Special Reports

IT Business Case

None.

APPR / Key Performance Measures

Forestry, Department of

Annual Performance Progress Report

Reporting Year 2018

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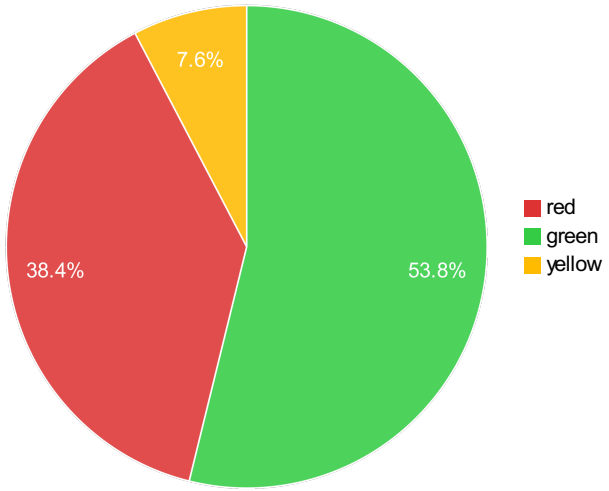
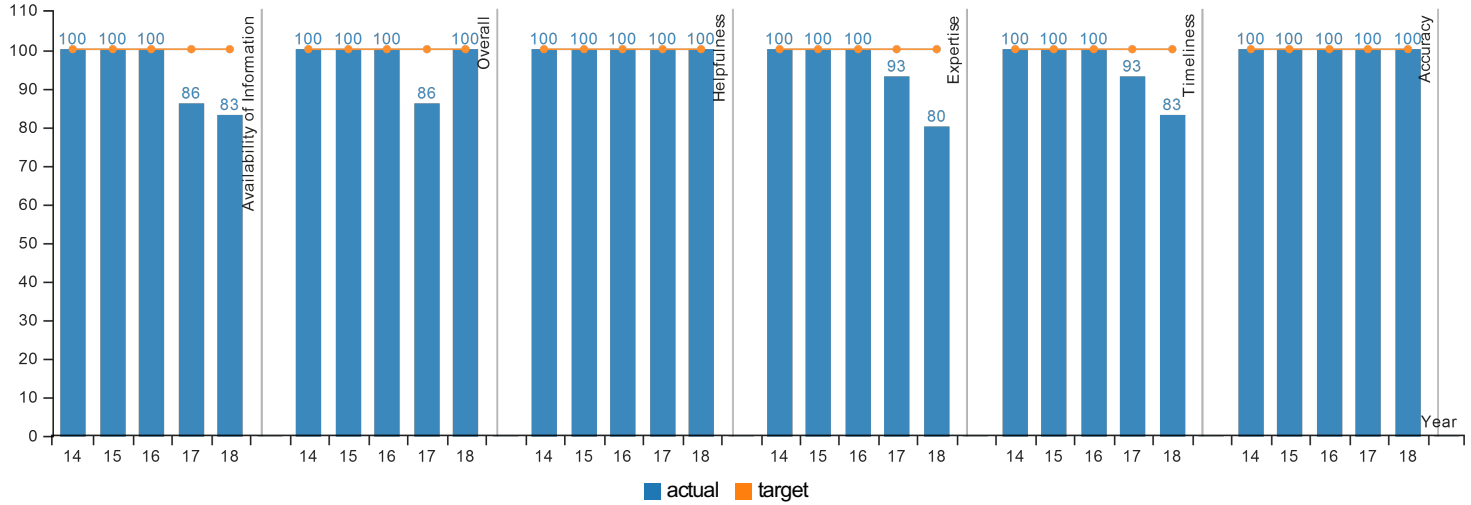
KPM #	Approved Key Performance Measures (KPMs)
1	CUSTOMER SERVICE TO COUNTY 'GOVERNMENTS AND FOREST LANDOWNERS - Percent of Oregon's forested counties and forest protective associations rating that ODF programs collectively provide "good" or "excellent" customer service: overall, timeliness, accuracy, helpfulness, expertise, availability of information.
2	BOARD OF FORESTRY PERFORMANCE - Percent of total best practices met by the Board of Forestry.
3	FOREST PRACTICES ACT COMPLIANCE - Percent of forest operations that are in compliance with the Forest Practices Act
4	URBAN AND COMMUNITY FOREST MANAGEMENT - Percent of Oregon cities actively managing their urban and community forest resources.
5	STATE FORESTS TOTAL REVENUE - Percent increase in total revenue produced by State Forests
6	AIR QUALITY PROTECTION - Total number of smoke intrusions into designated areas per total number of units burned.
7	PRIVATE FORESTLAND MANAGED AT OR ABOVE FOREST PRACTICES ACT STANDARDS. - Acres of industrial private forestlands managed under an approved certification system, stewardship agreement, or other approved management plan including wildlife habitat conservation and management plans
8	FOREST STREAM WATER QUALITY - Percent of monitored stream sites associated predominately with forestland with significantly increasing trends in water quality.
9	VOLUNTARY PUBLIC AND PRIVATE INVESTMENTS MADE TO CREATE HEALTHY FORESTS - Cumulative public and private forest landowner investments made in voluntary projects for the Oregon Plan for Salmon and Watersheds or for the Oregon Conservation Strategy.
10	STATE FORESTS NORTH COAST HABITAT - Complex forest structure as a percent of the State Forests landscape.
11	FIRE SUPPRESSION EFFECTIVENESS - Percent of wildland forest fires under ODF jurisdiction controlled at 10 acres or less.
12	PREVENTION OF HUMAN-CAUSED WILDLAND FOREST FIRES - Number of human-caused wildland forest fires per 100,000 Oregon residents (lower is better).
13	DAMAGE TO OREGON FORESTS FROM INSECTS, DISEASES, AND OTHER AGENTS - Percent of forest lands without significant damage mortality as assessed by aerial surveys.



Performance Summary	Green	Yellow	Red
	= Target to -5%	= Target -5% to -15%	= Target > -15%
Summary Stats:	53.85%	7.69%	38.46%

KPM #1	CUSTOMER SERVICE TO COUNTY 'GOVERNMENTS AND FOREST LANDOWNERS - Percent of Oregon's forested counties and forest protective associations rating that ODF programs collectively provide "good" or "excellent" customer service: overall, timeliness, accuracy, helpfulness, expertise, availability of information.
	Data Collection Period: Jan 01 - Dec 31



Report Year	2014	2015	2016	2017	2018
Availability of Information					
Actual	100%	100%	100%	86%	83%
Target	100%	100%	100%	100%	100%
Overall					
Actual	100%	100%	100%	86%	100%
Target	100%	100%	100%	100%	100%
Helpfulness					
Actual	100%	100%	100%	100%	100%
Target	100%	100%	100%	100%	100%
Expertise					
Actual	100%	100%	100%	93%	80%
Target	100%	100%	100%	100%	100%
Timeliness					
Actual	100%	100%	100%	93%	83%
Target	100%	100%	100%	100%	100%
Accuracy					
Actual	100%	100%	100%	100%	100%
Target	100%	100%	100%	100%	100%

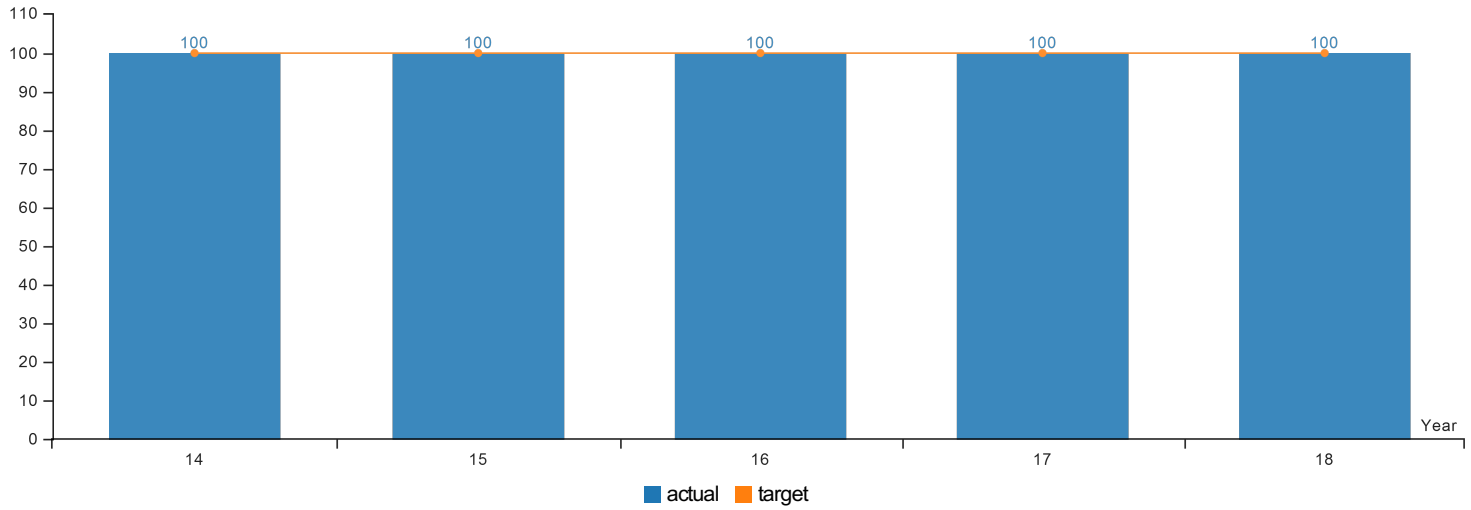
Survey results indicate that while the Department of Forestry strives to exceed the expectations of county governments and forest landowners, ongoing controversial issues are challenging our ability to do so. The past year's results show that we continued to meet our target in Accuracy and Helpfulness and improved our Overall Level of Service to reach the set target; however, we are seeing a continued decrease in our Availability of Information, Timeliness, and Expertise.

Factors Affecting Results

The successes of our working relationships between Department of Forestry field offices and county commissioners, county staff, and forest protective associations significantly contribute to the results of this performance measure; however, controversial issues in matters of policy and administration are ultimately influencing the end result. While many of the survey comments extended praise and support for our staff's excellence in service and ongoing commitment to building strong partnerships across all jurisdictions and forestry programs, it is clear that current challenges in state forest management are affecting our results in this performance measure.

