

State Forests Division
November 8th, 2018

Western Oregon Habitat Conservation Plan Update

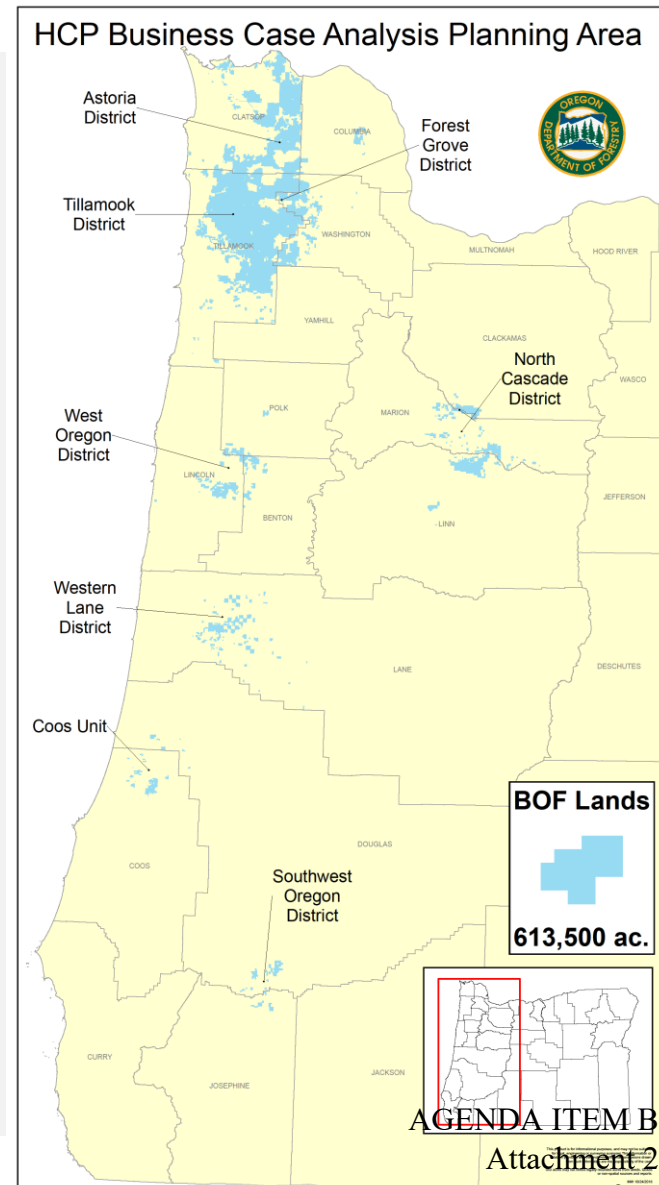


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Brian Pew, State Forests Deputy Division Chief
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Dr. Mark Buckley, EcoNorthwest

