

STAFF REPORT

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Work Plan:	State Forests Work Plan
Topic:	State Forests Management
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CONTEXT

The Board of Forestry (Board) directed the State Forests Division (Division) to explore options for increasing financial viability while increasing conservation outcomes – including the development of a revised draft Western Oregon Forest Management Plan (draft FMP) and the pursuit of a Western Oregon Habitat Conservation Plan (draft HCP). The [draft FMP and supporting documents](#) were submitted into the record on the consent agenda at the Board of Forestry Meeting in April 2020. There was no decision associated with the consent agenda.

All forest landowners must comply with the ESA. Currently the Division complies with the ESA through a process called take avoidance. The state forests are managed in alignment with the current Forest Management Plan (FMP). Habitat is evaluated operation-by-operation and we conduct costly surveys for listed species. In the event that a listed species is detected, management plans are either modified or may have to be dropped. Without an HCP, management activities are subject to new listings or changed federal conservation standards- placing additional uncertainties for future management activities.

An HCP is a programmatic Endangered Species Act (ESA) compliance tool involving an agreement between the Department of Forestry and federal wildlife agencies that provides a holistic approach to complying with the Federal Endangered Species Act. The HCP establishes long-term commitments to conservation and provides long-term assurances that forest management will continue, under a set of agreed upon conservation measures throughout the life of the HCP.

The draft HCP covers 639,489 acres of state forestlands west of the Cascades. The majority of these lands (96% or 613,734 acres) are owned by the Board, and the remaining 4% (25,755 acres) are Common School Forest Lands (CSFL) owned by the State Land Board. The draft HCP does not include the CSFL in the Elliott State Forest.

BACKGROUND AND ANALYSIS

The State Forests Division developed a 3-phase approach to explore the possibility of a Western Oregon HCP. The Board approved this approach in November 2017. Western Oregon HCP project phases:

- Phase 1: HCP Initiation/Scoping (*Timeline: Nov.2017-Nov.2018*)
- Phase 2: Strategy Development (*Timeline: Nov. 2018- Oct.2020*)
- Phase 3: National Environmental Policy Act (NEPA) analysis and consultation (*Timeline: Oct. 2020-June. 2022*)

In November 2018, the Division presented the results of Phase 1. This included HCP Initiation and Scoping and a business case analysis. The business case analysis was designed to evaluate potential financial implications resulting from an HCP as compared to the current Forest Management Plan (FMP). The results provided a *relative* evaluation of potential outcomes if the Division continues to manage without an HCP as compared to with an HCP. Based on those results the Board directed the Division to complete Phase 2. To do so, the Division collaborated with our state and federal sister agencies, and with the resources afforded by our contractors, produced a draft HCP. This process also included a robust stakeholder engagement process. In addition, the Division conducted an analysis that compares three management approaches – the draft HCP, the current FMP, and the draft FMP.

If so directed, the Division will continue refining the operational and administrative components of the draft HCP. In spring, 2021 the Division will work with National Oceanic and Atmospheric Administration (NOAA Fisheries) and United States Fish and Wildlife Service (USFWS) to begin the NEPA process. It is anticipated that this process will take 12-18 months to complete. During this time, the Division will also be completing the companion Forest Management Plan. In June 2022, the Board will be asked to determine if it is in the best interest of the state to approve the Western Oregon HCP and the companion FMP.

This work has been funded by a \$1 million (\$750,000 federal, \$250,000 match) USFWS Technical Assistance grant, which was expended in August, 2019. The Division was recently awarded an additional USFWS Technical Assistance grant in the same amount to support the development of the Draft of the HCP. If the Division moves into Phase 3, the Division will continue to pursue grant funding to offset costs associated with HCP development.

During the HCP initiation phase, the Division hired Oregon Consensus and Kearns and West to assist with stakeholder engagement and facilitation needs. ICF and EcoNorthwest were hired to assist with developing the content of the HCP. These consultants, in coordination with Division staff serve as the HCP project team.