KPM #2	BOARD OF FORESTRY PERFORMANCE - Percent of total best practices met by the Board of Forestry.
	Data Collection Period: Jul 01 - Jun 30

** Upward Trend = positive result*



Report Year	2014	2015	2016	2017	2018
Oregon Board of Forestry Governance					
Actual	100%	100%	100%	100%	100%
Target	100%	100%	100%	100%	100%

How Are We Doing

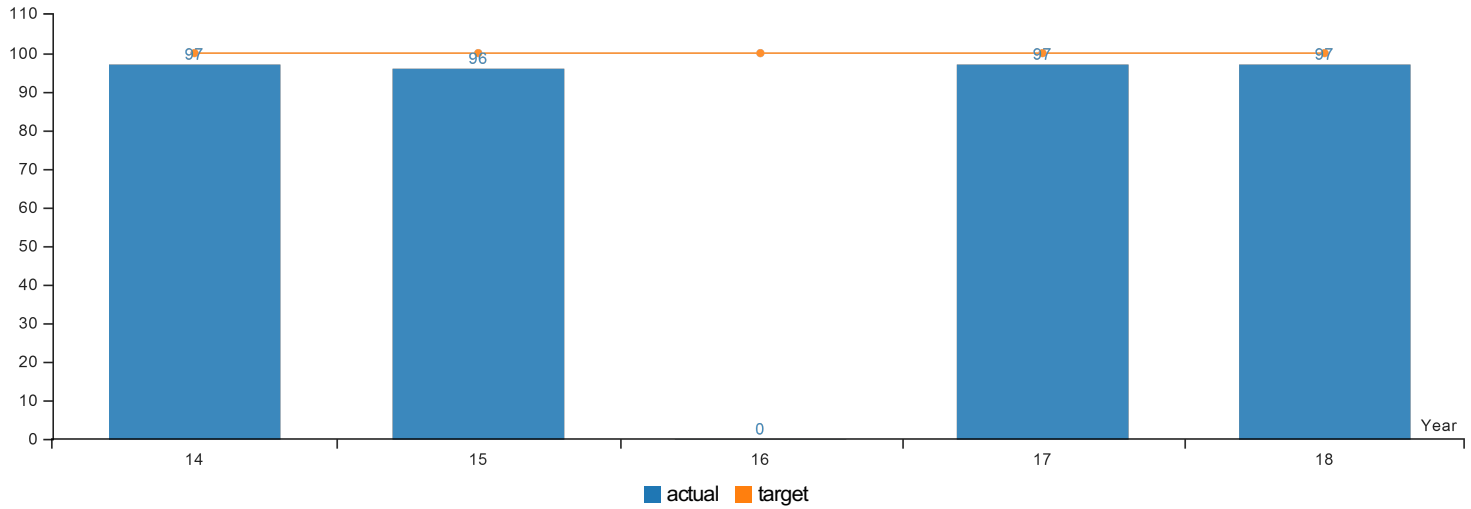
The Board's annual board governance performance evaluation resulted in Board member agreement that all sixteen best-practices criteria had been met with a 100 percent achievement rate, effectively meeting their annual target.

Factors Affecting Results

While the Board continues to meet its performance measure goals, a reflection of the board's positive working relationships and mutual respect across differences on the issues before them, significant concerns remain. Continued challenges in addressing financial viability and state forest management amongst noted polarization of stakeholders are affecting the board's results. Interest is shared across the board in building consensus and making the difficult decisions needed within the controversial and complex landscape; however, growing concerns surrounding the multiple vacancies of the board is clear. A full complement of board members, prioritization of strategic issues, and continued engagement on the best practices criteria could improve the board's performance.

KPM #3	FOREST PRACTICES ACT COMPLIANCE - Percent of forest operations that are in compliance with the Forest Practices Act
	Data Collection Period: Jan 01 - Dec 31

** Upward Trend = positive result*



Report Year	2014	2015	2016	2017	2018
Percent of Operations in Compliance with Oregon's Forest Practices Act					
Actual	97%	96%	No Data	97%	97%
Target	100%	100%	100%	100%	100%

How Are We Doing

In 2013, the Oregon Department of Forestry (ODF) began monitoring rates of compliance with a subset of the Oregon Revised Statutes and Oregon Administrative Rules that comprise the Oregon Forest Practices Act (FPA). The study began in response to a Budget Note attached to the 2011 Agency Biennial Budget. In 2013, 200 sites where timber harvests had occurred were sampled. In 2014, 2016, and 2017, 100 sites were sampled. Reports on the results of individual years have been published by ODF.

The focus of the study was primarily on rules concerning road construction, road maintenance, timber harvesting, and protection measures for waters of the state.

Data indicated the following overall rates of compliance, for the year prior to the year in which the report was issued:

2014 – 97%

2015 – 96%

2016 – No Data

2017 – 97%

2018 – 97%

The study protocol provides for allowing results to be considered by ODF Administrative Area, Landowner Type, and Rule Division. Compliance rates for individual rules are also available, though for some rules, the number of samples is not robust.

Factors Affecting Results

The forestland subject to the FPA are managed according to a broad range of strategies by a variety of different types of landowners. A number of ownerships enroll in a voluntary set of measures to demonstrate responsible stewardship of the land, such as certification systems. The Sustainable Forestry Initiative and the American Tree Farm System are such systems. Enrollees agree to meet and/or exceed state standards for environmental protection.

Other owners have less formally articulated plans for their lands. Some lands subject to the study, such as state forests lands, are subject to very studied and deliberate management plans.

Landowner preferences bear almost strongly on how land is managed and the standards that are met during forest management activities.

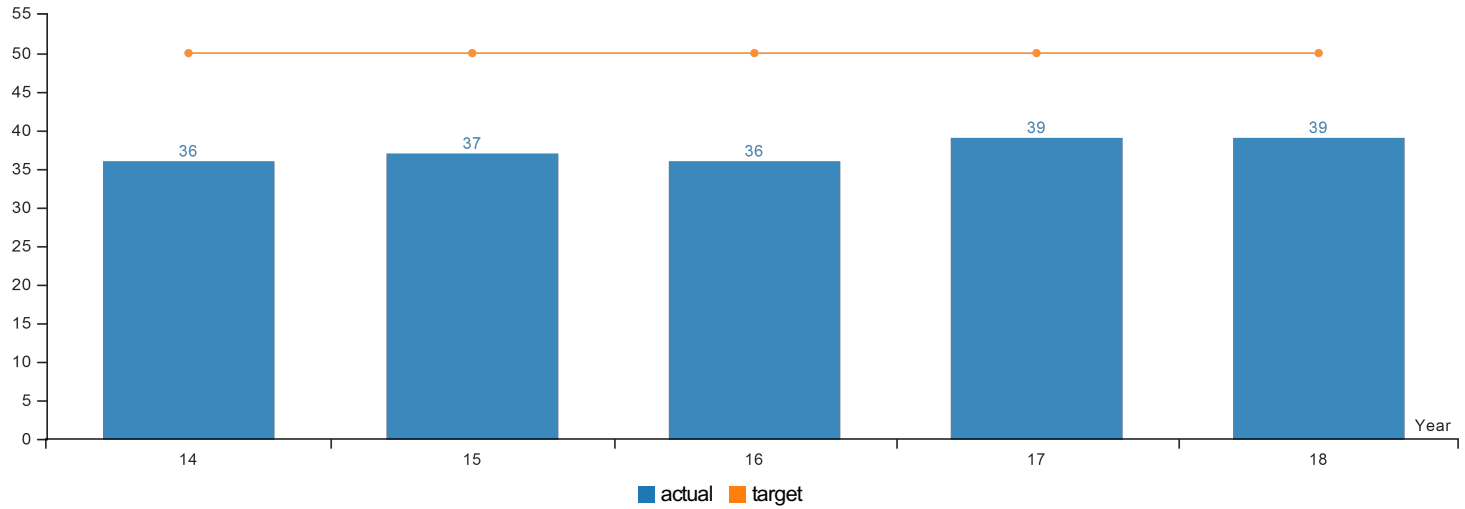
The Department of Forestry (ODF) strives to help keep Oregon's non-federal, non-tribal timberlands healthy and productive through a variety of means, typified by the notion of the "Three E's": education, engineering, and enforcement, and the field representatives (stewardship foresters) routinely work with landowners in an effort to support informed, effective, and appropriate management of forestlands.

Results from the compliance audit inform training strategies for ODF as well as industry groups who support the FPA in their work. Numerous training sessions statewide have focused on the rules for which compliance rates are lower.

ODF engages an external advisory committee to periodically review the project, the protocols, and results. That group also helps deliver the message regarding findings of the audit and how they can be used to support better forest practices.

KPM #4	URBAN AND COMMUNITY FOREST MANAGEMENT - Percent of Oregon cities actively managing their urban and community forest resources.
	Data Collection Period: Jan 01 - Dec 31

** Upward Trend = positive result*



Report Year	2014	2015	2016	2017	2018
Percent of Oregon cities actively managing their urban and community forest resources					
Actual	36%	37%	36%	39%	39%
Target	50%	50%	50%	50%	50%

How Are We Doing

Currently, close to 40 percent of the 241 Oregon cities are actively managing their urban forests.. Although this is less than half of the total **number** of Oregon cities, more than 74% Oregon's **population** (2010 census) lives in these urban forest-managing cities. (With more up-to-date population figures and development trend information, the actual population percentage is very likely greater than reported here.)

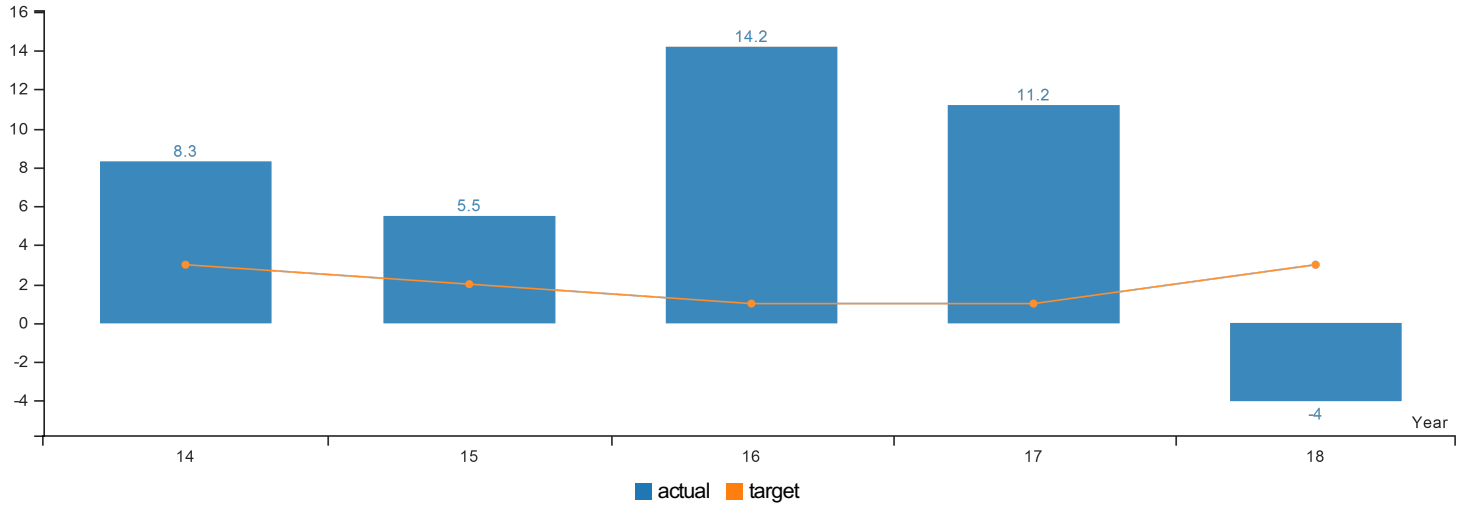
The number of cities with urban forestry programs may reflect the needs and desires of Oregon's growing population as cities develop. Also, in recent years, several Oregon cities have been able to "remodel" their downtown cores, which usually involves planting significant numbers of new trees. In turn, this prompts community investment and citizen engagement in a city's urban forest. Cities are requesting more urban forestry assistance from ODF staff now than during the Great Recession.