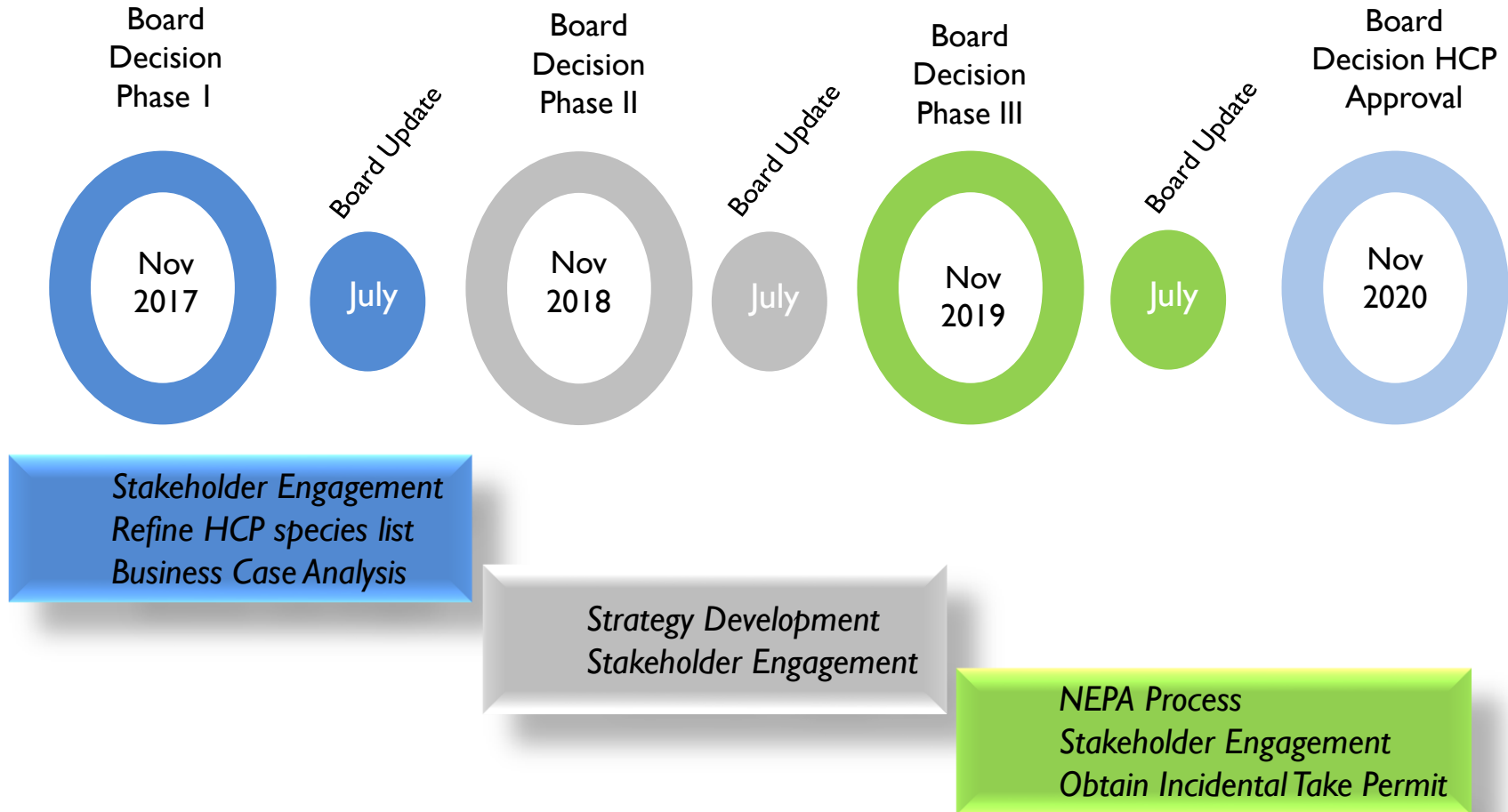
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Background & Scope

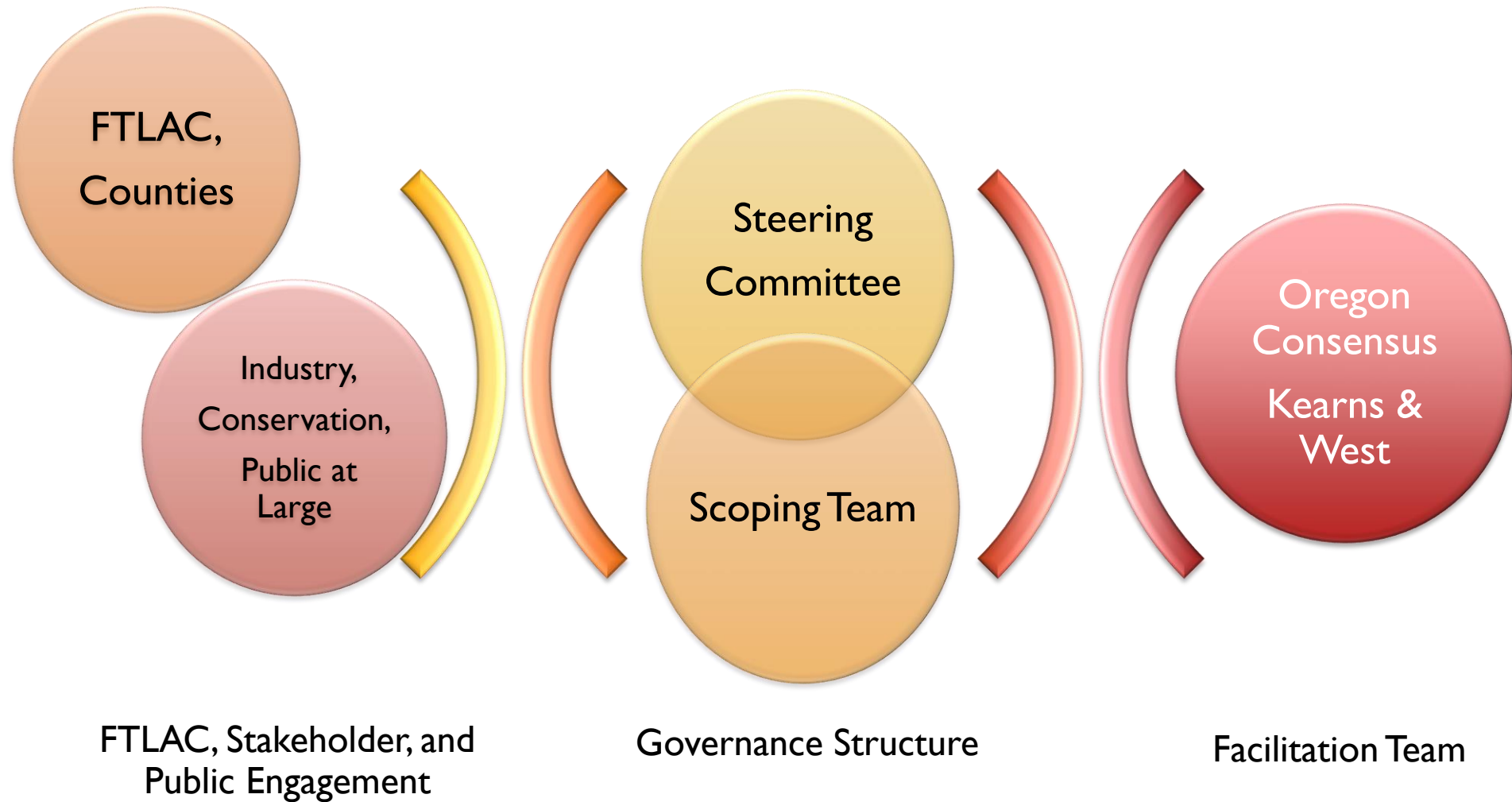
- Why an HCP?
 - ESA compliance
 - Management certainty
- Geographic Scope
 - BOF lands west of the Cascades (~613,500 ac.)