In 2018, Oregon Consensus and Kearns and West assisted the Division in developing a multi-agency governance structure to support the HCP planning process. This includes a Steering Committee comprised of policy-level representatives from USFWS, NOAA Fisheries, Oregon Department of Fish and Wildlife, Oregon Department of Environmental Quality, Oregon Department of State Lands and Oregon State University.

A Scoping Team was also formed comprised of technical representatives from those same agencies. The Steering Committee and the Scoping Team serve as the planning teams that led the development of the draft HCP.

The project team and Kearns & West also developed a comprehensive stakeholder engagement and communications plan. The plan is the basis for public involvement during the development of a potential HCP.

PHASE 2: DRAFT WESTERN OREGON HABITAT CONSERVAITON PLAN

Since November 2018 ODF staff have been working to develop a draft HCP in coordination with the Scoping Team and Steering Committee and engagement with stakeholders, counties, and tribes. The draft HCP outlines a strategy for ODF's management activities to comply with the Endangered Species Act.

The Draft HCP is the culmination of nearly two years of technical work (Attachment 1: Draft Western Oregon State Forests Summary). The draft HCP is nearly complete, with sufficient detail to compare potential outcomes with current and draft FMPs. The work to finalize an administrative draft HCP will not change the underlying assumptions described in the comparative analysis, nor would it substantially change any of the economic, conservation, or social outcomes.

PHASE 2: STAKEHOLDER ENGAGEMENT APPROACH AND GOALS

To supplement the Scoping Team and Steering Committee, ODF, Oregon Consensus, and Kearns & West worked directly with stakeholders from a range of interests to design a public engagement process that is responsive to stakeholder feedback (Attachment 2: Public Engagement Process).

Early in the HCP development process, a comprehensive strategy for public engagement and communications was developed. The goals of the stakeholder engagement process include:

- Provide counties, stakeholders, and interested parties with equitable opportunities to understand work products and provide feedback at key points throughout the process.
- Engage counties using the Forest Trust Land Advisory Committee (FTLAC) meeting venue, as well as individual meetings with members of Association of Oregon Counties, and the Council for Forest Trust Land Counties.
- Allow diverse interests to hear and learn from one another's perspectives.
- Provide clear expectations for how stakeholder and public input will be used and integrated into Western Oregon State Forests HCP products.
- Build a common understanding on Western Oregon State Forests HCP development expected results of HCP implementation.
- Keep stakeholders informed to promote relevant comments during the subsequent Western Oregon State Forests HCP NEPA Process.

The engagement strategy also outlined a structure and process for stakeholder input and review of HCP elements, and this structure was implemented throughout HCP development. After both the Scoping Team and Steering Committee reached alignment

on key technical components and decision points for the HCP, the project team held large meetings open to the public to provide updates on the HCP process and present information on the development of the HCP. Follow-up meetings with counties and stakeholder groups were then scheduled upon request to further discuss the information presented during the meetings open to the public and to dive deeper into the details of the HCP.

Steering Committee and Scoping Team Convening Interviews

To kick-off the HCP stakeholder engagement process, Kearns & West conducted interviews with each entity in the Scoping Team and Steering Committee to learn about agency roles and responsibilities, interests, and issues, as well as to hear any ideas and suggestions on how to provide a productive and constructive process. The goal of the interviews was to gather information to help ensure the process strives for a mutually satisfactory and successful outcome to development of a potential Western Oregon HCP. At the conclusion of the interview process, Kearns & West developed process recommendations for any future HCP process.

Stakeholder Convening Interviews

Kearns & West also conducted nine interviews with individual stakeholders and held four small group interviews to learn about their interests and concerns as it relates to the development of a Western Oregon HCP. Stakeholders were invited to help design the public engagement process by offering suggestions for the elements they would believe would result in a productive engagement process. The goal of the interviews was to gather information to help ensure an open and transparent process to keep stakeholders engaged in the development of a potential Western Oregon HCP. At the conclusion of the interview process, Kearns & West developed recommendations for future HCP public engagement processes.