Factors Affecting Results

The Department receives no state funds for its Urban and Community Forestry Program and thus relies solely on federal funds to achieve this KPM. Based on the availability and uses of federal sources, the Department has a very limited staff to serve the entire state. A statewide survey conducted in 2014 clearly shows that if cities receive assistance from the Department of Forestry, they were more likely to have components of an actively managed urban forest program. The components considered to be signs of active management include urban forestry trained professional staff (city employee or private contractor), a citizen advisory committee, a tree ordinance, and an inventory-based management plan. These are nationally agreed-upon components that every state collects. Achievement of this KPM is clearly constrained by staffing limitations.

KPM #5	STATE FORESTS TOTAL REVENUE - Percent increase in total revenue produced by State Forests
	Data Collection Period: Jul 01 - Jun 30

** Upward Trend = positive result*



Report Year	2014	2015	2016	2017	2018
Percent increase in revenue produced by State Forests compared to the previous year					
Actual	8.30%	5.50%	14.20%	11.20%	-4%
Target	3%	2%	1%	1%	3%

How Are We Doing

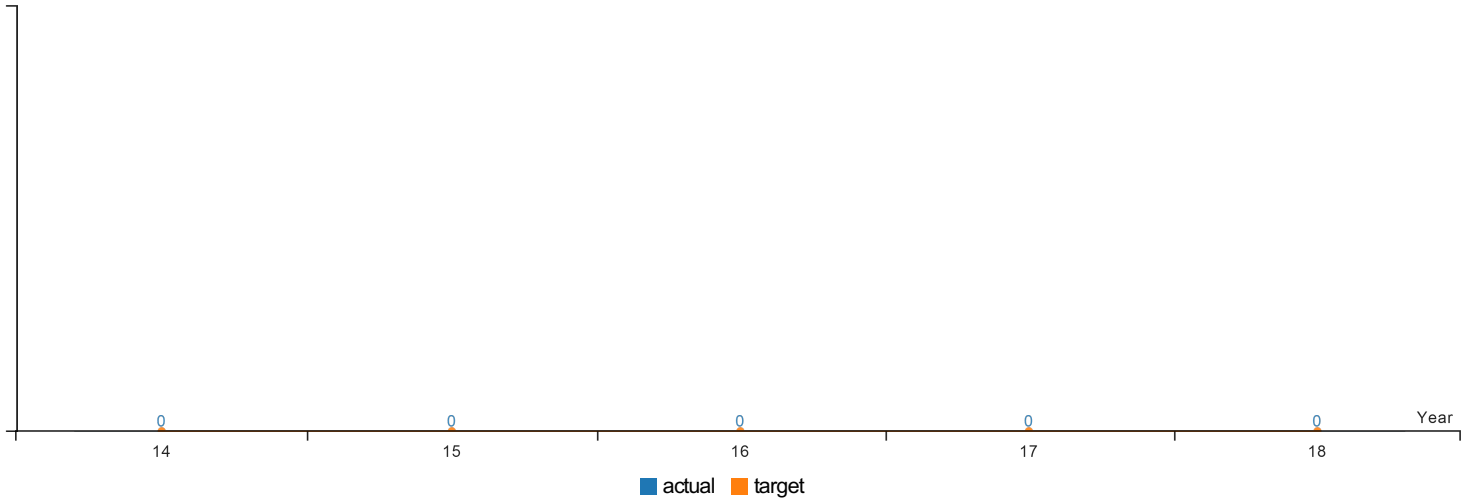
The FY 2017 data show a 4.0 percent decrease in total revenues from the previous year, down to $97,258,056. This KPM focuses on the percent change in total revenue produced from the sale of timber from State Forests. The Oregon Department of Forestry is committed to sustainable management of these lands. Harvest levels that contribute to the revenue flow for this measure are set annually by the Division at the direction of the State Forester. The KPM targets establish an objective for management activities to predictably generate revenue for the State. The Division is evaluating financial viability and is exploring opportunities to increase revenue while continuing to provide a balanced range of social and environmental values.

Factors Affecting Results

The major factor affecting FY 2017 timber sale revenue is the protection of threatened and endangered species and the Elliott State Forest management transfer, which reduced harvest levels.

KPM #6	AIR QUALITY PROTECTION - Total number of smoke intrusions into designated areas per total number of units burned.
	Data Collection Period: Jan 01 - Dec 31

** Upward Trend = negative result*



Report Year	2014	2015	2016	2017	2018
Total number of smoke intrusions into designated areas per total number of units burned					
Actual	0	0	0	0	0
Target	0	0	0	0	0

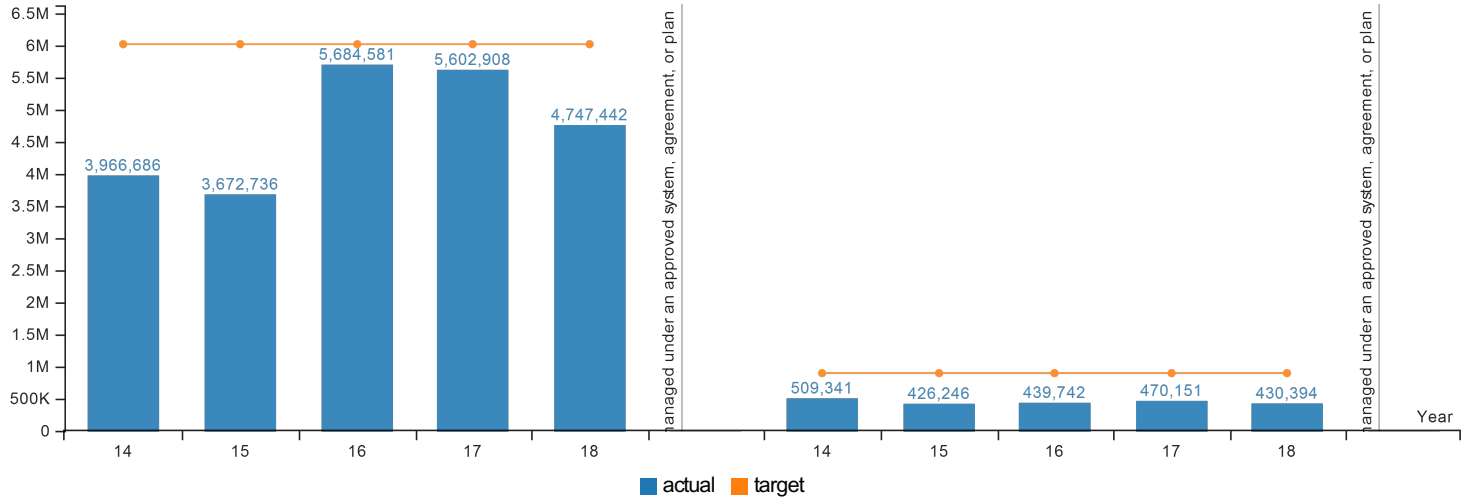
How Are We Doing

The Smoke Management Program is doing a good job of protecting Oregon's air quality while, at the same time, allowing forest landowners to dispose of unwanted accumulations of forest fuel. The inclusion of the entire state into the measurement target beginning in 2008 precludes any comparison with previous year's data. 10 intrusions occurred from 2,849 units burned. Intrusions have increased in recent years due to an increase in forest restoration burning near Smoke Sensitive Receptor Areas east of the Cascades.

Factors Affecting Results

In addition to restoration burning, weather variations and economic market conditions can also influence the outcome, by substantially increasing or decreasing the number of units available for burning.

KPM #7	PRIVATE FORESTLAND MANAGED AT OR ABOVE FOREST PRACTICES ACT STANDARDS. - Acres of industrial private forestlands managed under an approved certification system, stewardship agreement, or other approved management plan including wildlife habitat conservation and management plans
	Data Collection Period: Jul 01 - Jun 30



Report Year	2014	2015	2016	2017	2018
Acres of industrial private forestlands managed under an approved system, agreement, or plan					
Actual	3,966,686	3,672,736	5,684,581	5,602,908	4,747,442
Target	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Acres of non-industrial private forestlands managed under an approved system, agreement, or plan					
Actual	509,341	426,246	439,742	470,151	430,394
Target	900,000	900,000	900,000	900,000	900,000

How Are We Doing

a. Three certification systems operate in Oregon. The American Tree Farm System provides certification endorsed by the Program for the Endorsement of Forest Certification schemes (PEFC). The PEFC is an international, independent, non-profit, non-governmental organization, founded in 1999, which promotes sustainably managed forests through independent third-party certification. Forest Stewardship Council U.S. provides certification verified by Accreditation Services International, an independent accreditation body offering international, third-party accreditation for voluntary certification schemes. The Sustainable Forestry Initiative provides certification endorsed by the PEFC.

The Department of Forestry (ODF) approves and monitors management plans, under the USDA-Forest Service's State and Private Forestry Program, and enters into Stewardship Agreements (ORS 541.423) with forestland owners, who agree to manage beyond FPA standards. The Oregon Department of Fish and Wildlife approves forest management plans under their Wildlife Habitat Conservation and Management Program (ORS 308A-400).

ODF requested information on acres of industrial private forestland certified or approved under each system, and 4.7 of the 6.0 million acres of industrial private forestlands are managed under an approved certification system, as summarized below:

- Sustainable Forestry Initiative, Inc. 4,111,054 acres[1]
- American Tree Farm System 481,367 acres

- Forest Stewardship Council U.S. 155,021 acres
- Total 4,747,442 acres

b. ODF requested information on acres of non-industrial private forestland certified or approved under each system, and 0.4 of the 4.6 million acres of non-industrial private forestlands are managed under an approved certification system, as summarized below:

- ODF; USDA-FS Forest Stewardship Plan 125,485 acres
- ODF Stewardship Agreements 3,484 acres
- American Tree Farm System 263,389 acres
- Forest Stewardship Council U.S. 38,036 acres
- Total 430,394 acres

While these acres are approximately 48 percent of the target of 900,000 acres, less than ten (10) percent of non-industrial private forestlands are managed under an approved certification system, stewardship agreement, or other approved management plan.

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[1] *The large reduction in SFI reported acres in 2017 results from database calculation corrections of certificate holders with forests in multiple states.*

Factors Affecting Results

a. Along with forestry-related agencies and organizations, the market place encourages forest certification. Forestland owners wanting to sell timber increasingly find that milling facilities are requiring that their log supply come from certified forests. This market access requirement is motivating landowners to obtain certification from recognized third-party systems. Industrial forestland owners generally have the capacity to develop procedures to maintain certification.

Domestically and internationally, voluntary forest certification systems are used as a mechanism to recognize forest products originating from lands meeting specific management and harvesting requirements. Certification involves observation of management and harvesting requirements and is validated through third-party review. Costs are incurred by landowners to certify lands. In turn, certified forest products are able to access certain markets, which are otherwise closed and/or be differentiated from uncertified competing goods. Regardless of certification status, all of Oregon's private and state forestlands are subject to the requirements of the Oregon Forest Practices Act and comprehensive land use plans and as such, are held to standards that in many respects are similar to those of certification systems.