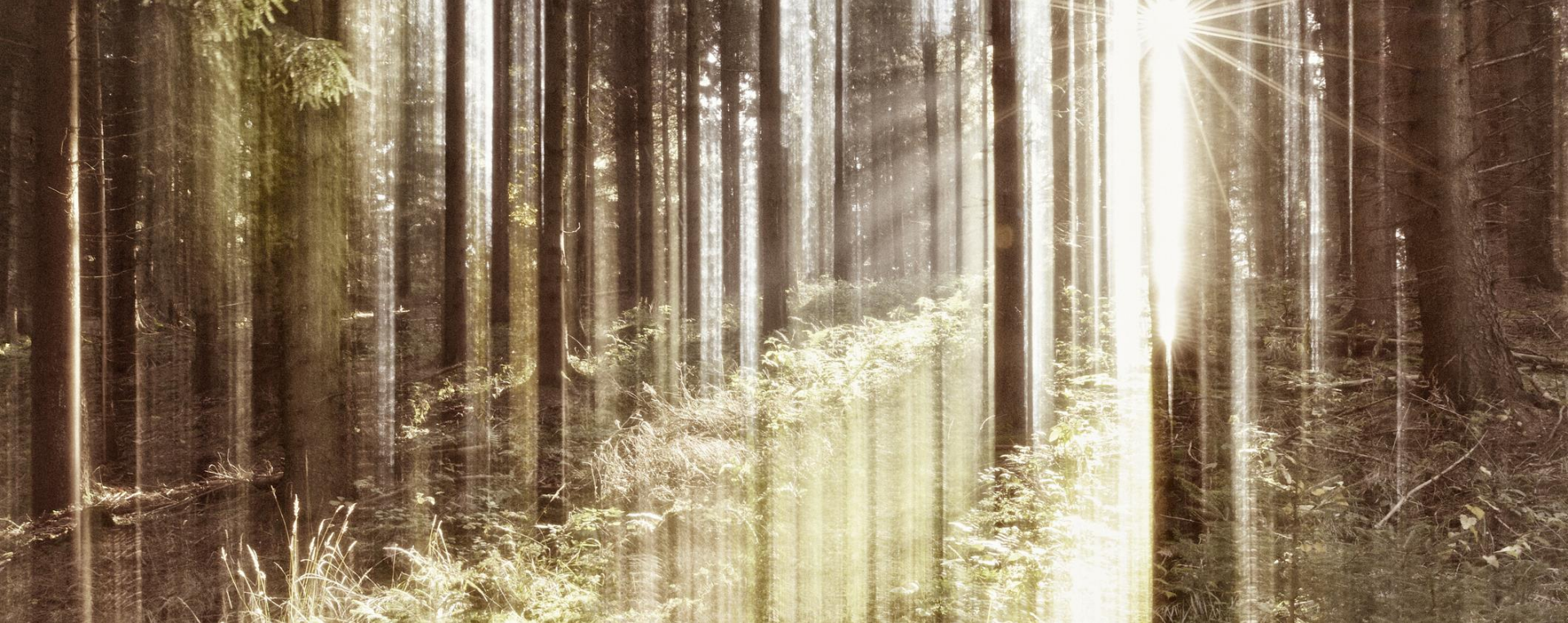
HCP Phased Process



Stakeholder Engagement



- Species Selection Criteria
 - Current and potential listing status
 - Range of species on state forestlands
 - Potential impacts to the species
 - Data sufficient to develop effective conservation strategies
- Draft Species List
 - 16 species (11 listed, 5 non-listed)
 - 9 Aquatic
 - 7 Terrestrial



Western Oregon Habitat Conservation Plan Business Case Analysis Results

Nov. 8th 2018

Team Introduction

Mark Buckley, PhD



- Senior economist and partner at ECONorthwest
- Leads natural resource practice, 10+ years at ECO in Oregon
- Specializes in benefit-cost analysis and financial analysis for natural resource policy



David Zippin, PhD



- Vice President, Practice Leader at ICF for Conservation Planning and Implementation
- 27 years experience >70 HCPs in 16 states
- Has taught HCP Preparation at USFWS National Training Center for last 10 years



Team Introduction

Troy Rahmig



- Principal and wildlife biologist at ICF
- Teaches Endangered Species Act compliance and HCPs
- Project manager or technical lead for > 20 HCPs and conservation strategies



Richard Haynes, PhD



- Led harvest modeling
- Expert in timber sales, timber supply and demand trends, price forecasting, forestry
- Served on independent science panel for ODF evaluating management alternatives of state forests
- Over 250 peer-reviewed articles

- Business case analysis is not just benefit-cost analysis. It's bottom-line focused
- Project represents a relatively innovative, pro-active, model effort by ODF
- This analysis in no way defines the actual HCP outcome
- Board decision is simply to continue, not a commitment through HCP completion

Background and Purpose

- Federal Endangered Species Act (ESA)
 - Prohibits “take” of threatened or endangered species
 - Take = harass, harm, pursue, hunt, shoot, wound, kill, trap, capture, or collect
 - Must obtain a permit for take authorization
 - National Marine Fisheries Service
 - U.S. Fish and Wildlife Service
- Listed Species
 - Several listed species occur on state forests
 - More species expected to become listed

Background and Purpose

- Current ODF Practice
 - Avoid and minimize impacts to listed species
 - Costly annual surveys to ensure avoidance
 - Harvest restrictions growing, unpredictable
 - Harvest plans sometimes redesigned or abandoned when listed species found
 - New listed species expected to increase costs and harvest restrictions
 - Uncertainty creates inefficiency

Background and Purpose

- Incidental take permit requires Habitat Conservation Plan (HCP)
- Approved HCP → federal agencies provide *No Surprises* assurances
 - “Deal is a deal”
 - Can include species expected to be listed
 - Locks in mitigation and expected costs
 - Durable, long-term assurances
- Conservation benefits
 - HCPs provide durable and high-quality conservation for covered species

Business Case: What it Is and Is Not

- What it is:
 - Comparative analysis of likely costs and benefits with and without an HCP (incidental take permit vs. current approach)
 - Based on coarse data available today
 - Sufficient high-level detail for the decision at hand
- What it is not:
 - Not based on spatial data that will be generated and used to prepare HCP (e.g., species models)
 - Not a prediction of actual outcomes of HCP analysis and negotiations with agencies if Board decides to pursue

- 2 scenarios (no HCP, with HCP)
- High and low boundaries on each scenario (costs, acreage constraints, future conditions)
- Assumptions by ICF & ODF staff for species and habitat requirements and trends
- Model available acres, available inventory volume, and harvest volume based on planned harvest
- Model costs and harvest revenue
- 3% discount rate (7% sensitivity test) for today's perspective on tradeoffs
- Considered wide range of potential costs and benefits: recreation, ecosystem services, timber harvest

Key Assumptions

- Most harvest restrictions **same** in both scenarios
 - *Inoperable*: roads, non-forest, admin. removals, infeasible to harvest
 - *Policy constrained*: FMP stream buffers, FPA requirements for wildlife, inaccessible, old growth
 - NSO Cores, NSO “40 percent”, Marbled Murrelet Management Areas



