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**CONTEXT**

The purpose of this staff report is to summarize State Forests Division Fiscal Year (FY) 2017 accomplishments for Board of Forestry Lands (BOF lands) and Common School Forest Lands (CSF lands).

**SUMMARY**

During FY 2017 the Oregon Department of Forestry managed 729,860 acres of BOF lands and 117,218 of CSF lands. The CSF lands include approximately 82,500 acres of land within the Elliott State Forest. The accomplishments reported in this report include those associated with managing the Elliott in FY17. As of FY18 the Division no longer manages the Elliott State Forest.

BOF lands are managed to secure the greatest permanent value to the state by providing healthy, productive and sustainable forest ecosystems that over time provide a full range of social, economic, and environmental benefits for Oregonians. These lands are sustainably managed to provide timber revenue to the state, local schools and communities, and local taxing districts. CSF lands are managed under an agreement with the State Land Board with the objective of obtaining the greatest benefit for the people of the state, consistent with the conservation of this resource under sound techniques of land management.

Long-term direction for State Forest lands is guided through regionally specific forest management plans. These plans include the Northwest Oregon State Forest Management Plan, the Southwest Oregon State Forest Management Plan, and the Eastern Oregon Long Range Management Plan. For the time period covered in this report, the Division was also managing the Elliott State Forest and adjacent BOF lands under the Elliott State Forest Management Plan. Details outlining specific operations are further refined in district implementation plans, which set specific ten-year objectives for forest management activities in each district. Implementation plans describe, among other activities, designations for desired future condition, stand structure goals across the landscape, young stand management, recreation, and restoration opportunities. State

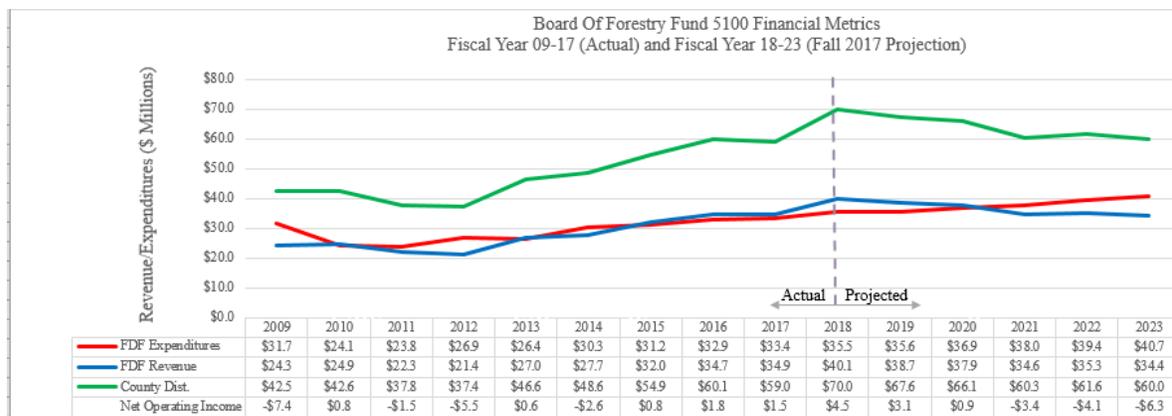
Forest lands are managed out of the Astoria, Tillamook, Forest Grove, North Cascades, West Oregon, Western Lane, Southwest Oregon, and Klamath-Lake Districts. The Elliott State Forest was managed out of the Coos District. On an annual basis, specific operational detail is presented to the public through annual operation plans for each Oregon Department of Forestry district.

Economic Benefits

In FY 2017 on BOF lands the State Forests Division harvested 264 million board feet, generating \$93.8 million in net revenue. ODF transferred \$59 million to the beneficiary counties. The Division retained \$34.9 million and of this, \$33.4 million dollars were used for operational costs.

On CSF lands the Division harvested 10.5 million board feet with \$3.5 million dollars transferred to the Common School Fund through the Department of State Lands.

Based on projected timber harvest volumes, estimated revenue, and anticipated operational expenditures, the Division expects revenues to exceed expenditures and projects costs in FY19. This is largely due to a strong timber market. The Division is working within the context of our implementation plans to find opportunities to capitalize on the current market, with a focus on high value, high volume sales, while continuing to exercise cost containment measures.



Social Benefits

The Division’s timber harvest activities provide social benefits. Revenue from timber harvest that is distributed to counties and local taxing districts helps support county services such as schools, libraries, police and fire. Flow of timber from State Forests helps support mill infrastructure and local economies generally, at the rate of 8.9 jobs per MMBF.

In addition to the social benefits provided through the harvest of timber, the Division also provides social benefits through its recreation, education, and interpretation program. Demand for recreation opportunities and amenities continues to increase, especially in the Tillamook, Clatsop, and Santiam State Forests due to their proximity to Portland and Salem.

The outdoor recreation industry is a significant and growing sector in the overall US economy, with consumers spending \$887 billion annually on outdoor recreation and creating 7.6 million American jobs according to the 2017 Outdoor Industry Association

Outdoor Recreation Economy report. *Outdoor recreation is something a majority of Americans embrace in some fashion or another. It crosses every demographic line: age, income, gender, race, political, orientation, nationality and culture.*

Assessments of national outdoor recreation trends have noted that a major challenge for public natural resource managers and planners will be to ensure that recreation opportunities remain viable and adapt to a changing population. With increased transportation expenses, individuals may complete fewer recreation trips or complete trips that are closer to home and require less transportation expense.