During the second part of 2017, Oregon will achieve certification with the American Society for Testing and Materials (ASTM) standard on forest certification systems D7612-10 for wood grown and harvested under the Oregon Forest Practices Act (OFPA) and compliance of subject wood to the 2012 and 2015 International Code Council (ICC) International Green Construction Code (IgCC). The recognition from ASTM will provide opportunities for private and state forestlands to access additional markets for their forest products.

b. Along with forestry-related agencies and organizations, the market place encourages forest certification. Forestland owners wanting to sell timber increasingly find that milling facilities are requiring that their log supply come from certified forests. This market access requirement is motivating landowners to develop management plans, since forest certification systems require forest management planning.

Non-industrial forestland owners often need assistance in developing inventory data and management documentation needed for certification. The cost of certification may represent a barrier for smaller ownerships. Approximately 81 thousand owners hold forestland between 1 and 9 acres in size, accounting for 369,000 acres of forests. Another 50 thousand owners have forestland holdings between 10 and 49 acres in size, accounting for 1,024,000 acres of family forests. The large number of owners with smallholdings creates a significant challenge to achieving certification on all non-industrial forestlands.

Beginning in 2012, data for acres managed under an ODF/USDA-FS Forest Stewardship Plan incorporated a new requirement that acres need to be managed under a current Forest Stewardship Plan, with current defined as a plan that is no older than, or has not been formally updated within, 10 years. This change explains the drop in this KPM between the values reported in 2011 versus the values reported for 2012-2017. The decrease from 2012-2017 reflects a decline in federal funding that supports this work.

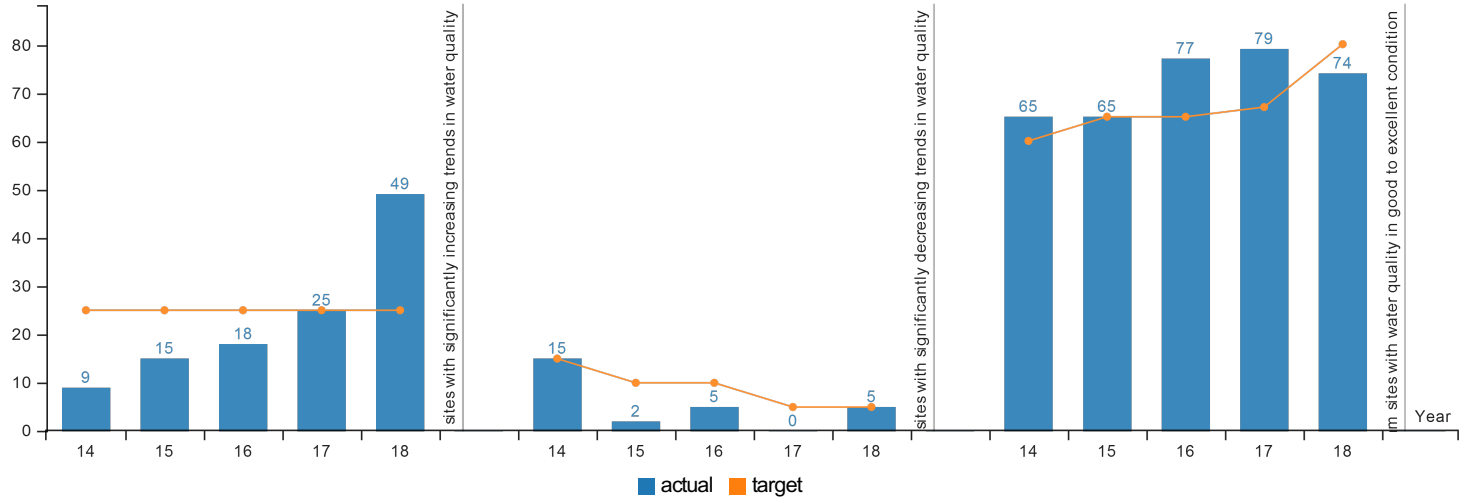
To increase certification on non-industrial forestlands, ODF needs to provide additional technical and financial assistance to landowners for development of management plans and procedures.

ODF does not receive any state support for this effort, and relies solely on federal funding to conduct this work. ODF works with multiple organizations to promote the development of forest management plans and the mutual recognition of approved plans.

NOTE: Collection dates varied for KPM 7 as follows:

- SFI and America Tree Farm data collected - July 1, 2017-June 30, 2018
- FSC data collected - July 1, 2017-June 30, 2018
- ODF; USDA-FS Forest Stewardship Plan data is from July 1, 2017 through June 30, 2018

KPM #8	FOREST STREAM WATER QUALITY - Percent of monitored stream sites associated predominately with forestland with significantly increasing trends in water quality.
	Data Collection Period: Oct 01 - Sep 30



Report Year	2014	2015	2016	2017	2018
Percent of monitored forested stream sites with significantly increasing trends in water quality					
Actual	9%	15%	18%	25%	49%
Target	25%	25%	25%	25%	25%
Percent of monitored forested stream sites with significantly decreasing trends in water quality					
Actual	15%	2%	5%	0%	5%
Target	15%	10%	10%	5%	5%
Percent of monitored forested stream sites with water quality in good to excellent condition					
Actual	65%	65%	77%	79%	74%
Target	60%	65%	65%	67%	80%

How Are We Doing

a. In 2017, 49 percent of monitored forest stream sites showed increasing trends in water quality. While the percent of forested streams with increasing trends in water quality has improved over the past five years, and the target continues to be met, it may be unrealistic to expect continued trends in increasing water quality on stream sites where water quality is already in good or excellent condition. No increasing or decreasing trend was observed on 46 percent of monitored forest stream sites.

The performance is based on the Oregon Water Quality Index (OWQI). The OWQI describes general stream water quality status and trends. The OWQI also shows the general effectiveness of water quality management activities. No industry standards exist. However, 2016 data for agricultural lands in Oregon indicate 12 percent of monitored agricultural stream sites with increasing trends in water quality. Statewide data for 2017 for all land uses, including agricultural and forest lands indicate 29 percent of monitored stream sites with increasing trends in water quality.

b. In 2017, three (5 percent) monitored sample points showed significantly decreasing trends in water quality. Compared to last year, when zero (0 percent) monitored sampled points indicated significantly decreasing trends in water quality, this change represents a slight decrease in water quality. However, even with this change the target continues to be met and has been met for the past 5 years. It is important to note that about half of the ambient sites statewide, and a higher percentage of forest sites (74 percent), continue to have "good" or "excellent" water quality and that has remained consistent over the last 10 years. No increasing or decreasing trend was observed on about 46 percent of the monitored forest streams.

The performance is based primarily on the Oregon Water Quality Index (OWQI). The OWQI describes general stream water quality status and trends. The OWQI also shows the general effectiveness of water quality management activities. No industry standards exist. However, 2016 data for mixed land use in Oregon indicate 1 (5 percent) monitored stream sites with decreasing trends in water quality. Statewide, data for 2017 for all land uses, including agricultural and forest lands indicate 12 (eight percent) monitored stream sites with decreasing trends in water quality.

c. In 2017, 74 percent of monitored forest stream sites showed "good" to "excellent" water quality, which is below the target of 80 percent. Except for 2018, monitored sites on forestland have met or exceeded the target every year since 2009 when this measure was established. About half of the ambient sites statewide continue to have "good" to "excellent" water quality and that has remained consistent over the last 10 years. In 2017, about 49 percent of all ambient water quality monitoring sites were in "good" to "excellent" water quality category.

The performance is based primarily on the Oregon Water Quality Index (OWQI). The OWQI describes general stream water quality status and trends. The OWQI also shows the general effectiveness of water quality management activities. No industry standards exist. However, 2016 data for agricultural lands in Oregon indicate about 33 percent of monitored agricultural stream sites with water quality in good to excellent condition. Statewide data for 2017 for all land uses, including agricultural and forest lands indicate about 49 percent of monitored stream sites with water quality in good to excellent condition. These comparisons demonstrate that maintaining forestlands in forest use is an effective and efficient way to maintain water quality.

Factors Affecting Results

a. Statewide targets were revised by DEQ and the Oregon Progress Board in 1999 to reflect substantial improvements in water quality. Where sites show significant improvement not affected by point source discharges, such improvements may be attributed to reduced levels of non-point source activity, increased education about water quality impacts, and watershed restoration efforts. Underlying all of these factors is stream flow. As Oregon transitions between drought and wet years, changes in stream flows and, indirectly, water quality are typically observed. A variety of activities occurring on forestlands, including forest management (timber harvesting and road construction and use), fire suppression, recreation, and livestock grazing, can affect soil and water resources. Disturbances that trigger large erosion events can produce important changes in aquatic conditions. These episodic changes are critical in maintaining aquatic habitat over time, even though they may temporarily decrease water quality. Another factor is the reassignment of sample points between land use classes (e.g., forest to urban or vice versa). These reassignments have taken place and will continue to be refined over time, which may affect water quality results.

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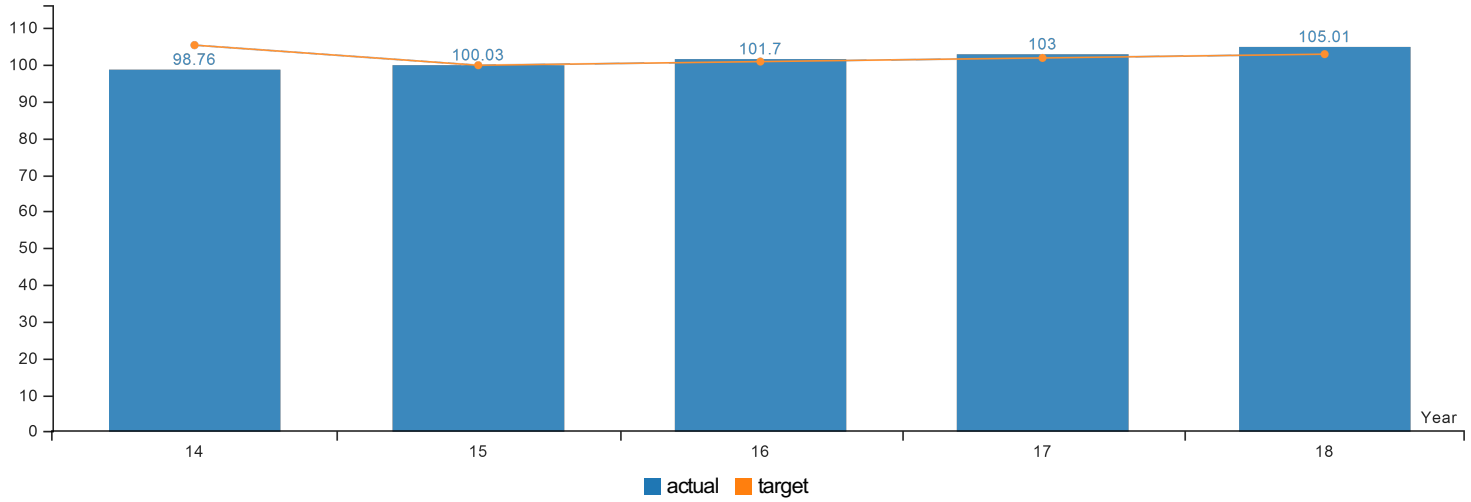
KPM #9	VOLUNTARY PUBLIC AND PRIVATE INVESTMENTS MADE TO CREATE HEALTHY FORESTS - Cumulative public and private forest landowner investments made in voluntary projects for the Oregon Plan for Salmon and Watersheds or for the Oregon Conservation Strategy.
	Data Collection Period: Jan 01 - Dec 31

** Upward Trend = positive result*



Report Year	2014	2015	2016	2017	2018
Private forestland owner investment in Oregon Plan habitat restoration projects - $ in millions					
Actual	$98.76	$100.03	$101.70	$103.00	$105.01
Target	$105.50	$100.00	$101.00	$102.00	$103.03

How Are We Doing

Private forestland owners have made significant investments in improving water quality and fish habitat. Reported cumulative investments for 2018 were $105 million compared to a target of $103 million. The 2018 accomplishment level represents the fourth consecutive year that cumulative private investments in Oregon Plan met the target. In 2018, private forestland owners invested $1.3 million. The Department had expected the rate of expenditures to decline over time as more projects were completed and opportunities for restoration decreased. The great recession caused a steep drop in investment corresponding to a steep decline in timber harvest. However, in 2012-2018, restoration activities showed a slight increase and are approximately $1.5 million average investment per year. At this time, data are not available for investments under the Conservation Strategy.