Acreage Assumptions

■ No HCP

- *Landscape Design* and *Terrestrial Anchor Sites* designated for wildlife habitat until mature, then released for potential harvest
- Assume listed species expand into these areas as they mature – no take
- Assume new listed species also
 - Most overlap with owl, murrelet
 - Some found in *Landscape Design*, *Terrestrial Anchor Sites* – further constrain harvest
- Net change = Over time, + 59,000 acres left alone for wildlife (no harvest but may not be best habitat)
- No additional active management for species



Acreage Assumptions

- With HCP
 - Some new protections are immediate
 - Assume new acres designated for northern spotted owl and marbled murrelet (high quality areas)
 - Assume wider stream buffers for covered fish and amphibians
 - Assume new acres designated for new listed species
 - Net change = + 46,000 protected for wildlife immediately (highest quality areas)
 - Remaining FMP constrained areas gradually released for harvest over time (areas of limited take)
 - Active management to enhance habitat quality

Acreage Assumptions - 2023

Land Designation	No HCP
Inoperable (can't harvest)	72,000
Policy constrained (FMP, FMA no harvest)	126,000
Policy constrained (Landscape Design, TAS)	116,000
More fish/wildlife protection	0
New areas with listed species (no harvest)	6,000
Available for harvest 2023	294,000

Acreage Assumptions - 2070

Land Designation	No HCP
Inoperable (can't harvest)	72,000
Policy constrained (FMP, FMA no harvest)	126,000
Policy constrained (Landscape Design, TAS)	89,000
More fish/wildlife protection	0
New areas with listed species (no harvest)	59,000
Available for harvest 2070	268,000

Key Assumptions

- Agency costs increase at real rate 0.5% annual avg.
- ESA compliance staff costs increase 2.8% annual avg. (real)
- Timber prices constant real (\$350/MBF)
- Initial constraints based on current take avoidance
- Harvest schedules follow non-declining even flow



HCP Preparation Costs

Cost Category	Annual Cost (2018 Dollars)	Total Cost (Over 3 years)
ODF Staffing	\$388,000	\$1,164,000
HCP Consultant	\$450,000	\$1,350,000
Economic Consultant	\$50,000	\$150,000
Environmental Impact Statement (EIS) Consultant	\$300,000	\$900,000
HCP Facilitators	\$165,000	495,000
Total	\$1,353,000	\$4,049,000

- ODF received one Federal grant (\$750K)
- Would pursue two more grants (\$1.75M)
- High likelihood of success
- Actual cost to ODF to prepare HCP = \$1.5M

