0	\$50,000	\$50,000	\$30,400	\$30,400	\$30,400
Transfer From Revenue Dept	3400	1150	\$10,640,815	\$20,762,279	\$20,762,279	\$21,655,057	\$21,655,057	\$21,655,057
Transfers Out – Intrafund	3400	2010	(\$2,718,903)	(\$2,461,759)	(\$2,461,759)	(\$4,972,448)	(\$4,972,448)	(\$3,893,176)