Private forestland owners are the major contributor to Oregon Plan for Salmon and Watersheds (Oregon Plan) accomplishments, providing over 70 percent of reported private land accomplishments. Oregon is unique among western states in its focus on voluntary measures; voluntary measures work in concert with regulatory approaches to achieve additional habitat protection and restoration.

Factors Affecting Results

The Oregon Plan has been successful because of the strong forestland owner community who work with Watershed Councils and the Department to achieve restoration and protection goals for natural resources. There continues to be broad support for voluntary measures versus regulatory mandates. ODF Stewardship Foresters provide education and technical assistance to landowners in support of restoration activities. The economic downturn significantly affected the housing market and corresponding demand for wood products. Timber harvests, the primary forest operation during which restoration activities occur, dropped by one billion board feet from 2007 to 2009. In addition, 2009-11 departmental budget reduction eliminated Oregon Plan funding and about 40

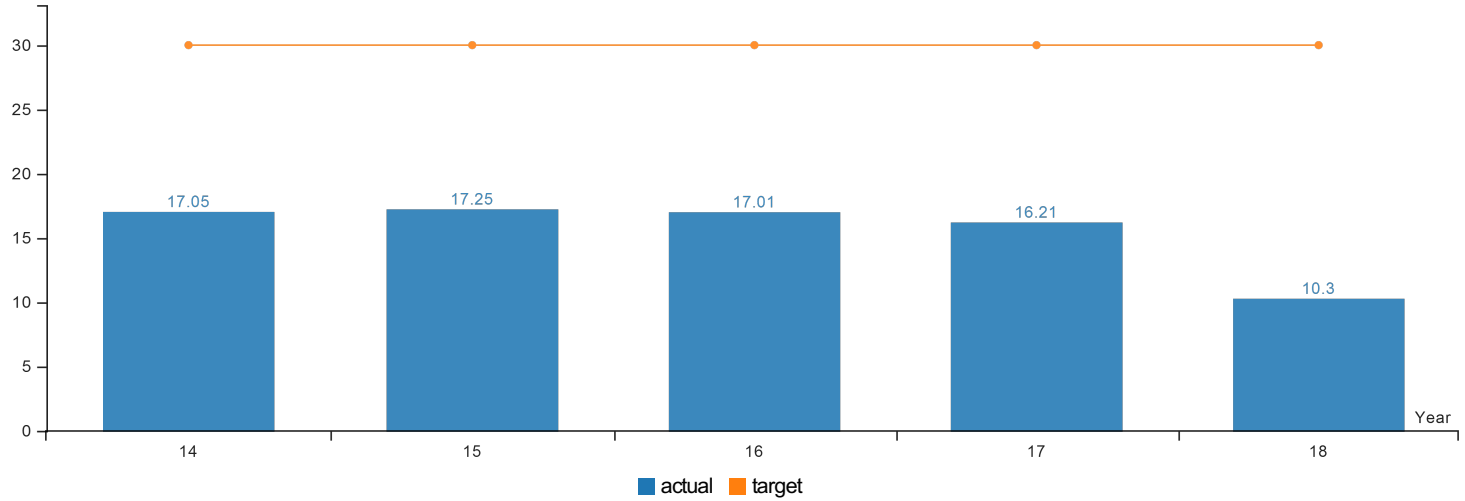
percent of stewardship foresters (from 60 to 30 field foresters) who encourage and provide technical assistance for these types of projects including encouraging reporting. After building back some capacity for this work, the department took a 40% reduction in 2017-19 for Oregon Plan funding. Oregon Plan funding supports coordination with watershed councils and other groups that encourage restoration.

Voluntary restoration activities by landowners, combined with continued regulatory compliance, provide a foundation for the success of the Oregon Plan in protecting and restoring water quality and fish habitat on forestland. The Oregon Conservation Strategy provides an analogous voluntary framework for restoration of all habitat types. The Conservation Strategy emphasizes proactively conserving declining species and habitats to reduce the possibility of future federal or state listings. The strategy presents issues and opportunities, and recommends voluntary actions that will improve the efficiency and effectiveness of conservation in Oregon. The Department revised its stewardship agreement program to improve efficacy at encouraging forestland owners to self-regulate to meet and exceed applicable regulatory requirements and achieve conservation, restoration and improvement of fish and wildlife habitat and water quality. The Department developed a programmatic Safe Harbor Agreement for Northern Spotted Owls to provide regulatory certainty and encourage voluntary enhancement of owl habitat. Working with landowners and the public the department updated voluntary measures which were presented to, and approved by, the Board of Forestry in April 2009. In 2012, the Department worked with private forestland owners to update the Oregon Plan voluntary measures, "Private Forest Landowners and the Oregon Plan: Oregon Plan Actions for Landowners, by Landowners."

In 2016, the Department completed a project, along with the Oregon Watershed Enhancement Board and the Oregon Forest Resources Institute, to evaluate and better understand what has been accomplished by private forestland owners under the Oregon Plan and identify any potential barriers to implementing and reporting voluntary restoration activities. This work included a survey of forestland owners in the coast range to identify any perceived or real barriers to implementing and reporting voluntary measures. The final report was received in July 2016 and the results were presented to the Oregon Board of Forestry and the Oregon Watershed Enhancement Board. ODF, agency partners, and private landowners are currently evaluating next steps.

KPM #10	STATE FORESTS NORTH COAST HABITAT - Complex forest structure as a percent of the State Forests landscape.
	Data Collection Period: Jul 01 - Jun 30

** Upward Trend = positive result*



Report Year	2014	2015	2016	2017	2018
Complex structure as a percent of the State Forests landscape					
Actual	17.05%	17.25%	17.01%	16.21%	10.30%
Target	30%	30%	30%	30%	30%

How Are We Doing

The FY 2017 data show that 14.4% of Astoria district, 10.3% of Forest Grove district, and 8.0% of Tillamook district are in complex forest structure.

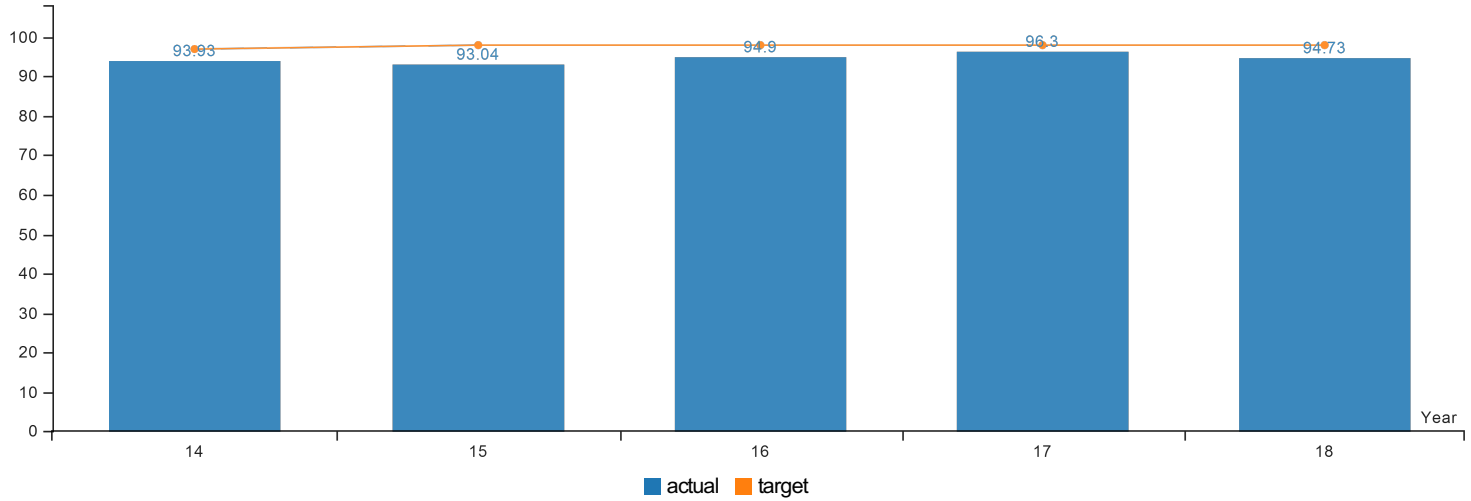
Factors Affecting Results

Complex forest structure develops very slowly and it is anticipated to take decades to achieve the range of 30 to 50% complex structure now described in the forest management plans. ODF's Stand Level Inventory (SLI) system is not designed to report on year-to-year difference but rather indicate longer term trends.

The year-to-year changes in complex structure are the result of updates to SLI data as well as active management designed to enhance the development of complex forest structure over time. Following an external expert review ODF adopted a new growth model in 2018 to improve consistency of inventory estimates. The new growth model provides improved estimates of stand growth and development; however, further refinements are needed to accurately estimate complex forest structure. As a result the estimates may change as the refinements are implemented and new information becomes available.