Steering Committee and Scoping Team Meetings

ODF has continued to work with sister agencies and partners throughout the development of the HCP as part of the Steering Committee and Scoping Team. The Steering Committee consists of government agency representatives. Specifically – members include USFWS, NOAA Fisheries, DSL, DEQ, OSU, ODFW, and ODF. Members voluntarily work together to provide advice on how ODF can achieve a mutually acceptable outcome that satisfies, to the greatest degree possible, the interests of all participants. The role of the Steering Committee is to provide overall guidance for the HCP process and to provide direction and support to the Scoping Team.

The HCP Scoping Team is comprised of terrestrial and aquatic biologists and technical specialists from the same state and federal agencies as the Steering Committee (OSU provided technical support and review of work products). Members provide the Steering Committee with technical information needed to evaluate potential policy options for ODF's consideration. The role of the Scoping Team is to provide technical expertise and to develop technical recommendations for the Steering Committee to consider when advising the Division Chief in the development of a potential HCP.

The Steering Committee and Scoping Team have met extensively throughout the project to develop the HCP and have been working collaboratively to develop the HCP since April 2018. By the October 2020 Board of Forestry meeting, the project team will have conducted 20 Steering Committee meetings and 32 Scoping Team meetings.

Meetings Open to the Public

By the October 2020 Board of Forestry meeting, the project team will have conducted a total of six Western Oregon HCP meetings open to the public. The meetings open to the public included updates on the HCP process, presentations, and question and answer/discussion periods which were followed by informal discussion periods with meeting participants to discuss topics of most interest to participants. The first three meetings were held in-person in Salem and offered a livestream option. The final three meetings were held via webinar due to COVID-19 concerns and safety precautions. The meetings open to the public have received strong participation and engagement. Attendance grew from the beginning of the process, having from 15-45 people present in 2019, to over 100 participants in the March and July 2020 public meetings.

ODF notification methods to inform stakeholders and the public about the meetings included:

- Email distributions to interested parties
- Posts on ODF social media including Facebook and Twitter
- Meeting notice via FlashAlert to media in areas that would be potentially covered in the HCP (including Portland media)
- Posts on the ODF news site
- Posts on the Western Oregon HCP project webpage
- Posts on the State of Oregon Transparency website
- Letter from ODF to specifically invite county commissioners

Focus Group Meetings

Following the meetings open to the public, the project team conducted stakeholder meetings with a cross-section of interests upon request from stakeholders. The purpose of these stakeholder meetings was to further discuss and provide additional details on the topics presented during the meetings open to the public as well as to have an open conversation with various interests to hear stakeholders' feedback, thoughts, concerns, and any additional information they would like the project team to consider during the development of the HCP. The project team has conducted 14 focus group meetings with the following interest groups: Conservation interests, industry representatives, recreation interests, and the State Forest Advisory Committee.

Individual Stakeholder Meetings

In addition to conducting meetings with a variety of stakeholder groups and interests, ODF and the project team also had approximately 30 meetings and phone calls with individual stakeholders throughout the Phase 2 to check in on the development of the HCP and to understand their interests, concerns, feedback, and suggestions as it relates to the HCP.

COUNTY ENGAGEMENT

Engagement with counties is intended to recognize the distinct relationship between trust land counties and ODF-managed state forest lands. Although the formally defined venue for engagement (FTLAC) has been subject to meeting cancellations, the process has focused on ensuring that information relevant to the HCP is provided to counties, and that county perspectives and input can be brought back into the work.

County engagement on the HCP has occurred through multiple channels since the inception of this project, beginning with the FTLAC. The process engaged directly and fully in FTLAC's regular meetings, including more informal conversations to better understand how the HCP could align with county needs. This engagement ceased during the Linn County trial, and it has not resumed since December 2019. ODF has remained in direct contact with the FTLAC chair to encourage holding FTLAC meetings, and recognizes the challenges that the lawsuit and the COVID-19 crisis has created for HCP engagement.

