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| Agenda Item No.:      | 7   |
| Work Plan:            | State Forests Work Plan   |
| Topic:                | Northwest Oregon State Forests Management Plan  |
| Presentation Title:   | State Forests Management Plan   |
| Date of Presentation: | April 25, 2018  |
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## CONTEXT

The State Forests Division has developed an approach to revise the Forest Management Plan (FMP), approved by the Board of Forestry in January 2018. The FMP Project Work Plan establishes a framework for the Board to develop the FMP elements required by the Forest Management 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 the Board's guiding principles are articulated and can be evaluated. The Division will host informational presentations to provide stakeholders and the public at large with updates including staff work to be presented at upcoming Board meetings.

## BACKGROUND AND ANALYSIS

At the January 3, 2018 meeting of the Board of Forestry, the Board unanimously approved a motion to:

1. Approve the FMP Project Work Plan and direct staff to proceed with the next steps indicated on the Project Work Plan.
2. Direct staff to draft FMP Guiding Principles.
3. Direct staff to bring definitions of conservation and financial viability in the context of GPV to the next Board meeting.
4. Direct staff to revise the FMP Content Table to add outcomes and measurement of impact for that outcome, for discussion if this is a path forward for evaluation of alternatives.
5. Direct staff to begin populating the Content Table to the extent staff is able.

Division staff have proceeded with the next steps identified in the FMP Project Work Plan in response to the Board's direction.

### FMP Guiding Principles

The Forest Management Planning rule requires the FMP contain guiding principles that include legal mandates and Board of Forestry policies. These principles provide the foundation for development of the management plan. Division staff have developed a recommended set of ten guiding principles for the Board to consider (Attachment 1). These principles are grounded in the direction established in statute and rule for the lands to be managed for the Greatest Permanent Value to the state.

### Conservation and Financial Viability

The Board has emphasized outcomes related to financial viability and conservation from the outset of the work to revise the FMP. It is important to the Board, Division, and stakeholders to understand what these terms mean, so that any proposed changes can be evaluated consistently. Division staff have developed definitions in the context of both the Greatest Permanent Value and the Forest Management Planning rules. The conservation and financial viability definitions are incorporated into the draft guiding principles.

#### *Conservation*

There are numerous definitions of conservation (Attachment 2). Most include reference to living (e.g., wildlife) and non-living (e.g., water) resources, ecological processes, diversity, and sustainable use. These attributes are embedded in several conservation provisions of the Board of Forestry's Greatest Permanent Value and Forest Management Planning administrative rules. Examples of the Board's rules that reference such conservation attributes include, but are not limited to: providing "properly functioning aquatic systems"; "protecting, maintaining, and enhancing, native wildlife habitats"; "contributing to biological diversity of forest stand types and structures at the landscape level and over time"; "conserving and maintaining genetic diversity of forest tree species"; and providing "sustainable and predictable timber harvest and revenues." Therefore the Greatest Permanent Value and Forest Management Planning rules are the Board's expression of conservation. The complete text of the Board's current OARs on Greatest Permanent Value and Forest Management Planning is included in Attachment 2. Text that is most relevant to providing conservation (processes, diversity, and sustainable use) is identified with bold text.

#### *Financial Viability*

Financial viability is the ability to generate sufficient income to provide services that support Greatest Permanent Value (GPV), as defined in OAR 629-035-0020 and ORS 530.050, consistent with the stewardship principles found in the Forest Management Planning rule. In the current business model 98% of revenue is derived from the sale of timber and all Board of Forestry expenditures and revenues are managed in the Forest Development Fund. Financial viability is achieved over the short-term with operational tools that ensure cash flow is available to State Forests. Services are prioritized based on funding availability, through tools including fiscal and biennial budgets, fiscal year operating plans, timber marketing, and annual operating plans. Financial viability is achieved over the long-term with business strategies that align anticipated funding availability with services that are prioritized by GPV. Several tools are used, including a business plan (e.g. diversification of revenue streams), business improvements, and financial metrics to assess future investments, revenue projections, implementation plans, the Forest Management Plan, and risk management.

### Measurable Outcomes and Quantifiable Targets









A common vocabulary is important for the planning terms used in the FMP. In January the Division presented the FMP Content Table, which had several planning terms and the Board directed staff to add outcomes to the table. *Measurable outcomes* are quantifiable results of management strategies. Measurable outcomes are more meaningful when paired with quantifiable targets. *Quantifiable targets* are established to measure progress towards a desired outcome and may change as the body of

knowledge around specific requirements change. While the correct targets may not be known, it is important to establish a beginning set of targets that can be monitored and adapted over time. In this manner, adaptive management can be applied to both management practices and the outcomes that they are intended to achieve. A thorough description of measurable outcomes, quantifiable targets, and other planning terms is found in Attachment 3.

Impacts Analysis Framework

To understand how the changes made from the current FMP will impact outcomes related to GPV, the Board requested the Division present an impacts analysis. The impacts analysis will compare a proposed change to the current plan. For a proposed change, the expected impact to social, environmental, and economic outcomes will be assessed, so the Board can discuss the trade-offs associated with the change. The impacts analysis framework (Table 1) is adopted from the 2014 Independent Science Panel evaluation of management plan alternatives<sup>1</sup> shown below. An example application of the framework is provided in Table 2. In this example, two environmental protection strategies in the current plan are compared to hypothetically proposed changes.

