



# Oregon Department of Forestry



**78<sup>th</sup> Oregon Legislative Assembly  
2015-17 Biennial Budget  
Ways and Means Presentation  
April 2015**

# Table of Contents

## **Oregon Department of Forestry PowerPoint Presentation Slides**

### **Agency Summary**

A. Overview.....	1-1
B. Key Budget Drivers and Major Issues.....	1-5
C. 2015-17 Governor's Budget .....	1-10

### **Fire Protection**

A. Overview.....	2-1
B. Key Performance Measures.....	2-2
C. Key Budget Drivers and Major Issues.....	2-5
D. Measures to Contain Costs, Improve Program Delivery .....	2-9
E. Revenue Sources and Relationships .....	2-12
F. 2015-17 Governor's Budget .....	2-14
G. Appendix.....	2-16

### **Administration**

A. Overview.....	3-1
B. Key Performance Measures.....	3-2
C. Key Budget Drivers and Major Issues.....	3-4
D. Measures to Contain Costs, Improve Program Delivery .....	3-9
E. Revenue Sources and Relationships .....	3-13
F. 2015-17 Governor's Budget .....	3-14

# Table of Contents

## **Private Forests**

A. Overview.....	4-1
B. Key Performance Measures.....	4-3
C. Key Budget Drivers and Major Issues.....	4-12
D. Measures to Contain Costs, Improve Program Delivery.....	4-17
E. Revenue Sources and Relationships.....	4-19
F. 2015-17 Governor's Budget.....	4-20

## **State Forests**

A. Overview.....	5-1
B. Key Performance Measures.....	5-2
C. Key Budget Drivers and Major Issues.....	5-4
D. Measures to Contain Costs, Improve Program Delivery.....	5-7
E. Revenue Sources and Relationships.....	5-8
F. 2015-17 Governor's Budget.....	5-9

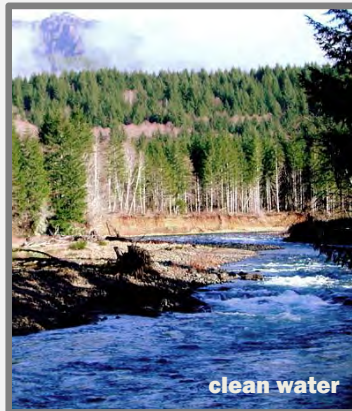
## **Appendices**

A. HB 4131 Report.....	Page 6-1
B. 2013 Audit Report.....	Page 6-3
C. 2014 Audit Report.....	Page 6-5
D. Agency Responses to Audit Findings.....	Page 6-8
E. Proposed I.T. and Capital Construction Projects.....	Page 6-11
F. 2013-15 Reclassifications.....	Page 6-13
G. 2013-15 New Hires.....	Page 6-14
H. 2013-15 Estimated Other Funds Ending Balances.....	Page 6-16
I. 10% Reduction Options.....	Page 6-17
J. Key Performance Measures – Agency Management Report.....	Page 6-20

# Oregon Department of Forestry




78<sup>th</sup> Oregon Legislative Assembly  
2015-17 Biennial Budget  
Ways and Means Presentation  
April 2015






## Presentation Overview

- Overview of Oregon's forests
- ODF and our services to Oregonians
- Budget overview and issues
- A closer look at our key businesses



4

Oregon Department of Forestry



78<sup>th</sup> Oregon Legislative Assembly  
2015-17 Biennial Budget  
Ways and Means Presentation  
April 2015