ESA Compliance Costs

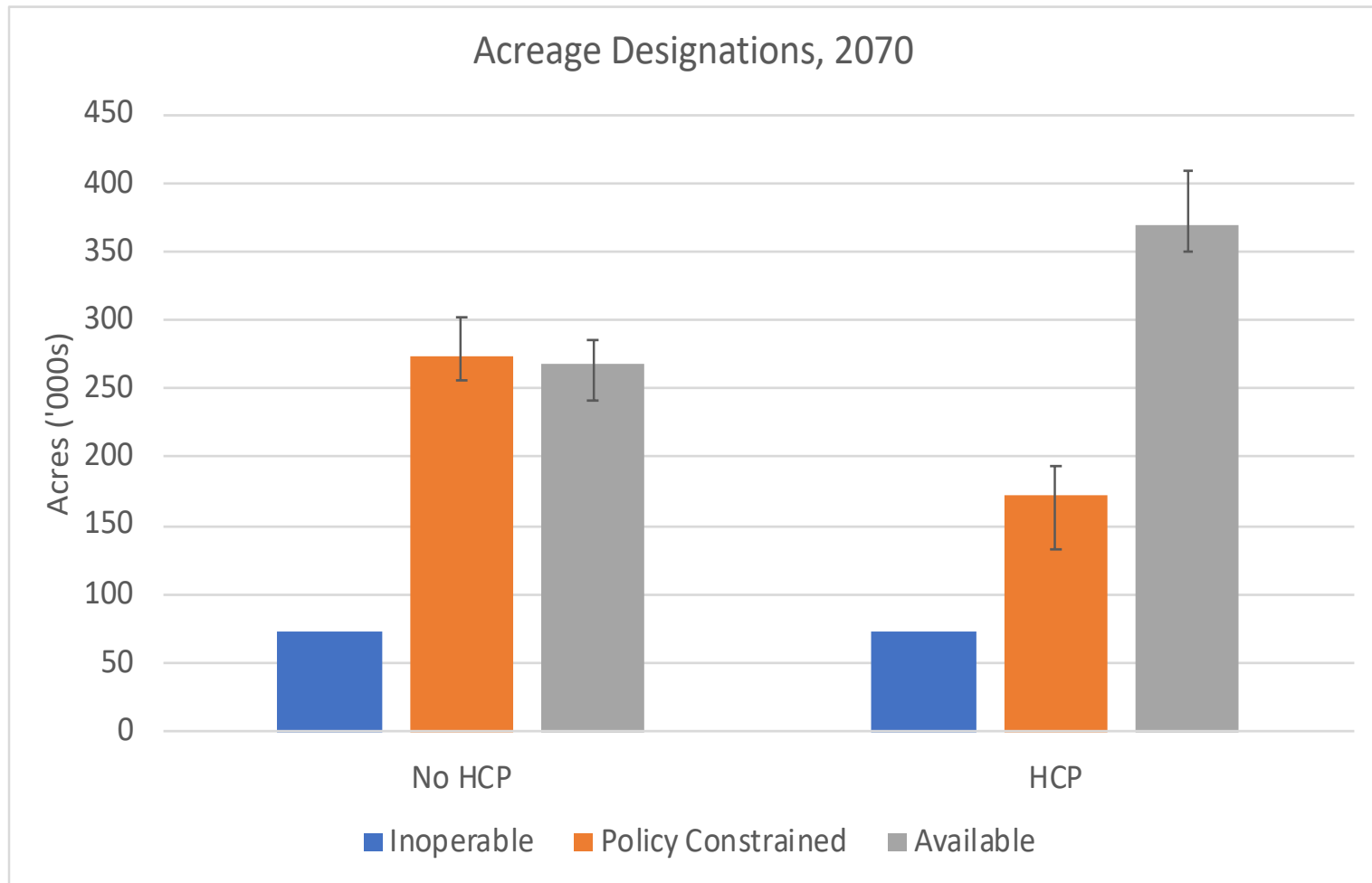
Cost Category	No HCP (2021)	HCP (2021)	Annual HCP Cost Savings (2021)	Annual HCP Cost Savings (2070)
Administration of ESA Compliance	\$784,000	\$490,000	\$294,000	\$2,784,000
Pre-Harvest Species Surveys	\$4,216,000 ^a	\$2,121,000	\$2,095,000	\$2,728,000
Species Management Costs ^b	\$150,000	\$350,000	(\$200,000)	(\$455,000)
Total	\$5,150,000	\$2,961,000	\$2,189,000	\$5,058,000

^a Assumes new species listing would result in over \$1.7 million of additional annual survey costs.

^b Assumes continued grant-funding of stream restoration.

- ESA compliance administrative costs expected to rise substantially over time
- Predict immediate savings from HCP from lower survey and administration costs