That trend can be seen in the Tillamook and Clatsop State Forests where proximity to the rapidly expanding Portland metropolitan area has greatly increased the number of forest visitors. According to census bureau estimates the Portland metropolitan area grew by 111 people a day from July 2014 to 2015. The USDA Federal Outdoor Recreation Trends research states that population growth is often the most important factor in projections of recreation participation. State forests are feeling the effects of Oregon's population increase as use in all recreation areas is increasing, creating challenges for ODF staff, budgets and resources. The Division manages 17 campgrounds with 91 designated campsites. There are 476 miles of OHV trails and 132.6 miles of non-motorized. The State Forests Division maintained 297 miles of hiking and OHV trails, and hosted over 36,000 campers in FY17. State Forest lands also have broad public access providing extensive dispersed use such as hunting, fishing, swimming, and target shooting.

The Tillamook Forest Center educates the public on natural resources and forest management practices, incorporating ODF messages into each visitor interaction. Visitors experience and learn through exhibits, interpretive programs, and a film documenting the Tillamook Burns and reforestation. The Center also provides education programs to school children for which demand exceeds resources.

To help address part of that demand, Tillamook Forest Center, working with the Tillamook Forest Heritage Trust, has been successfully raising funds to construct an enclosed education pavilion, which will provide space to shelter students and community members from the elements on inclement days. TFC staff launched the inaugural Root Ball, a fundraising dinner on the Center's bridge over the Wilson River, which was held in September 2016. A second Root Ball fundraising event is slated for September 2018.

During the 2017 season, the Tillamook Forest Center saw 53,885 visitors, as well as serving over 5,300 students, and 7,200 participants for interpretive events. Despite the drop in the number of visitors, the TFC had a record \$104,000 in gift shop sales.

The Division also provides support for the South Fork Forest Inmate Camp in conjunction with the Department of Corrections. South Fork work crews are utilized by State Forests for a variety of work, including reforestation activities and maintenance of recreation infrastructure. While this work provides utility on the landscape, it also provides enhanced rehabilitation for incarcerated persons. Statistics maintained by DOC show that incarcerated persons assigned to South Fork have reduced recidivism rates, and those that spend two years there are half as likely to be recidivated compared to DOC overall.

### Environmental Benefits

Sustainable management of State Forest lands provides a variety of environmental benefits. These lands provide habitat for many species of fish and wildlife, including salmon, northern spotted owls and marbled murrelets. Between density and timber sale surveys, ODF surveyed 269,000 acres for owls. Marbled murrelet surveys covered 3,539 acres in 142 survey sites. On BOF lands, nest sites for northern spotted owls decreased, while the acres of protected marbled murrelet habitat increased.

The Western Lane Implementation Plan was revised in April 2017 to reflect new operational certainty associated with an incidental take permit issued under a Safe Harbor Agreement (SHA). Operating under a SHA contributes to economic outputs and Division financial viability while honoring SHA objectives intended to increase the conservation of northern spotted owls. The SHA allows the Division to partner with USFWS research focused on barred owls, which are a major threat to the survival and recovery of northern spotted owls.

Work to remove barriers to fish passage and restore streams continued, with 15.2 miles of stream access restored on BOF lands. Aquatic habitat restoration projects on CSF lands totaled 5.98 miles.

In FY 2017 the Division planted 2.8 million seedlings, reforesting 4,565 acres on BOF lands and 637 acres on CSF lands. An additional 2,271 acres were interplanted, which was the result of a series of nursery failures over a four year period. This interplanting is expected to conclude the recovery effort for the seedling failures. Douglas-fir was the main species, comprising 70% of all seedlings planted followed by western hemlock at 25%, and the remaining 5% consisted of minor species (western red-cedar, grand fir, Sitka spruce, red alder, and ponderosa pine). Through our special procurement process, ODF was able to grow these seedlings at ten different nurseries across Oregon and Washington, reducing ODF's risk due to crop failure and helping to ensure a consistent supply of healthy seedlings.

### Forest Inventory

State Forests Division worked with ESSA Technologies to incorporate changes into the growth and yield modeling involved with forest inventory. The Division also continued to rebuild its forest inventory in FY 2017, collecting new inventory data, sampling 310 SLI stands. This brings the total stands sampled to 673 since ODF re-initiated data collection efforts in FY 2015.

ODF is committed to sustainable management practices on State Forest lands. Management activities, which include investing in activities to re-establish and maintain young stands, maintaining and constructing roads, controlling invasive species, supporting recreation activities, providing education and outreach, implementing projects to improve fish habitat, inventorying stands, and implementing research and monitoring strategies. We continue to work with local partners, and other state and federal agencies to manage state-owned forests for the full range of social, economic, and environmental benefits for Oregonians.

### Cost Containment

The State Forests Division continued to operate under cost containment measures,

including not filling most vacant positions and not hiring a seasonal workforce in recreation. ODF district and Salem staff rose to the challenge to accomplish core business with fewer resources, while still remaining part of ODF's complete and coordinated fire protection system. The division also initiated the "Workforce Futuring" project to create a blueprint for a future workforce and structure that is resilient, flexible and capable of achieving greatest permanent value under the reality of future cost containment. Within this environment of cost containment, ODF continued to make incremental improvements to business processes in the State Forests Division in areas of technology, revenue generation, and threatened and endangered species policy improvements.

**RECOMMENDATION**

Information only.