5

Introductory Comments



**Healthy forests are  
crucial to Oregon**

6

Introductory Comments



**Public investment is important to maintaining our forests**

Introductory Comments

7



**Wildfire Protection**  
Controls costs, invests in forest resiliency

Introductory Comments

8

**State forest management**

**Federal forest restoration**

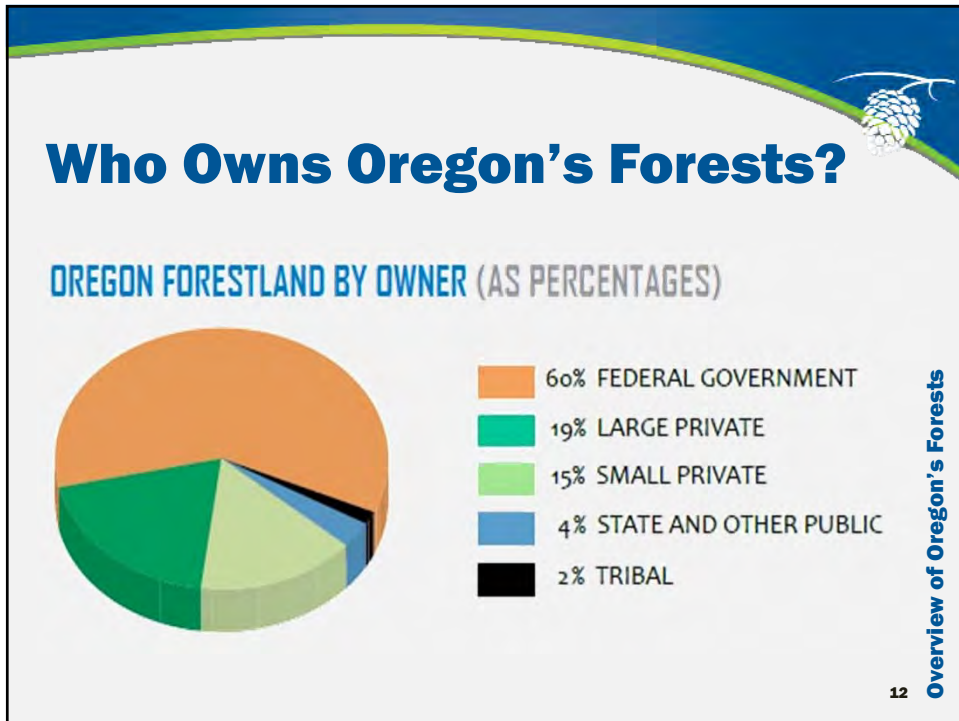
**Introductory Comments**

9

**OVERVIEW OF OREGON'S FORESTS**

10







**State, tribal and other publicly owned forests**  
6%

13 Overview of Oregon's Forests



**Private forestlands**  
(large industrial, corporate, and family-owned)  
34%

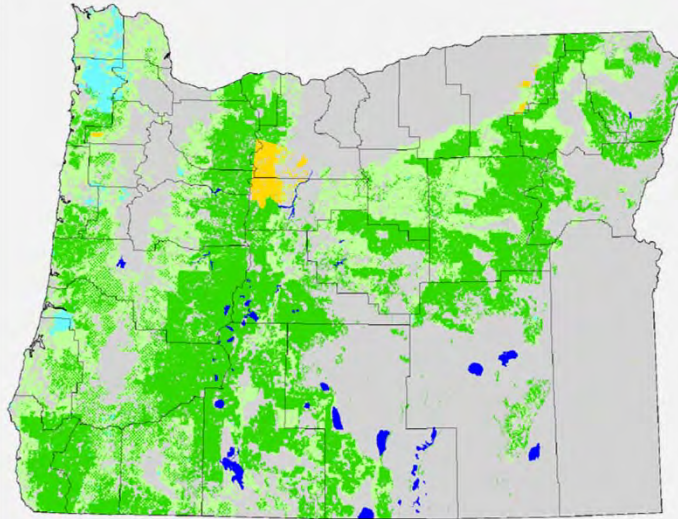
14 Overview of Oregon's Forests

# Federal forestlands



Generalized Ownership  
on  
Forested Land

- Non Forest
- Water
- Private / Non Governmental
- Federal
- State Lands
- Indian Reservations
- County Lands



15 Overview of Oregon's Forests



16 Overview of Oregon's Forests



Oregon legislative tour of federal forests  
in Central Oregon - October 2014



# Oregon's urban forests



**Social | Economic | Environmental  
benefits**

19 Overview of Oregon's Forests

This slide features a lush green forest background. At the top right is a pine cone icon. The main title 'Social | Economic | Environmental benefits' is centered in white. Below the title are three circular icons: a person with a backpack (social), a dollar sign (economic), and a deer (environmental). The page number '19' and the text 'Overview of Oregon's Forests' are in the bottom right corner.