*Table 1. Impacts analysis framework adopted from the 2014 Independent Science Panel evaluation of forest management plan alternatives.*

| Symbol  | Interpretation  |
|---|---|
|    | Increase, high certainty. Solid green is beneficial, hollow red is detrimental. |
|   | Increase, low certainty. Solid green is beneficial, hollow red is detrimental.  |
|  | Overall increase with some decreases for sub-components                         |
|  | No significant change   |
|  | Mixed changes, less certainty   |
|  | Overall decrease with some increases for sub-components                         |
|  | Decrease, low certainty. Solid green is beneficial, hollow red is detrimental.  |
|  | Decrease, high certainty. Solid green is beneficial, hollow red is detrimental. |


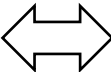




Impacts can be evaluated with different sources of information and analyses such as available research and literature, new or existing modeled results, or comparative analyses targeted on specific strategies. The evaluations will indicate if the revised FMP has an increasing or decreasing impact on outcomes; if the impacts are beneficial, detrimental, or neutral; and the level of certainty in the findings.

- *Increase or decrease in outcomes:* The direction of the arrows indicate an increase (upward) or a decrease (downward). Angled arrows indicate overall trends with some variable impacts expected.
- *No impacts:* Equal signs indicate no significant change. A hollow, double-headed sign indicates mixed changes with less certainty.
- *Beneficial or detrimental impact:* The color indicates if the change is beneficial (green) or detrimental (red).

<sup>1</sup> Betts, M., B. Bourgeois, R. Haynes, S. Johnson, K. Puettmann, and V. Sturtevant. 2014. Assessment of Alternative Forest Management Approaches: Final Report of the Independent Science Panel. Prepared with assistance from D.C.E. Robinson, A.W. Hall, and G. Stankey, ESSA Technologies Ltd. (Vancouver, BC) for Oregon Department of Forestry (Salem, OR). 80 pp + appendices.

- *Certainty in impact assessment:* Low certainty is indicated by a thin green arrow or a hollow red arrow. High certainty is indicated by thick green and encircled hollow red arrows.

Table 2. Hypothetical example for an impacts analysis to compare the current Forest Management Plan to a proposed alternative utilizing the 2014 Independent Science Panel evaluation approach.

| GPV<br>(OAR 629-035-0020)  | Goal<br>[OAR 629-035-0030(2)(c)]   | Strategy<br>[OAR 629-035-0030(2)(d)]               | Current Plan   | Proposed Alternative                                     | Predicted Impacts (GPV)                            | Impacts   |
|--|--|--|--|--|--|---|
| (2)(b) Protects, maintains, and enhances native wildlife habitats;   | Contribute to a range of wildlife habitat types.   | Incorporate legacy structure at a landscape level. | Retain Green Trees in Clearcuts                            | <i>Change Green Tree Retention for Economic Outcomes</i> | Economic: Beneficial increase; low certainty       |    |
|  |  |  |  |  | Environmental: Mixed changes; less certainty       |    |
|  |  |  |  |  | Social: No significant change                      |    |
| (2)(a) Results in a high probability of maintaining and restoring properly functioning aquatic habitats for salmonids, and other native fish and aquatic life; | Contribute to the development of a diversity of habitat for maintaining salmonids & other native fish & wildlife species | Salmon Anchor Habitat Strategy                     | Apply more restrictive Riparian Buffers in Aquatic Anchors | <i>Change Riparian Buffer for Environmental Outcomes</i> | Economic: Detrimental decrease; high certainty     |  |
|  |  |  |  |  | Environmental: Beneficial increase; high certainty |  |
|  |  |  |  |  | Social: No significant change                      |  |

## FINDINGS

Guiding principles provide the policy framework of the FMP and are grounded in the direction established in statute and rule for the lands to be managed for Greatest Permanent Value to the state. The meaning of conservation and financial viability are expressed in the guiding principles to establish lasting commitment to financial- and conservation-related policies. Guiding principles together with other planning elements such as goals, strategies, measurable outcomes, and quantifiable targets provide the foundation for a plan that when implemented will meet the stated goals in the context of adaptive management. Decisions to revise the current plan can be informed by an impacts analysis that compares a proposed alternative to the current plan. The analysis will indicate if a changed strategy will increase

or decrease desired outcomes, if the impacts will be beneficial or detrimental, and the level of certainty of the analysis.

### **RECOMMENDATION**

- Approve the proposed *Guiding Principles* with the financial viability and conservation definitions embedded into the Guiding Principles.
- Approve the definition of *Measurable Outcomes*.
- Approve the *Impacts Analysis* framework.
- Direct the Division to continue with the FMP Work Plan using the Greatest Permanent Value and Forest Management Planning OARs as the basis for further developing the Forest Management Plan (e.g., goals, strategies, etc.).

### **NEXT STEPS**

The Division will return in July to:

- Present initial recommendations of information needs that inform the Board's policy decisions, including an initial assessment of forest resource conditions.
- Present recommendation on the geographic scope of the plan.
- Provide an update on the development of potential forest management goals.

### **ATTACHMENTS**

1. Draft Guiding Principles
2. Draft description of Conservation in the context of GPV
3. Definitions for Key Planning Terms