KPM #11	FIRE SUPPRESSION EFFECTIVENESS - Percent of wildland forest fires under ODF jurisdiction controlled at 10 acres or less.
	Data Collection Period: Jan 01 - Dec 31

** Upward Trend = positive result*



Report Year	2014	2015	2016	2017	2018
Percent of wildland forest fires controlled at 10 acres or less					
Actual	93.93%	93.04%	94.90%	96.30%	94.73%
Target	97%	98%	98%	98%	98%

How Are We Doing

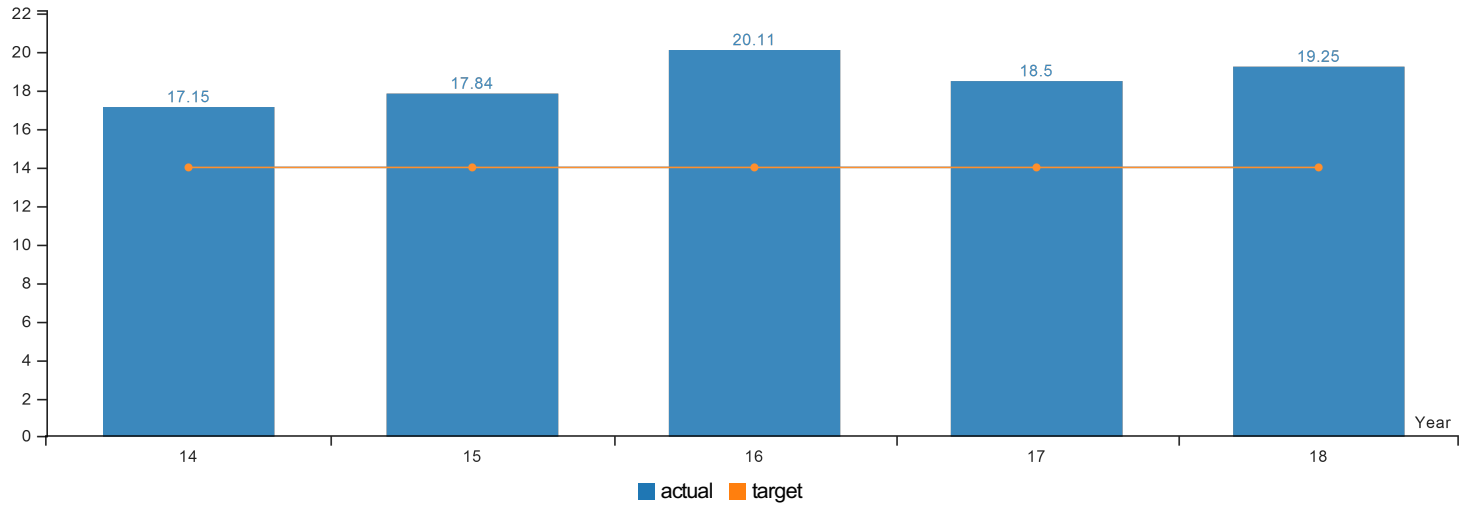
The Department was not able to meet the target of suppressing 98 percent of all wildfires at ten acres or less in size for the 2017 fire season. We were 3.27% under target at 94.73%.

Factors Affecting Results

Influencing factors: 2017 was an historic fire season year with sustained, intensive wildfire activity, an increase in human-caused fires, and severe conditions including multiple thunderstorm/lightning fire ignition events. Fire environment conditions that contribute to large fire growth intensified very quickly to sustained record levels in many areas across the state. Multiple simultaneous large and severe fires on neighboring jurisdictions also threatened ODF-protected lands, stretching all firefighting resources thin. Comparing 2017 with our 10-year average, there were 13% more fires and 36% more acres burned. There were 17% more human-caused fires and *251%* more protected acres burned from human-caused fires than the average.

KPM #12	PREVENTION OF HUMAN-CAUSED WILDLAND FOREST FIRES - Number of human-caused wildland forest fires per 100,000 Oregon residents (lower is better).
	Data Collection Period: Jan 01 - Dec 31

** Upward Trend = negative result*



Report Year	2014	2015	2016	2017	2018
Number of Human-caused wildland forest fires per 100,000 Oregon residents					
Actual	17.15	17.84	20.11	18.50	19.25
Target	14	14	14	14	14

How Are We Doing

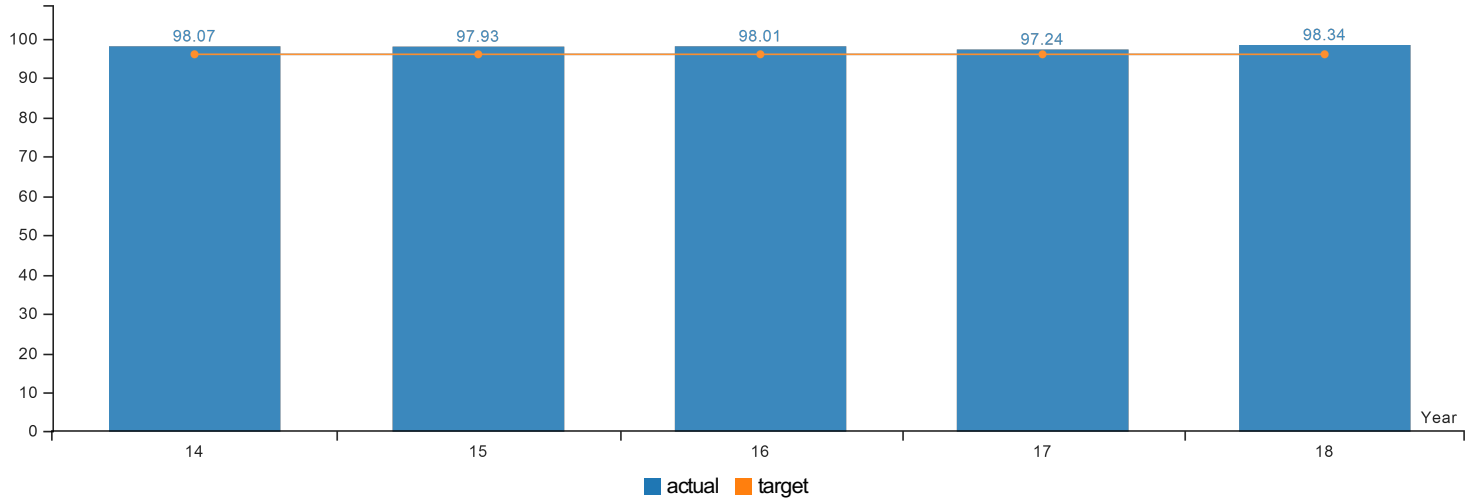
The fire prevention program continues to examine new and effective approaches to prevent human-caused wildland fires. The Department fell short of the target of keeping the number of human-caused fires below the target number of fires per 100,000 Oregon residents. There were 797 human-caused fires in 2017. With Oregon's population increasing to 4,141,100, the resulting fire prevention rate was 19.25. ODF has not met the target since the target was changed from a rate of 27.5 to 14 in 2012. The 10-year average of human-caused fires is 702, which would give us a fire prevention rate of 16.49, nearly 2.5 over the target.

Factors Affecting Results

Steady increase in Oregon's population and the use of forestland for recreation as well as increasing rural residential home sites affected these results. Heavily populated areas of the state, where weather and fuel conditions are aided by public activities, such as debris burning, equipment use, and forest recreation, drive the data.

KPM #13	DAMAGE TO OREGON FORESTS FROM INSECTS, DISEASES, AND OTHER AGENTS - Percent of forest lands without significant damage mortality as assessed by aerial surveys.
	Data Collection Period: May 01 - Oct 31

** Upward Trend = positive result*



Report Year	2014	2015	2016	2017	2018
Percent of Oregon forestlands without significant damage from insects, diseases and other agents					
Actual	98.07%	97.93%	98.01%	97.24%	98.34%
Target	96%	96%	96%	96%	96%

How Are We Doing

Since 1994, Oregon forests have met or exceeded the KPM target of 96 percent. The current year value is largely attributable to overall declines in forest areas impacted by bark beetles and insect defoliators. Some of this decline, however, is due to the loss of preferred hosts rather than a drop in outbreaks – particularly for bark beetles and a non-native sap-sucking insect. Declines in defoliator-attributed damage may be attributed to the cyclical nature of outbreaks from these agents. In 2017 there was an increase in adults of one of these defoliators, Pandora moth. As part of their two-year life cycle, defoliation from the larvae of these moths is expected for pines in central Oregon in 2018. Generally pines rebound from this defoliation, due to the biennial feeding cycle of this species. The majority of tree mortality detected during statewide aerial surveys over the last decade has been due to pine-infesting bark beetles (*Ips*, mountain and western pine beetles). Collective mortality from these agents has declined for a third consecutive year in 2017, to 60% of what was observed in 2016. Activity by other major bark beetles (Douglas-fir beetle, fir engraver) rose in 2017. Douglas-fir beetle alone contributed to a 4-fold increase in mortality of Douglas-fir. This and another Douglas-fir attacking insect, flatheaded fir borer, are known to outbreak in drought-stressed stands. Douglas-fir is a species that is particularly intolerant of drought and we continue to see widespread tree mortality, especially in dry sites throughout the Willamette Valley and southwestern Oregon where drought has been followed by beetle attack. Chronic damage to true fir from the non-native, sap-feeding insect, balsam woolly adelgid also continues along the Cascade crest and in high-elevation firs in northeastern Oregon. Management is often not feasible in these remote areas and the number of fir trees continue to diminish. The most significant forest diseases observed in statewide aerial surveys this year included Cytospora canker and Port-Orford-cedar root disease, the former increased in 2017 although damage and/or mortality from each was far less than historical observations. Note: This report does not include two major diseases that impact forests in western Oregon, Swiss needle cast and sudden oak death, as these agents are the subject of separate surveying, data processing, and reporting efforts. Additionally, damage from other widespread disease agents such as root diseases may not be accurately identified and captured in aerial surveys. Young conifer mortality in western Oregon, which is attributed to a variety of causes such as vertebrate damage and root diseases, was reduced by 30% in 2017 - but was more concentrated in distribution. Cooperative trapping surveys and monitoring for high-priority, non-native insects continued this year and resulted in the detection of 10 European gypsy

moths (Portland, Corvallis and Eugene) but no Asian gypsy moths. 2017 marked year two out of three for the exotic, woodboring insect monitoring project at interception pathways along the Columbia River. This trapping effort collected two non-native species, a woodboring beetle (*Chrysobothris rugosiceps*) and an ambrosia beetle (*Cyclorhipidion pelliculosum*), both of which are novel to the Pacific Northwest.

Factors Affecting Results

Over the last decade, an average of over 783,000 acres of forest lands have been designated as having been significantly affected by insects, diseases, and other damaging agents during aerial surveys. Thousands more acres are unhealthy and under-producing due to being overstocked, planted off-site, exposed to abiotic stresses such as drought, and stagnating from the suppression of natural fire cycles. These acres are becoming increasingly susceptible to damage by insects and diseases. While the statewide aerial survey data provides valuable information about key forest damaging agents, aerial surveys are just an estimate and are not able to evaluate the impact of many forest diseases, nor indicate the current or future risk of forests to damage by insects and diseases. In Oregon, thousands of acres of forests need active management to reduce the risk of insect outbreaks and catastrophic wildfires to produce resilient and sustainable forests. A century of fire suppression and inconsistent forest management has resulted in thousands of acres of Oregon's forests becoming overstocked and unhealthy. In addition, changing climatic conditions that contribute to drought directly cause damage or increase susceptibility to insects and disease. Thinning stands to reduce competition, promote tree health and vigor, and increase age and species diversity, have been shown to reduce the risk associated with many damaging insects and diseases. Federal bark beetle mitigation grants, administered by the Department's stewardship foresters, provide cost share funds to landowners to implement activities to improve forest health and increase stand resistance to bark beetles. Federal National Fire Plan funds also provide cost-share to landowners to improve forest health and prevent damage within the wildland-urban interface. However, as limited funds are available each year, the total acres of private forest lands treated annually is relatively limited and is unlikely to affect overall statewide trends.

Office of the Secretary of State

Dennis Richardson
Secretary of State

Leslie Cummings, Ph.D.
Deputy Secretary of State

Audits Division

Mary Wenger
Interim Director

255 Capitol St. NE, Suite 500
Salem, OR 97310

(503) 986-2255

February 17, 2017

Peter Daugherty, State Forester
Oregon Department of Forestry
2600 State St.
Salem, OR 97310

Dear Mr. Daugherty:

We have completed audit work of selected financial accounts at your department for the year ended June 30, 2016. This audit work was not a comprehensive financial audit of the department, but was performed as part of our annual audit of the State of Oregon's financial statements. We audited accounts that we determined to be material to the State of Oregon's financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the State of Oregon as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the department's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

Significant Deficiency

Improve Accrual Processes and Documentation

The state's accounting policy directs that revenue, within governmental funds, be recognized using the modified accrual basis of accounting. Under this basis of accounting, revenue recorded in the current year must be both measurable and available to finance current period expenditures. For the state, revenue is considered "available" if it is collected within 90 days of the fiscal year end. When actual amounts cannot be easily determined, agencies are encouraged to estimate current receivables associated with revenue collected within the 90 day period and long-term receivables associated with amounts to be collected after the 90 day accrual period.