**Economic benefits**

- Jobs and income
- Revenue for public services
- Primary manufacturing
- Benefits to rural communities

20 Overview of Oregon's Forests

This slide has a white background with a blue and green curved header at the top. A pine cone icon is in the top right. The title 'Economic benefits' is in blue. On the left is a photo of a forester in a red hard hat and safety vest using a chainsaw. A bulleted list of economic benefits is on the right. The page number '20' and the text 'Overview of Oregon's Forests' are in the bottom right corner.

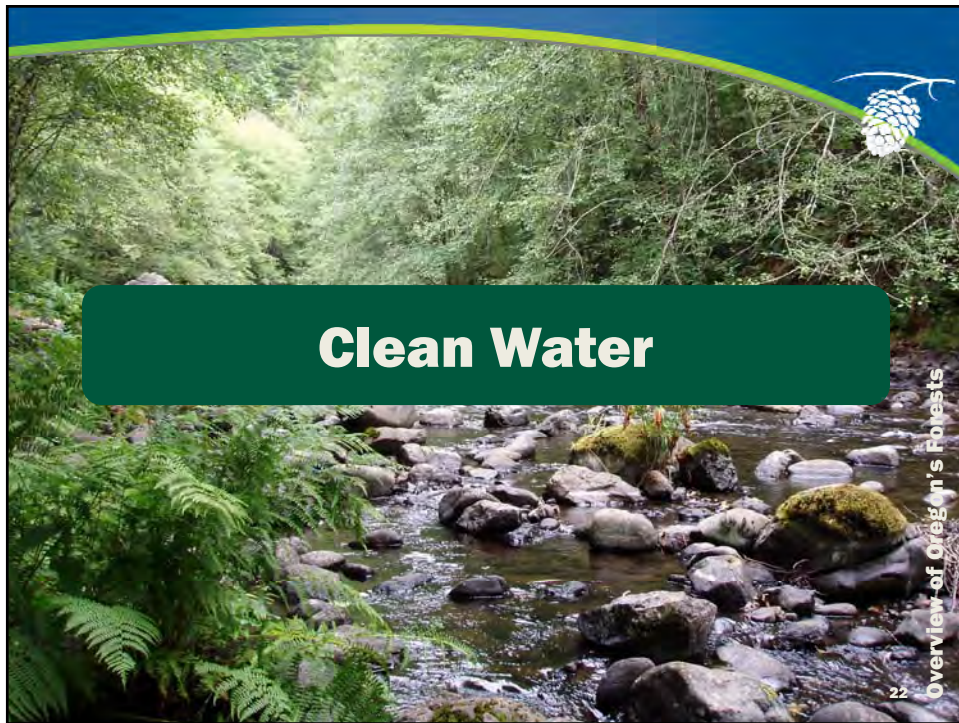
## Support for public services



**Combined public and private forest revenues to state and local governments: \$458 million (2013)**

21

## Clean Water



22

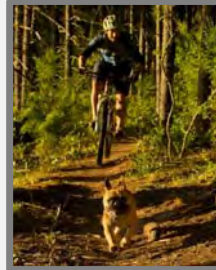


# Biomass Potential



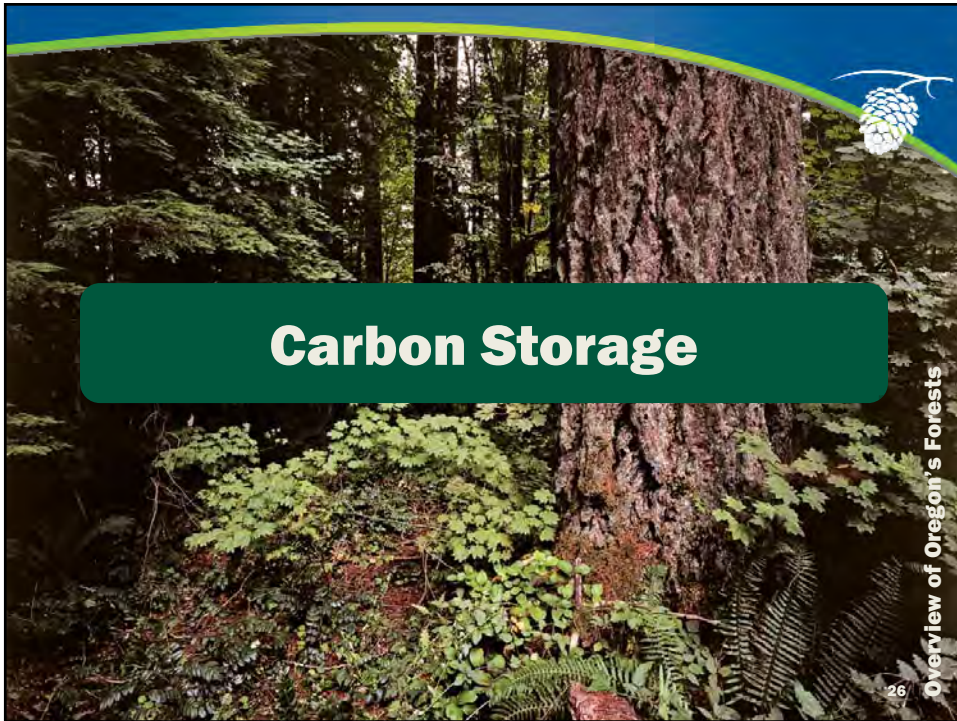
# Wildlife Habitat

## Social Benefits



25