Acreage Effects by Scenario, 2070



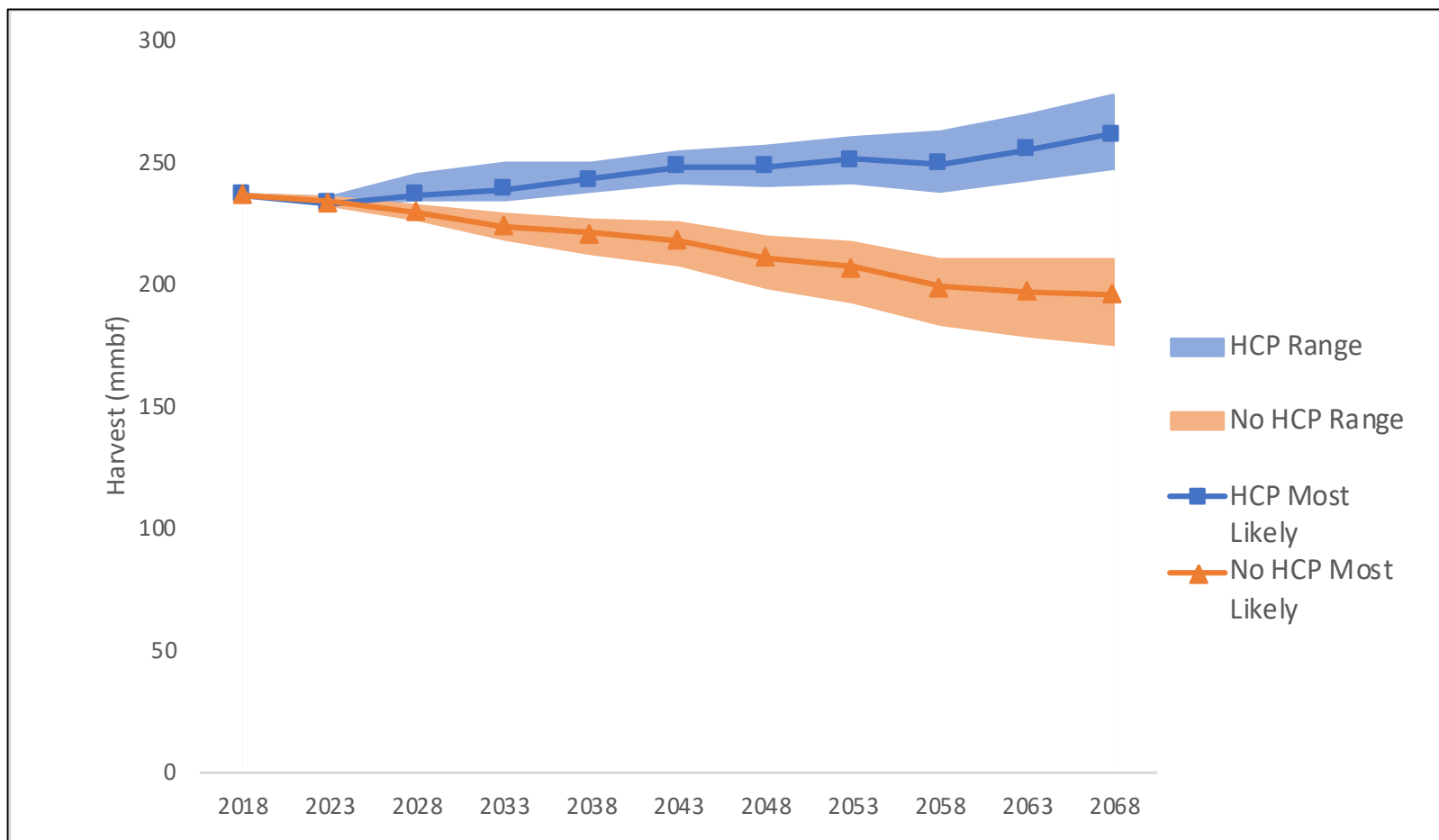
- HCP results in more acres available for harvest

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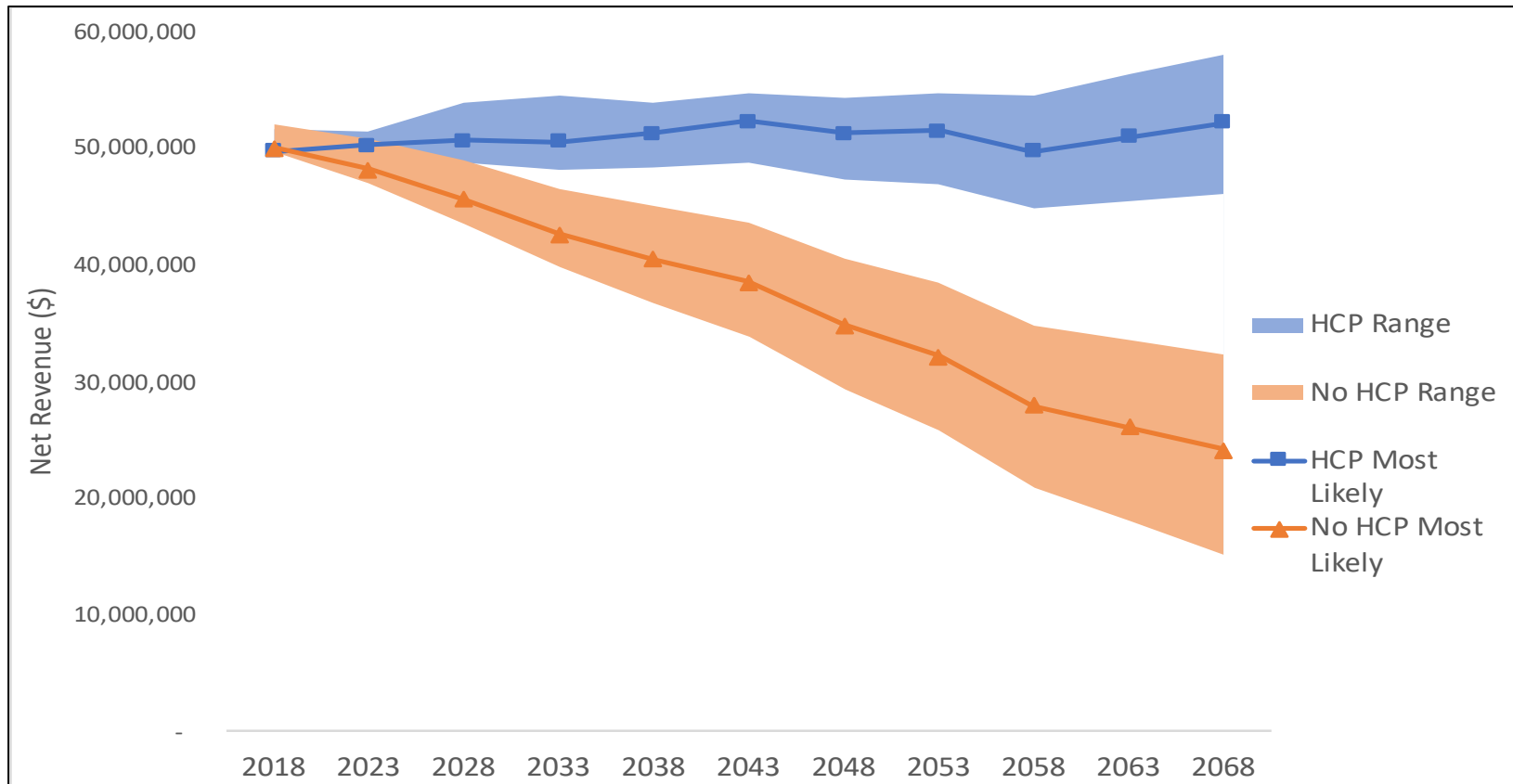
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Annual Harvest by Scenario



