

State Forests Strategic Initiatives – 2018-2019

Division: State Forests

STRATEGIC FOCUS AREAS (2-5 year outlook)

Summary Matrix

Initiative	Status
Long Term Sustainability for Managing State Forests Evaluate and Adjust Business Model Forest Management Plan Alternatives Business Improvements	Continuing
Managing and Protecting T&E Species	Continuing

The State Forests division has two initiatives: (1) Long Term Sustainability for Managing State Forests and (2) Protecting Threatened and Endangered Species. The State Forests’ related Board work plan is described below in the context of these initiatives.

Strategic Initiative: Long Term Sustainability for Managing State Forests

State Forests are managed to achieve “Greatest Permanent Value” providing economic, social, and environmental benefits over time and across the landscape. Providing this range of public benefits over the long term requires financial viability, a sustainable workforce, and a set of management strategies that ensure delivery of those benefits. The Forest Development Fund (FDF) balance is below the funding level necessary to fully implement the Forest Management Plan. Therefore the Division is focusing on initiatives that improve financial outcomes without which our ability to provide environmental and social benefits from State Forests is at risk. The Board of Forestry has been highly engaged in this project since 2011 with the completion of the “Financial Viability” report. There are three components that need to be addressed: (1) evaluate a change in the State Forests business model, (2) revise the current NW State Forests Management Plan (FMP) to improve financial viability and conservation outcomes, and (3) business improvements.

It will take a combination of the three components to be successful. This initiative links these three components to more holistically address financial viability.

I. Component 1: Improved State Forests’ Business Model (continued)

Description

The Oregon Department of Forestry (ODF) is fundamentally re-examining the business model under which State forests are managed, with a goal of improving the long-term financial viability of the program, within the context of GPV. The division relies on revenue from the sale of timber to support operations and provide revenue to the counties. The division retains 36.25 % of the harvest revenue which does not adequately fund costs associated with managing these public forests. This funding model makes the division vulnerable to shifts in the timber market combined with changes in forest conditions from disturbances such as fire, flood, insect and disease, and wind and ice storms. Managing and restoring forest conditions is a long-term

endeavor. These conditions suggest a business model with greater flexibility and a diverse revenue stream will provide greater financial stability over time. This stability would enable the program to deliver more durable financial, social and ecologic benefits.

A large portion of social benefits are provided through recreation, education and interpretation all of which absorbed reductions in the 2009 recession. There is a need to rebuild recreation, education, and interpretation staff services to meet growing demands in recreation management on state forest lands, and for the educational and interpretive programs of the Tillamook Forest Center. Along those lines, the State Forests division is supportive and engaged in a long term collaborative process for designing and funding the Salmonberry Corridor Trail Project.

II. Component 2: Evaluate Alternative NW State Forests Management Plan (continued)

Description

The dominant management plan for State Forests is the NW Forest Management Plan (FMP) that includes 650,000 acres, about 75% of the total state forest land base and generates over 90% of the revenue from Board of Forestry lands. The Board of Forestry approved the original FMP in January 2001 as the first integrated resource management plan for the state and a plan revision in 2011 to improve financial outcomes. The foundation of the FMP is an approach called “structure based management” under which the forest is managed to produce a range of forest conditions across the landscape. Analysis of the forest management plan outputs, at the time of approval, suggested a high level of timber harvest and a corresponding contribution to a diverse array of fish and wildlife habitats across the landscape. The plan was intended to be coupled with a Habitat Conservation Plan (HCP). The expected outcome of the combined HCP and FMP was to provide long-term, durable conservation as well as operational certainty. The state was not able to acquire an HCP. The lack of an HCP combined with costs associated with take avoidance and some challenges with implementing structure based management are impacting State Forests Division financial viability.

In November of 2011, the Board directed the agency to start work on alternative management plans that could potentially meet Board-approved performance measures, ensure financial viability for State Forests and meet the Board’s standards for “greatest permanent value.” This Board direction followed Governor Kitzhaber’s address to the Board in November 2011 in which he articulated a range of social, environmental, and economic challenges for forestry in Oregon and posed five specific goals to the Board of Forestry. These were to develop and use performance measures, consider a land allocation approach, clarify conservation areas, use an adaptive management approach, and review the State Forest’s business model. Continued work to revise the FMP is informed by the best available science and transparent stakeholder processes.

III. Component 3: Business Improvements (continued)

Description

ODF’s economic sustainability is challenged by increased public demands for State Forests’ public services, market fluctuations, international competition, and litigation. Expectations for the range of benefits provided from this public land base continue to evolve at a rapid pace. The

division is focusing on internal business improvements to increase revenue and decrease expenditures in the context of these challenges, changing pressures, and public expectations. Several projects are being explored including implementation and funding structure for our recreation, education and interpretation programs; changes and upgrades to timber marketing practices; revisions to district implementation plans; and “Workforce Futuring.” Within the context of meeting the mission for managing state forests, Workforce Futuring is a multi-faceted initiative to transition our workforce and organizational structure to better meet modern and future demands of public land management with a financially and organizationally sustainable model. The time it takes to complete and implement these various business improvement projects will vary depending on scope and scale.

BOARD WORK PLAN ITEMS

- *FMP Revision Process*
- *Updates on Business Improvements*
- *Rule Making: Veteran’s Recreational Access on State Forests (SB 116)*
- *DRAFT Legislative Concept: Recreation Enforcement*
- *Biennial Budget: additional authorization needed for log sort sales and work order*

Strategic Initiative: Threatened and Endangered Species Management

Description

Managing and protecting listed species is an important component of meeting mandates for both Board of Forestry and Common School Lands. In the absence of any programmatic agreements (e.g. Habitat Conservation Plan, Candidate Conservation Agreement, Safe Harbor Agreement), the State Forests Division employs a “take avoidance” approach to ESA compliance. This approach requires a significant expenditure of funds, creates management conflicts, and results in continuous resolution of technical, operational, and policy issues, both internally and with the federal Services. As we continue with a take avoidance approach, we will continue discussions, with USFWS in particular, on the many technical and policy issues inherent in improving outcomes. Initial work will also occur on the evaluation of programmatic approaches to ESA compliance (e.g. evaluate pros/cons of an HCP or other tool). For both take avoidance and programmatic approaches, ODF will assemble and contribute technical and operational information to the conversations. The federal services continue to evaluate other species for listing. ODF will track these efforts, and to the extent possible, prepare for any additional listings.

BOARD WORK PLAN ITEMS

- *HCP for West-side State Forests*