## Carbon Storage



26



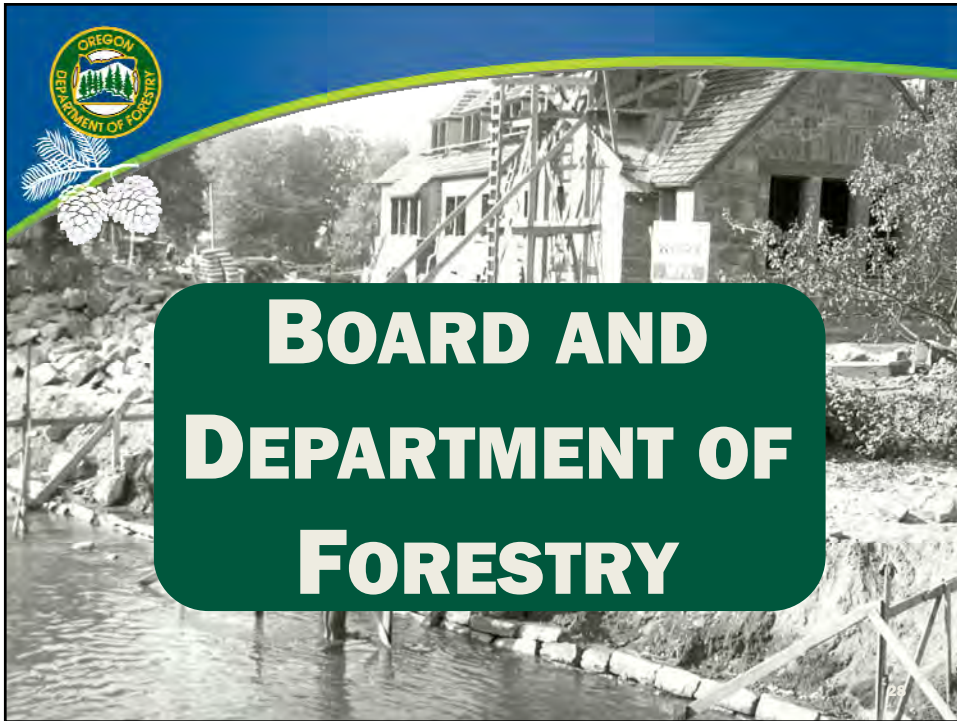
# Community Well-being



Overview of Oregon's Forests



# BOARD AND DEPARTMENT OF FORESTRY



# Board of Forestry



Board & Department of Forestry

29

# Board of Forestry



**Tom Imeson, Chair**



**Sybil Ackerman-Munson**



**Nils Christoffersen**



**Cindy Deacon Williams**



**Tom Insko**



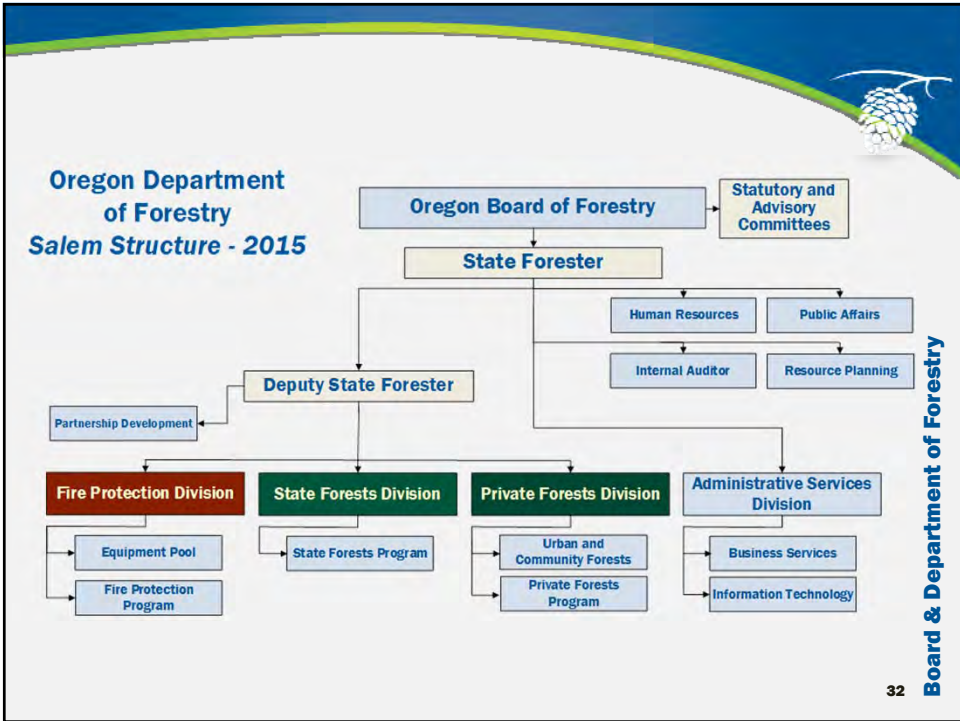