As such, ODF and Oregon Consensus has looked for other venues to share information relevant to the HCP. We have had three meetings with the Association of Counties natural resources staff since the cancellations began in 2019. We have also worked directly with FTLAC consultants to provide them the data and information needed to assess potential impacts to counties from the draft HCP. Oregon Consensus met with County Commissioners from Tillamook, Clatsop, Coos, Washington, Polk, and Benton counties to provide information regarding the HCP, and get an understanding of their concerns and desired outcomes.

Division Chief Liz Dent has worked with district staff to engage with counties locally, providing presentations to county boards and commissions (Benton, Clatsop, Polk, Washington, and others still are being scheduled). Direct outreach and conversations between State Forest Division staff and county commissioners has also occurred, to ensure elected officials have access to technical staff for further explanation on the strategies to be included in the draft HCP.

Most recently, the chair of FTLAC convened a meeting for the greater Council for Forest Trust Land Counties to discuss the HCP. Presenters at this venue included representatives outside of the HCP planning teams. ODF and Oregon Consensus is committed to continuing to further the relationship with FTLAC and the CFTLC counties in an effort to fulfil ODF's statutory obligation to provide them with information.

TRIBAL ENGAGEMENT

The Division has also been working to engage tribes with ancestral ties to lands within the HCP Plan Area. In December, 2019, Division staff (Liz Dent and Cindy Kolomechuk) joined State Forester Daugherty in attending the Confederated Tribes of the Grand Ronde Tribal Council. This introductory meeting provided an opportunity to better understand the history and values of the Grand Ronde. The Tribal Council expressed an interest in the HCP, and invited the Division to give a presentation on the HCP at a future Tribal Council meeting.

In addition, more tribal representatives have attended the meetings open to the public, and have expressed an interest in the HCP. Following the July 13th meeting open to the public, ODF staff met with members of the Confederated Tribes of the Coos, Lower Umpqua, and Siuslaw, including the Chief, Tribal Council Members, and natural resources staff. ODF looks forward to continued engagement with these and all tribes that have ancestral ties to the lands under our management.

COMPARATIVE ANALYSIS

The Board's decision to move into Phase 3, will be informed by a comparative analysis (Attachment 3: Executive Summary of the Comparative Analysis). The analysis compares *relative* trends in potential economic, conservation, and social outcomes across three potential management options: the HCP, the current FMP, and the draft FMP. The current and draft FMPs are assumed to be implemented using take avoidance to comply with the ESA.

While the comparative analysis builds on the previous business case analysis, there are important differences in both the scenarios evaluated and the data underpinnings. When the business case analysis was prepared, the HCP and the species-specific conservation strategies had not been developed, so the analysis relied on a series of assumptions regarding these conservation strategies and the area likely to be affected by new species listings. The analyses have been refined in several, more expansive ways including: consideration of the range of outcomes that can differ across scenarios, development of refined values for economic and conservation outcomes based on spatially-explicit modeling of each scenario, and analysis of additional conservation and social values that contribute to Greatest Permanent Value. These advancements are the underlying drivers for differences in revenue and cost results between the business case analysis and the comparative analysis.

Two types of spatially-explicit models were used:

1. Policy Level Forest Management Model (harvest model); and
2. Four Habitat Suitability models (habitat models), one each for northern spotted owl, marbled Murrelet, red tree vole, and Oregon slender salamander.

The forest management model emulates how the forest would be managed. It projects harvest volumes, revenues, and forest stand age across the landscape based on ODF's Stand Level Inventory. A series of model rules or parameters related to harvest objectives, planning unit scale, landscape design, and acres available for harvest were also accounted for in the model. The habitat model projects habitat conditions and the current and future location of habitat suitable for covered species based on ODF's Stand Level Inventory data, the forest management model outputs, and known habitat requirements for each species.

Acres available for harvest are expected to decrease under all three scenarios, but the least impact is with the HCP vs. without. New listings of species as threatened or endangered, changing requirements to avoid take, and increasing habitat will challenge the Division to provide a predictable and sustainable flow of revenue. The HCP approach provides increased certainty with respect to continued management and associated outcomes. This increased certainty is manifest in four ways:

1. Restoration and enhancement activities;
2. continued management (reduced legal risk);
3. long-term strategies and constraints; and
4. adaptive management (dedicated budget).

