

STAFF REPORT

Agenda Item No.:	8
Work Plan:	State Forests Work Plan
Topic:	Northwest Oregon State Forests Management Plan
Presentation Title:	State Forests Management Plan
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CONTEXT

The Oregon Board of Forestry concluded in 2012 that the current approach for managing state forests was not financially viable and a Board of Forestry subcommittee was formed to address the issues. A financial analysis concluded that if the Division continued to rely on timber revenue to fund all operations, recreation, and education programs there would need to be a 30% increase in harvest levels, a significant increase in stumpage rates, or some combination of the two. The findings also confirmed that current operational budgets do not allow for adequate investments and provide the bare minimum work force to implement Forest Management Plans. Therefore, additional cuts in personnel were not recommended by the workgroup. Outcomes included directing the State Forests Division to examine alternatives to the current Forest Management Plan (FMP) for Northwest Oregon. The Board directed the Financial Viability Subcommittee to refocus on the FMP Alternatives project with twin goals to develop a new forest management plan that is both financially viable and improves conservation outcomes in state forestlands. The Board asked the State Forests Division to design a more stream-lined approach that would reduce process and result in more timely resolution.

At the March 9, 2016 Board Meeting, the Division gave an update on the Alternative FMP process. Given the urgency of ODF's financial situation, the complexity of analysis needs, and the uncertainty posed by multiple Notices of Intent to sue, the Division shifted the focus to other key priorities. This change to State Forests' priorities put the Alternative Forest Management Plan project on pause.

BACKGROUND AND ANALYSIS

Since 2013, the Division and Board have engaged with stakeholders, conducted analyses, and modeled outcomes in support of developing a new FMP. Findings and conclusions from this work will provide a valuable foundation as the effort to revise the FMP is renewed. The highlights of those findings and conclusions are noted here, and a more detailed summary is attached.

Stakeholders

A stakeholder group was convened in October of 2013 with the goal of developing 1-3 possible FMP approaches. While this group failed to reach consensus, they did agree the *status quo* was not sustainable, environmentally, economically, or socially. The stakeholder group was asked to provide additional feedback in February of 2015 on the Land Allocation approach, goals, and definitions of conservation and financial viability. The range and variability in responses again demonstrated a lack of consensus and significant differences in definitions and values among the stakeholders.

The Division also conducted an online survey and held several community roundtables which allowed participants to weigh-in on the Oregon alternative forest management planning process. The events invited community members to drive the conversation through initiating discussions, providing feedback and voicing comments through an informal forum, with opportunities to interact with ODF staff and forestry-connected stakeholders. A wide range of perspectives were expressed during these meetings.

External Science Panel

The Division convened an external science panel to evaluate the stakeholders' proposals for forest management and provide an assessment of the likelihood of each approach to achieve the twin goals. The panel concluded the approach with the most potential to achieve the twin goals was the *FMP 2.0* approach, which modified the existing structure based management approach.

Board Direction

The Board directed the Division to utilize a Land Allocation strategy as the primary approach for developing a forest management plan, to consider a range of conservation and production strategies, model and evaluate strategies that present the highest likelihood of achieving the twin goals, and to include a set of overarching conservation measures, vision, guiding principles, goals, and strategies.

Conservation and financial outcomes from the *draft* Land Allocation approach were modeled and presented to the Board. Financial viability appeared possible in the near-term using a 30-year departure scenario, but would not be viable after returning to non-declining even-flow. The selection of conservation areas under the *draft* approach resulted in 18% of the landscape currently designated for complex structure to shift to the production zone.

The Division examined the relative magnitude of the impact each of the policy choices had on modeling results and reported on how each policy choice impacted outcomes. The aspects with the highest impact included: (1) geographic scale of the planning area (i.e., modeling all districts together rather than individually), (2) conservation area goal scale (e.g., goal of 30% on each district or 30% across all districts), (3) even-flow harvest volume, (4) operational costs, (5) starting inventory, growth and yield, (6) values and costs updates, and (7) conservation outputs (e.g., using complex structure as a proxy for habitat). Silvicultural prescriptions had a moderate impact on outcomes. Legacy structure strategies, and owl and murrelet strategies had low impacts.

The Division formed a Technical Expert Review Group (TERG) comprised of three forest modeling experts, one each from the conservation and private forest stakeholders, and one from FTLAC. The group reviewed the Division's modeling processes and outputs, and provided feedback. The Division hired a private consultant to reconcile input from the TERG.

Reinitiating the Project

The State Forests Division has developed a proposed approach to revise the FMP. The proposed FMP Project Work Plan establishes a framework for the Board to develop the FMP elements required by the Planning Rule (OAR 629-035-0030) in the context of the Greatest Permanent Value (GPV) Rule (OAR 629-035-0020). This approach is intended to efficiently develop an FMP that meets the requirements of

the Planning Rule, is operationally feasible, and is found to meet GPV by the Board. The approach will also ensure that additional Board goals (e.g., the twin goals of achieving financial viability and increasing conservation outcomes) are articulated and can be evaluated.

The Work Plan is separated into five phases. Completion of all tasks in each phase will ensure the foundation is set for the following phase and policy direction has been provided to the Division.

Phase 1:

1. Review and approve the FMP Work Plan described here.
2. Review and approve Guiding Principles for the FMP.
3. Review and approve the FMP Content Table.
4. Review and approve the definitions of financial viability and conservation in the context of GPV.

Phase 2:

1. Direct staff to begin populating the FMP Content Table.
2. Review draft FMP goals, strategies, and standards and provide direction to revise.
3. Review and approve information needed to support decision-making.

Phase 3:

1. Review financial and conservation outcomes of proposed goals, strategies, and standards in the context of GPV. Direct revisions until finalized.
2. Approve final goals, strategies, and standards.
3. Direction to begin drafting the FMP incorporating the goals, strategies and standards.

Phase 4:

1. Review the draft FMP, financial and conservation outcomes, and GPV findings.
2. Direct revisions the FMP in the context of GPV, financial viability, and conservation as needed.
3. Approve draft FMP and direction to begin rulemaking process.

Phase 5:

1. Review of public comment and any proposed changes in response to the comment.
2. Direct revisions if needed.
3. Approve and adopt the final FMP as Administrative Rule.

RECOMMENDATION

- Approve the FMP Project Work Plan and direct staff to proceed with the next steps indicated on the Project Work Plan.
- Approve or direct staff to revise the FMP Content Table
- Direct staff to draft FMP Guiding Principles.

NEXT STEPS

- The Division will return in April to:
 - Present the revised FMP Content Table if so directed in January for Board approval.
 - Review definitions of conservation and financial viability in the context of Greatest Permanent Value and seek direction from the Board for desired revisions.
 - Present FMP Guiding Principles for Board approval.

ATTACHMENTS

1. Draft Work Plan for the FMP Project
2. Forest Management Plan Content Table
3. AFMP Key Conclusions and Findings 2013-2017