Although the department has some procedures for estimating and accruing receivables at year end, improvements are needed. During testing we identified weaknesses that resulted in an understatement of $436,828 to current accounts receivable related to Forest Protection Taxes, an overstatement of $5,098,826 to Charges for Services and the related current accounts receivable, and an overstatement of $1,463,333 to long-term receivables. Specifically, we noted the following:

- The department records year-end accounts receivable balances based on transactions recorded throughout the year and historical collections. The department's procedures do not always include estimates of amounts expected and available within 90 days of the fiscal year end. As a result, the receivables recorded for the fiscal year were inaccurate, resulting in misstatements described above.
- The process used by the Fire Protection Division to estimate long-term receivables for large fire costs, expected to be reimbursed by federal entities, could be improved. When reviewing this estimate we found:
    - The department could not provide documentation to support a portion of the estimate;
    - A transaction that was already received by the department during the fiscal year was erroneously included as a receivable; and
    - A transaction was duplicated because it was already recorded in the account based on the procedure noted above.

During fiscal year 2016, the department operated with staffing constraints, especially in the Forest Protection Division. Additionally, the department's current accrual procedures lack comprehensive instruction to ensure revenues and receivables are recorded in accordance with generally accepted accounting principles.

We recommend department management review current accrual methodologies, and update procedures as necessary, to ensure revenues and receivables are recorded in accordance with generally accepted accounting principles, and ensure adequate support for estimates.

The above significant deficiency, along with your response, will be included in our Statewide Single Audit Report for the fiscal year ended June 30, 2016. Please prepare a response to the finding and include the following information as part of your corrective action plan:

1) Your agreement or disagreement with the finding. If you do not agree with the audit finding or believe corrective action is not required, include in your response an explanation and specific reasons for your position.
2) The corrective action planned.
3) The anticipated completion date.
4) The name(s) of the contact person(s) responsible for corrective action.

Please provide your response by February 27, 2017.

The purpose of this letter is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the department's internal control. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control. Accordingly, this letter is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Michelle Searfus or Julianne Kennedy at (503) 986-2255.

Sincerely,

Office of the Secretary of State, Audits Division

cc: Nancy Hirsch, Deputy State Forester
Satish Upadhyay, Administrative Services Division Chief
Mark Hubbard, Fiscal Services Director
Katy Coba, Director, Department of Administrative Services

Oregon
Kate Brown, Governor

Department of Forestry
State Forester's Office
2600 State Street
Salem, OR 97310-1336
503-945-7200
FAX 503-945-7212
www.oregon.gov/ODF

February 21, 2017

Mary Wenger, Interim Director
Secretary of State, Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310

RE: Management Letter Response No. 629-2017-02-01

Dear Ms. Wenger:

This letter is in response to the FY 2016 Statewide Single Audit for selected financial accounts of the Oregon Department of Forestry (ODF). The findings were transmitted to us in Management Letter No. 629-2017-02-01, dated February 17, 2017. Below are the findings and recommendations identified in this year's audit, plus our response and corrective action plan.

Improve Accrual Processes and Documentation

The state's accounting policy directs that revenue, within governmental funds, be recognized using the modified accrual basis of accounting. Under this basis of accounting, revenue recorded in the current year must be both measurable and available to finance current period expenditures. For the state, revenue is considered "available" if it is collected within 90 days of the fiscal year end. When actual amounts cannot be easily determined, agencies are encouraged to estimate current receivables associated with revenue collected within the 90-day period and long-term receivables associated with amounts to be collected after the 90-day accrual period.

Although the department has some procedures for estimating and accruing receivables at year end, improvements are needed. During testing we identified weaknesses that resulted in an understatement of $436,828 to current accounts receivable related to Forest Protection Taxes, an overstatement of $5,098,826 to Charges for Services and the related current accounts receivable, and an overstatement of $1,463,333 to long-term receivables. Specifically, we noted the following:

- The department records year-end accounts receivable balances based on transactions recorded throughout the year and historical collections. The department's procedures do not always include estimates of amounts expected and available within 90 days of the fiscal year end. As a result, the receivables recorded for the fiscal year were inaccurate, resulting in misstatements described above.
- The process used by the Fire Protection Division to estimate long-term receivables for large fire costs, expected to be reimbursed by federal entities, could be improved. When reviewing this estimate we found:
    - The department could not provide documentation to support a portion of the estimate;
    - A transaction that was already received by the department during the fiscal year was erroneously included as a receivable; and
    - A transaction was duplicated because it was already recorded in the account based on the procedure noted above.

During fiscal year 2016, the department operated with staffing constraints, especially in the Forest Protection Division. Additionally, the department's current accrual procedures lack comprehensive instruction to ensure revenues and receivables are recorded in accordance with generally accepted accounting principles.

We recommend department management review current accrual methodologies, and update procedures as necessary, to ensure revenues and receivables are recorded in accordance with generally accepted accounting principles, and ensure adequate support for estimates

Management Response:
The Department agrees with this recommendation. We will review our current revenue accrual processes for fiscal year end and make updates to our documented procedures to help ensure that all year-end estimates are adequately supported and in accordance with generally accepted accounting principles. Specifically, we will perform the following tasks.

- The Finance Program will review our methodology for estimating the current portion of receivables expected to be received within 90 days of the fiscal year end. The focus of this review will be to ensure that our methodology is producing estimates that are reasonable and are taking into account the best information that is available at the time. Documented procedures for this process will be updated by August 2017.
- The Finance Program will work in coordination with the Fire Protection Division to review and document the methodology, sources of information used, and assumptions made to compile and estimate long-term receivables associated with large fire costs. Documented procedures for this process, including identification of backup documentation to be included with the year-end entry to support the estimates, will be updated by August 2017.

Mark Hubbard, ODF Finance Director, will be responsible for ensuring these changes occur.

Regarding this year's audit effort, as with audits in the past, we believe the engagement was productive and the working relationships between the Audits Division staff and our staff are very good. As we've shared in the past, this audit process, and the subsequent results, have been very productive for the Department of Forestry and I believe will serve us well in the years to come.

On behalf of the agency staff who worked directly with your audit team, I would like to thank Ms. Kennedy and Ms. Searfus for the professional approach taken by the team, and the genuine interest that they demonstrated in making this a positive, collaborative process that will truly assist us in making improvements to our business and financial management practices. We recognize that auditing is a valuable tool and your audit team's approach and attitude during this process has been helpful and supportive in creating possibilities for practical improvements for the department.

We look forward to our continued working relationship with the Audits Division. Please contact me at any time if you have questions or need information.

Sincerely,

Peter Daugherty
Oregon State Forester

c: Julianne Kennedy, CPA, Audit Manager
Michelle Searfus, CPA, Principal Auditor
Jacqueline Sewart, ODF Chief Audit Executive
Mark Hubbard, ODF Finance Director
Agency Executive Team
Oregon Board of Forestry

Affirmative Action Report

The Department of Forestry continues to work toward the goals laid out in the 2017-19 Affirmative Action Plan. This report provides a summary of significant changes that have occurred over the last two years, an overview of activities that are making a major contribution towards our goals, and an overview of areas that will see additional emphasis in the 2019-21 biennium. The multi-pronged approach highlighted below is guiding ODF towards its goal of further diversifying its work force.

Significant Changes:

The natural resource professional job group (B08) is the largest permanent job group in the Department with approximately 46 percent of the permanent workforce in this category. This is a critical job group not only because of its size, but because it provides the technical know-how for ODF and it is a substantial source of qualified candidates for the middle and upper management (A01, A02) job groups.

There was no change in the number of women (i.e., N = 41), and a slight decrease in the number of people of color (i.e., from 16 to 14) over the last couple of years in this job group:

- The percentage of women in this job group increased from 14.9 to 15.8 percent in the last biennium. The increase in percentage of women can be attributed to the decrease in of the total workforce (i.e., from 598 to 564) from the previous biennium. While this job group still remains under parity (25.10 percent), ODF will continue working towards achieving parity in this job group.
- The percentage of people of color decreased from 5.81 to 5.40 percent, after a slight decrease in total employment. This job group remains close to parity (7.2 percent) and ODF will continue working towards parity in all classifications in the job group.
- The Department continues to increase recruitment outreach in an effort to increase both the number of women and people of color in the organization.

Programs that Work:

The following activities play a major role in moving the Department toward its affirmative action goals as well as building a foundation for future efforts to diversify the workforce.

1. ODF plans to continue its Forestry Intern Program for college students, as available and feasible. The intern program provides an excellent applicant pool of protected class candidates for future recruitments, as well as a valuable network with university counselors and students. In the past, recruiters have made on-campus visits to universities that include, but are not limited to: University of Idaho, Oregon State University, Oregon Institute of Technology, Humboldt State University, Washington State University, Chemeketa Community College, and Linn Benton

Community College. The Department plans to maintain these established networks, as well as explore additional higher education partnerships to help contribute to the longevity of its Intern Program.

2. The Department's Diversity Initiative is aimed at: (a) creating an inclusive work environment, (b) encouraging each employee to reach their full potential and (c) establishing ODF as an "Employer of Choice." Accomplishment of the diversity efforts in conjunction with a strong recruiting and succession plan effort will provide the impetus for continued diversification of the Department's work force. High priority items implemented to date include:
   - Implementation of Covey's 7 Habits Plus training for all agency employees as the ODF corporate culture course.
   - Managers discussing, supporting and completing Individual Learning Plans for all employees during the annual performance appraisal process.
   - Update and maintenance of the Human Resources web site.
   - Implementation of professional workplace training (e.g., preventing sexual harassment) for all Department employees.
   - Incorporate the Department's Working Guidelines into all ODF-specific training.
   - Diversity awareness issues built into the agendas of Leadership Team meetings and the Agency Leadership Program.
   - Encourage all employees to attend agency sponsored diversity forums (e.g., Diversity & Inclusion Conference).

3. A longer-term approach for developing future interest in employment is of critical relevance in Forestry. Exposure to natural resources as a potential career needs to be addressed at the K-12 grades in Oregon. ODF has developed several options that will help increase exposure of urban students to natural resource issues and potentially to natural resource careers.
   - In the past, ODF's education program in Northwest Oregon has provided teachers with forestry educational material and strategies for the primary grades and middle school levels. The Education & Interpretation Coordinator has also worked with the Tillamook and Portland school districts to provide forestry education materials, curriculum, and field experiences to students.
   - The Tillamook Forest Center (TFC) provides a suitable setting for field trips and exposure to natural resources for the general public. Forestry's TFC collaboration with the Oregon Forest Resources Institute (OFRI) has also made funds available to assist with transportation costs for forestry related fieldtrips for students in urban areas.
   - Field offices throughout Oregon conduct fire prevention programs, support outdoor school activities, and natural resource curriculums for various grade levels. For example, the Department has dedicated time to classroom presentations, field trips, mentoring, informational interviews, career fairs and job shadows to students from elementary school through four universities. Of note, ODF has participated for the past two years in the Governor's Camp Out, serving minority populations by helping provide outdoor experiences.
   - The Department's Recruitment Specialists coordinate ODF efforts to provide students with informational interviews, job shadows, and student internships.