**Mike Rose**

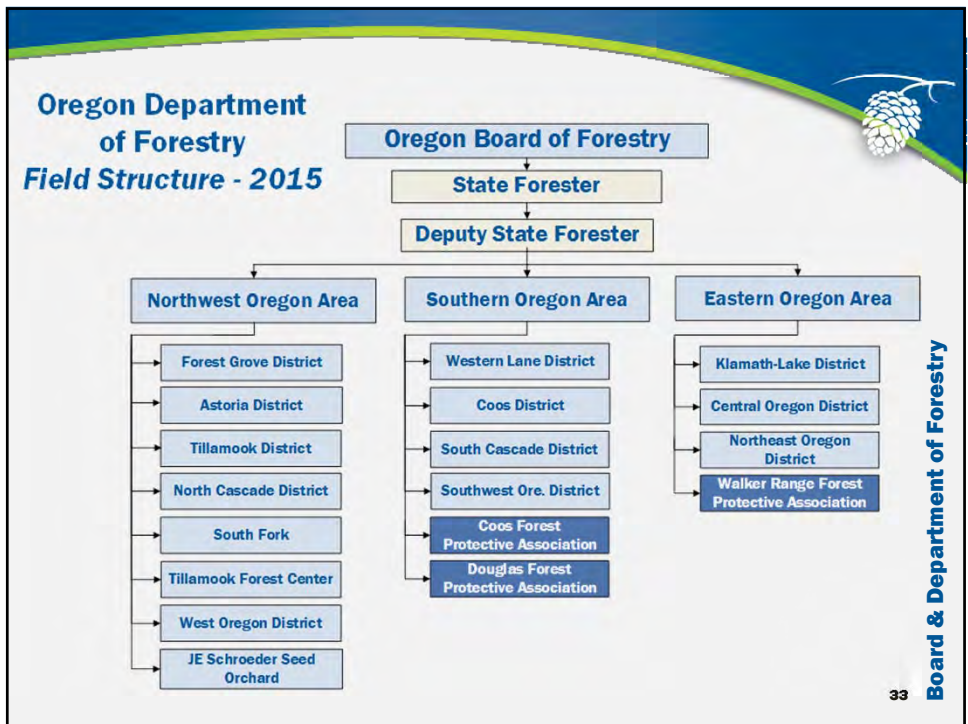


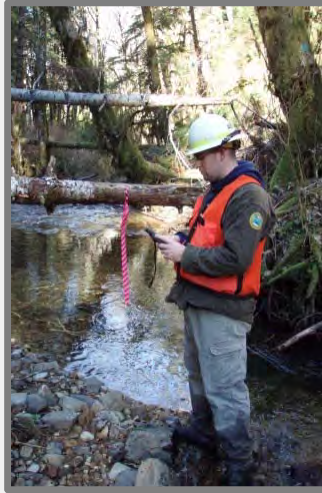
**Gary Springer**

Board & Department of Forestry

30







## Direct benefit to Oregonians





## Governor's Budget by fund type

2015-17 Governor's Budget

General Fund	\$68,834,256
Lottery Funds	\$ 8,574,885
Other Funds	\$ 234,928,202
Other Funds (Nonlimited)	\$10,000,000
Federal Funds	\$31,678,698
<b>Total Funds</b>	<b>\$354,016,041</b>
Full-Time Equivalent (FTE)	887.16