- HCP results in slight increase in annual harvests over time
- No HCP results in average annual declines in harvest

Annual Net Revenue by Scenario



- HCP results in stable net revenue
- No HCP results in annual declines in net revenue

Cumulative Revenue by Scenario, 2070

- Gross Revenue NPV (discounted)
 - HCP: \$1.9 billion
 - No HCP: \$1.7 billion
 - \$200 million NPV benefit of HCP
- Net Revenue NPV
 - HCP:\$1.15 billion
 - No HCP: \$900 million
 - \$250 million NPV benefit of HCP

- Reduced planning costs for ODF staff
- Reliable habitat provision for ecological, species benefit
- Impacts on recreation and ecosystem services appears negligible
- Reduced long-term litigation risk and liability

- An HCP would allow investment in species protection and enhancement instead of surveys and administration
- An HCP would provide important benefits for reliability and certainty of
 - Species conservation
 - Timber harvests and revenue
- HCP provides more certainty to balance species needs and harvest obligations
- HCP provides non-timber co-benefits

QUESTIONS?

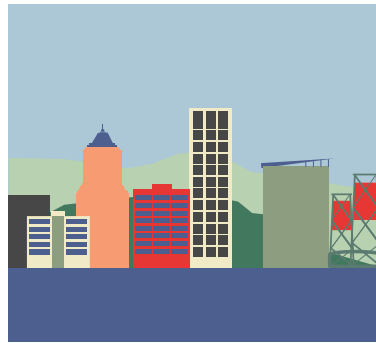


ECONorthwest

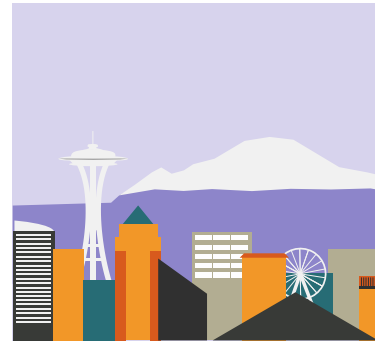
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Prompt:

Do you think it is in the best interest of the state to continue pursuing an HCP?

Recommendations

- ***Integrate*** and continue working on the *Goals, Strategies, and Measurable Outcomes*.
 - Continue FMP development using an adaptive management framework.
 - Geographic scope for the revised FMP: all state forest lands west of the cascades.
- Continue to pursue an HCP by advancing to and completing Phase 2: Strategy Development, including the associated Steering Committee, Scoping Team and public engagement processes.

Next Steps: HCP Phase 2

- Design and implement a facilitated stakeholder engagement process.
- Begin developing and evaluating conservation and management strategies.
- Provide an update on Phase 2 progress to the Board in July 2019.
- Present Phase 2 outcomes to the Board in November 2019.

Next Steps: FMP

- January 2019- final report on the current condition and assessment of forest resources in the planning area
- March 2019- final proposed *Goals, Strategies, and Measurable Outcomes*
- April 2019- initial recommendations of information needs that inform the Board's policy decisions