The HCP intentionally delineates a larger proportion of the landscape for the conservation of terrestrial species' habitat within Habitat Conservation Areas (HCAs). The habitat models were used to identify areas with high conservation value for each covered species. In contrast, for both FMP scenarios, a larger total area could potentially be reserved for endangered species conservation and removed from available acres for harvest through implementation of take avoidance strategies. While the acres may be lower in the HCP, the quality of the habitat is highest, and the HCP has the most certainty with respect to the outcome.

Under all scenarios, harvests are expected to initially decline at a gradual rate for several years and then stay relatively consistent over time. This decline is primarily due to increases in constraints on available acres (for harvest) due to HCAs under the HCP and expected expansion of areas constrained by currently and yet-to-be listed species under the take avoidance FMP scenarios.

KEY FINDINGS

- The HCP Scenario generates the greatest total harvest volume over the 75-year timeframe.
- ODF's costs are lowest under the HCP Scenario.
- Net Revenue is greatest for the HCP Scenario, followed by the draft FMP and finally the current FMP.
- The HCP Scenario would result in the protection and stewardship of more suitable habitat for covered species within areas designated for conservation relative to the current FMP and draft FMP.
- The current FMP and HCP both have strong conservation outcomes for terrestrial species. The current FMP results in development of more suitable habitat for covered species in the entire permit area.
- HCP conservation areas protect larger, less fragmented occupied and suitable habitat for covered species.
- Aquatic strategies for all three scenarios are strong; however the HCP provides the best potential outcomes.
- Carbon sequestration is highest under the current FMP, due to anticipated reductions in harvest levels over time.
- All management scenarios provide benefits for recreation opportunities and culturally-significant uses. However, the funding stability afforded by the HCP provides more opportunity for investment.

Additional information is available on the HCP Project website (<https://www.oregon.gov/odf/aboutodf/Pages/HCP-initiative.aspx>), including:

- Habitat Conservation Area Maps (<https://www.oregon.gov/odf/board/Documents/fmp-hcp/habitat-conservation-area-maps.pdf>)
- Meeting Open to the Public (September 16, 2020) Presentation (<https://www.oregon.gov/odf/board/Documents/fmp-hcp/20200916-hcp-meeting-presentation.pdf>)
- Meeting Open to the Public (September 16, 2020) Video (<https://youtu.be/8o4u13AV1Mk>)
- Comparative Analysis Report (<https://www.oregon.gov/odf/board/Documents/fmp-hcp/odf-ca-full-report.pdf>)
- Draft HCP (<https://www.oregon.gov/odf/board/Documents/fmp-hcp/draft-western-oregon-state-forest-hcp.pdf>)
- Model Rules (<https://www.oregon.gov/odf/board/Documents/fmp-hcp/hcp-forest-management-model-rules.pdf>)

RECOMMENDATION

Based on the results of the Comparative Analysis, the letters of support from NOAA Fisheries (Attachment 4), United States Fish and Wildlife Service (Attachment 5), and the Steering Committee (Attachment 6), the Department recommends the Board of Forestry direct staff to finalize the administrative draft HCP and move into the NEPA process.

NEXT STEPS

If the Board directs the Division to continue development of the HCP, the Division and its contractors will finalize an administrative draft of the Western Oregon State Forests HCP and begin development of the companion FMP. Specific steps include:

- Complete 1st Administrative Draft of the Western Oregon HCP
- Update Board in Spring 2021
- Enter into NEPA Process
- Complete the companion FMP for the HCP
- Present Final HCP and the companion FMP in June 2022

ATTACHMENTS

1. Summary of the Draft Western Oregon State Forest Habitat Conservation Plan
2. Public Engagement Process
3. Executive Summary of the Comparative Analysis
4. Letter of Support from NOAA Fisheries
5. Letter of Support from USFWS
6. Western Oregon HCP Steering Committee Statement of Support