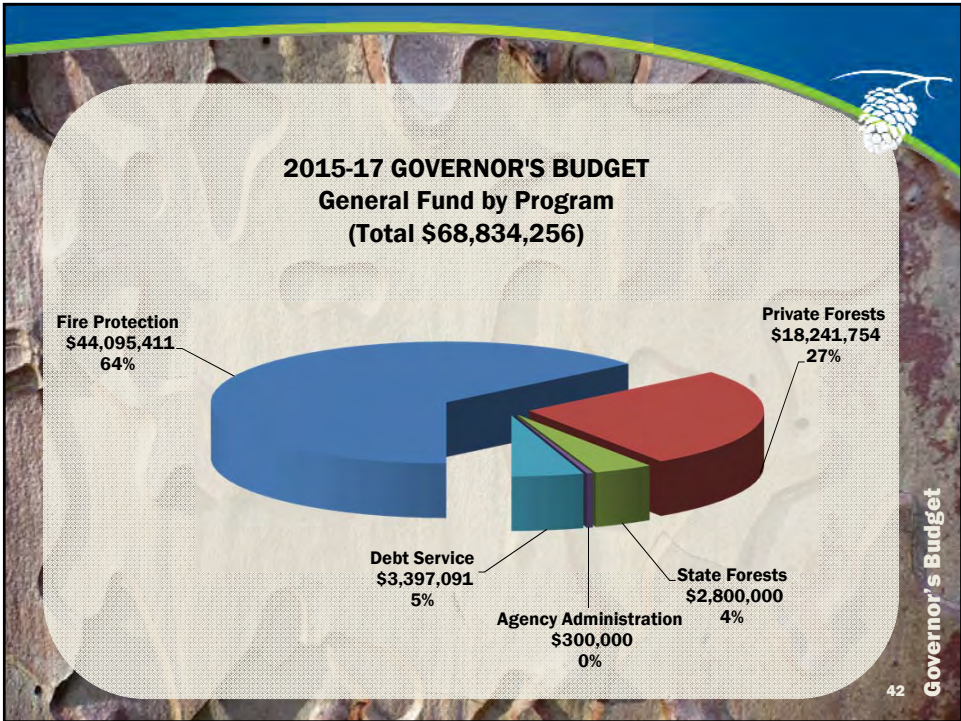
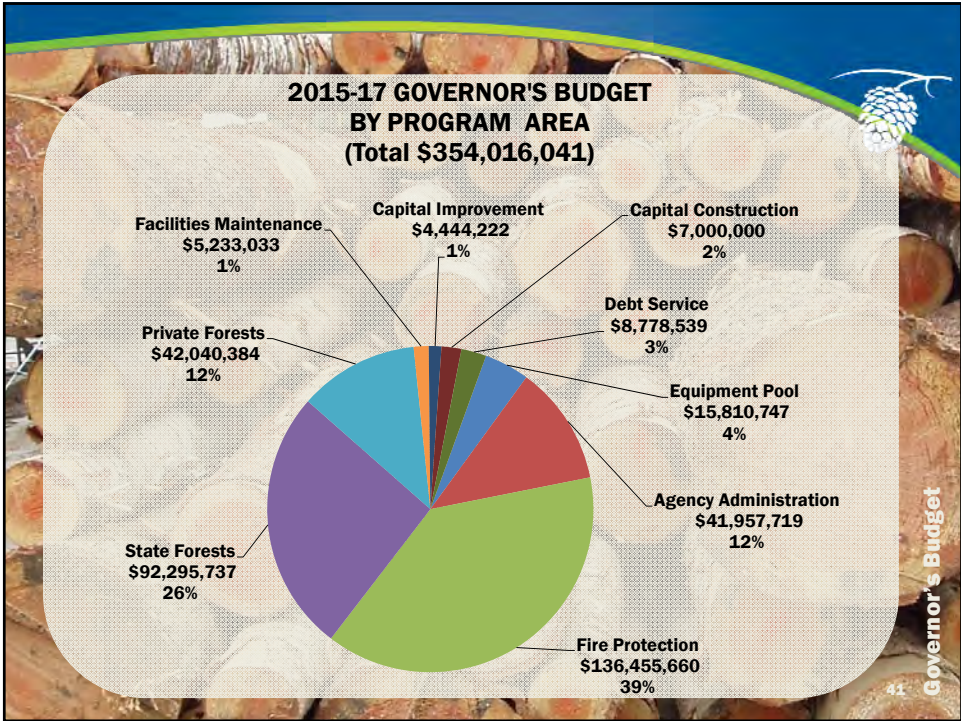
## Major Other Funds and Federal Revenues

### Major Other Fund Revenues

- Timber sales from state forests
- Fire protection landowner assessments
- Charges for fire protection contracts on federal lands and other services
- Harvest tax paid by all timber harvesters
- Smoke management and slash abatement fees

### Federal Funds

- Grants and reimbursements from the US Forest Service, Bureau of Land Management, FEMA, and other federal agencies