4. The Department's recruiters and Organizational Development Manager, as well as other personnel, have developed and continue to make contact with a wide variety of organizations serving people of color and with the educational community. These efforts focus on how to integrate outreach and educational efforts with the ongoing efforts of these organizations. ODF's recruiters have attended diversity conferences and events when offered. ODF's Organizational Development Manager participates on the Oregon Diversity and Inclusion Conference Planning Committee, the Governor's Diversity & Inclusion/ Affirmative Action/ Equal Employment Opportunity Representatives Committee, as well as on the State-Tribal Cultural Resources Cluster Committee.

5. The Department of Forestry recently established a Government-to-Government (G2G) Workgroup to promote and enhance G2G relationships with Oregon's tribes during the development and implementation of programs that may affect tribes. This workgroup is represented by a diverse workforce (by program, position and location) that includes the Deputy State Forester, the Southern Oregon Area Directory, the IT Program Director, the Tillamook Forest Center Director, the Forests Practices Act Field Support Coordinator and the Organizational Development Manager. In addition, ODF's Southern Oregon Area Director participates on the Natural Resources Clusters Committee and Forestry's Forest Practices Act Field Support Coordinator participates on the Cultural Resources Cluster Committee.

Additional Emphasis in 2019 - 21 Biennium:

Additional emphases during the 2019-21 biennium will include:

1. Implement high-priority Affirmative Action items identified by ODF's Leadership Team via meetings and agency-wide workshops. High-priority items will be documented on the Department's formal Affirmative Action Plan.
2. Develop and implement Cross Cultural/Diversity Training for all agency employees.
3. Finalize and implement ODF's Strategic Workforce Planning Needs Assessment Inventory and action plans (including Succession Management action plans).
4. Improve diversity information and resources on the ODFnet Human Resources webpage.
5. Expand participation in ODF's Mentorship Program.
6. Additional training for supervising managers, including Equal Employment Opportunity laws, and leadership skills.
7. Continue to promote and strengthen Government-to-Government relations.
8. Continue to partner with K-12 institutions, colleges and universities, in addition to encouraging ODF district offices to participate as business partners with local school districts.
9. Continue to build relationships with organizations representing people of color and organizations representing women.

10. Continue emphasis on all employees developing Individual Learning Plans during the annual performance appraisal process.
11. Continue to emphasize the Department's Working Guidelines at all levels of the organization.
12. Continue to provide employees with policy updates and trainings annually on discrimination and harassment (including sexual harassment), preventing sexual harassment, maintaining a professional work place, etc.
13. Continue to communicate opportunities for a potential career in natural resources to our customers, the public, students and School-To-Work counselors.
14. Continue to target outreach to protected class individuals into the natural resources field through high schools, colleges, universities, publications, websites, associations, etc.
15. Continue to participate in diverse and multi-faceted job fairs.

SUPERVISORY SPAN OF CONTROL REPORT

In accordance with the requirements of ORS 291.227, (Oregon Department of Forestry) presents this report to the Joint Ways and Means Committee regarding the agency's Proposed Maximum Supervisory Ratio for the 2019-2021 biennium.

Supervisory Ratio for the last quarter of 2017-2019 biennium

The agency actual supervisory ratio as of **12/31/2018** is **1: 7**
(Date) (Enter ratio from last Published DAS CHRO Supervisory Ratio)

The Agency actual supervisory ratio is calculated using the following calculation;

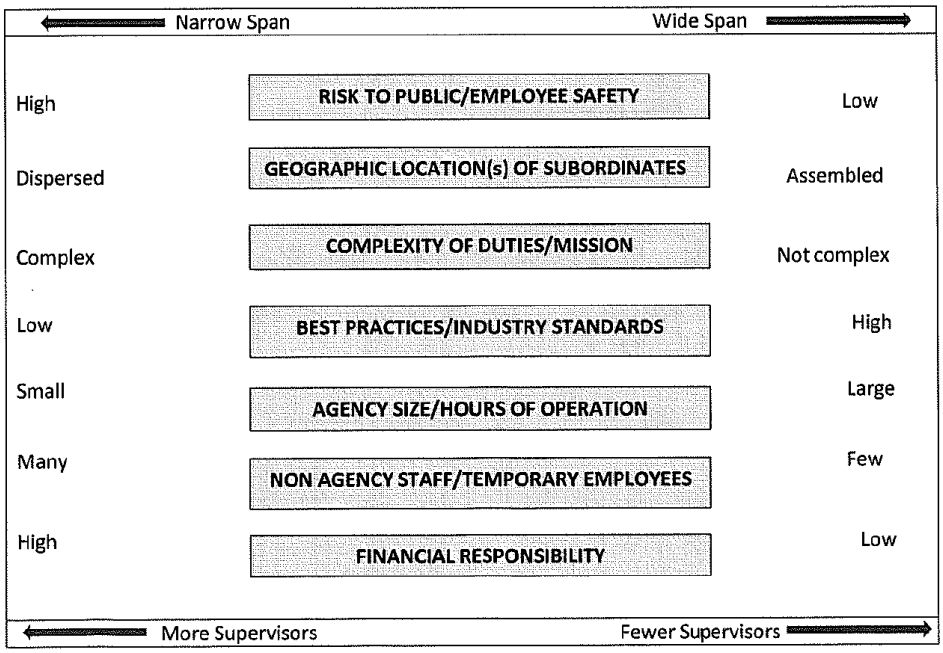
154	=	141	+	14	-	1
(Total supervisors)		(Employee in a supervisory role)		(Vacancies that if filled would perform a supervisory role)		(Agency head)

1056	=	488	+	568
(Total non-supervisors)		(Employee in a non-supervisory role)		(Vacancies that if filled would perform a non- supervisory role)

The agency has a current actual supervisory ratio of-

1:_7	=	1056	/	154
(Actual span of control)		(Total non - Supervisors)		(Total Supervisors)

When determining an agency maximum supervisory ratio all agencies shall begin of a baseline supervisory ratio of 1:11, and based upon some or all of the following factors may adjust the ratio up or down to fit the needs of the agency.



Ratio Adjustment Factors

Is **safety of the public or of State employees** a factor to be considered in determining the agency maximum supervisory ratio? Y/~~N~~

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-
The Oregon Department of Forestry is a fire organization. As a fire organization, the Department's highest priority work is fire emergency response; notwithstanding a variety of related work in fire prevention, education, suppression, investigation, finance, etc.

The National Standard for acceptable span of control for fire organizations is set at a "1 to 5 ratio was necessary; the number of accidents, injuries, and fatalities begin to occur at an alarming rate when the span of control exceeds that ration in fires and other emergencies."

Is **geographical location of the agency's employees** a factor to be considered in determining the agency maximum supervisory ratio? Y/~~N~~

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

The Department of Forestry is geographically dispersed with offices strategically located throughout the state, with several offices located remotely to best meet the operational needs of the organization, some are up to one hundred miles or more from the next closest Forestry office.

Due to our unique structure, remote locations, large seasonal workforce and critical public safety and resource protection mission, further reduction of supervisory positions would compromise the safety of our employees and the effectiveness of our operations to protect the citizens and property of Oregon.

Is the **complexity of the agency's duties** a factor to be considered in determining the agency maximum supervisory ratio? Y/~~N~~

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

In regard to the Department's fire mission alone, in additional to the approximately 526 permanent employees, the Department has approximately 530 seasonal employees responsible for supporting the Department's fire suppression mission. Utilizing 530 positions as five-month seasonal positions saves the state and landowners a significant amount of money as the majority of these employee are not working when fire activity is not anticipated statewide.

In addition to our seasonal workforce, the Department has established multiple agreements with local contract crews, the U.S. Forest Service, the federal Bureau of Land Management, with other states through the use of interstate compacts, and with Canadian provinces to become part of the Department's fire response statewide, as needed. Over the last fifteen years on average approximately 10,874 additional contract personnel were added annually through crew agreements statewide. In addition, the Department has the ability to hire individual highly qualified fire management personnel through federal fire resource ordering system (ROSS). On an annual basis over the last fifteen years, ODF has brought on an average of approximately 110 additional personnel to augment the Department's fire leadership capacity statewide. For safety and span of control reasons, there is a significant supervisory workload associated with adding these additional personnel, including orientation, scheduling, timekeeping, evaluating logistical support, and payment. We believe that any supervisory-to-non-supervisory ratio calculation must also recognize the totality of personnel we bring into our organization every fire season as seasonals and through agreements and contracts.

Are there **industry best practices and standards** that should be a factor when determining the agency maximum supervisory ratio? Y/~~N~~

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-
As stated above, the National Standard for acceptable span of control for fire organizations is set at "a 1 to 5 ratio was necessary; the number of accidents, injuries, and fatalities begin to occur at an alarming rate when the span of control exceeds that ration in fires and other emergencies."

Is **size and hours of operation** of the agency a factor to be considered in determining the agency maximum supervisory ratio? Y/~~N~~

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-
Size: As previously stated, over the last fifteen years on average approximately 10,874 additional contract personnel were added annually through crew agreements statewide. In addition, the Department has the ability to hire individual highly qualified fire management personnel through federal fire resource ordering system (ROSS). On an annual basis over the last fifteen years, ODF has brought on an average of approximately 110 additional personnel to augment the Department's fire leadership capacity statewide. For safety and span of control reasons, there is a significant supervisory workload associate with adding these additional personnel, including orientation, scheduling, timekeeping, evaluating logistical support, and payment. Again, we believe that any supervisory-to-non-supervisory ratio calculation must also recognize the totality of personnel we bring into our organization every fire season as seasonals and through agreements and contracts.

Hours: Additionally, firefighting is a twenty-four hour, seven days a week commitment for any fire organization. In that regard, also unique for the Department is the need to meet our work rest and rotation policies when employees work a fourteen day standard assignment and/or 21 continuous days during fire emergencies. This requires having an adequate number of supervisors in place to ensure fires are managed while employees are rotated through their rest periods.

Are there **unique personnel needs of the agency, including the agency's use of volunteers or seasonal or temporary employees, or exercise of supervisory authority by agency supervisory employees over personnel who are not agency employees** a factor to be considered in determining the agency maximum supervisory ratio? Y/~~N~~

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-
In additional to the approximately 526 permanent employees, the Department has approximately 530 seasonal employees responsible for supporting the Department's fire suppression mission. Utilizing 530 positions as five-month seasonal positions saves the state and landowners a significant amount of money as the majority of these employee are not working when fire activity is not anticipated statewide.

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Is the financial scope and responsibility of the agency a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

Based upon the described factors above the agency proposes a Maximum Supervisory Ratio of 1: 7.

Unions Requiring Notification: SEIU & AEE

Date unions notified 2-6-19

Submitted by: Heidi Steiner **Date:** 2-6-19

Signature Line Heidi Steiner **Date** 2-6-19

Signature Line _____ **Date** _____

Signature Line _____ **Date** _____

Signature Line _____ **Date** _____

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