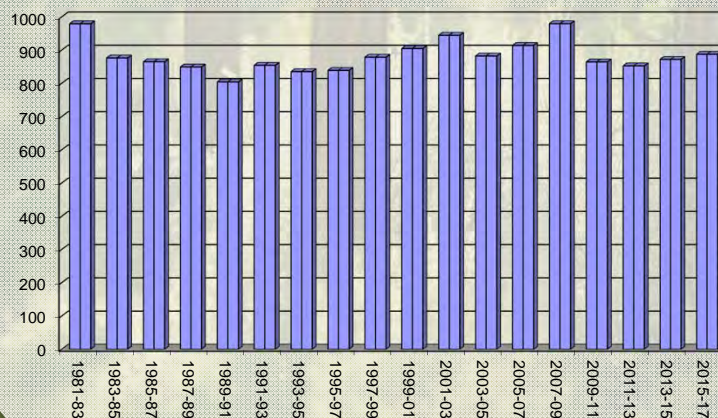


## 2015-17 Governor's Budget Enhancement packages

- Special Purpose Appropriation, rangeland protection
- Bridge funding in State Forests Program
- Building capacity in Forest Practices Act administration and water quality
- Continued progress on federal forest management and restoration
- Providing essential administrative capacity
- Restoration of State Forester's Office Building
- Promoting use of forest biomass

43

FULL TIME EQUIVALENTS (FTE)  
 1981-2015 LEGISLATIVELY APPROVED FTE  
 and 2015-17 GOVERNOR'S BUDGET FTE OF 887.16



44

## The bottom line

Public investment is critical:

- To protect forests from fire
- To keep forests healthy and working
- To manage our state-owned forests for many benefits
- To help restore federal forests

45 Governor's Budget



## A guide to program review

- Purpose
- Strategies
- Funding
- Results
- Budget environment and challenges
- Governor's Budget

46

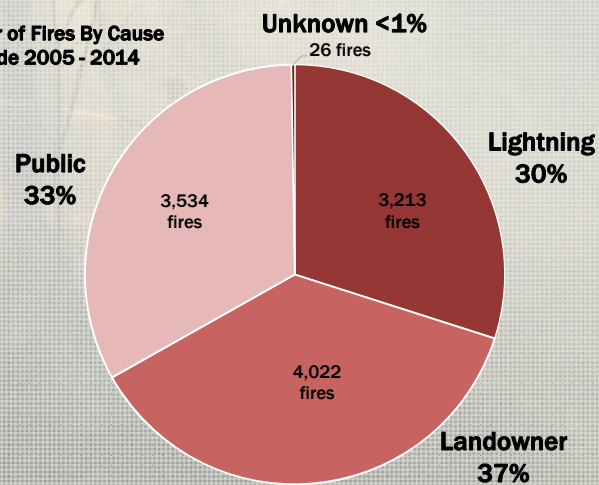


# ODF Protection Districts



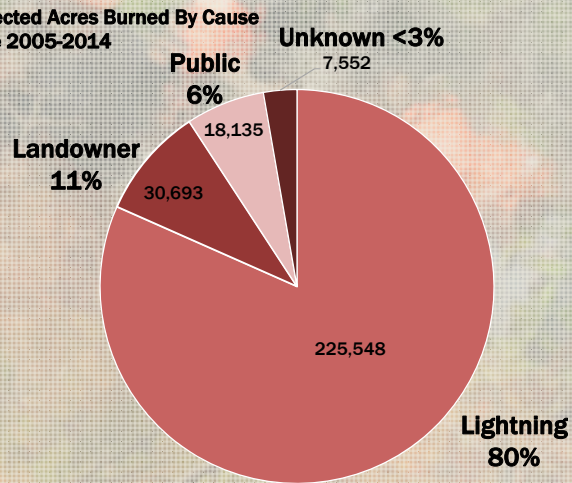
# Number of Fires By Cause

Number of Fires By Cause  
Statewide 2005 - 2014



# Acres Burned By Cause

ODF Protected Acres Burned By Cause  
Statewide 2005-2014



# Strategies





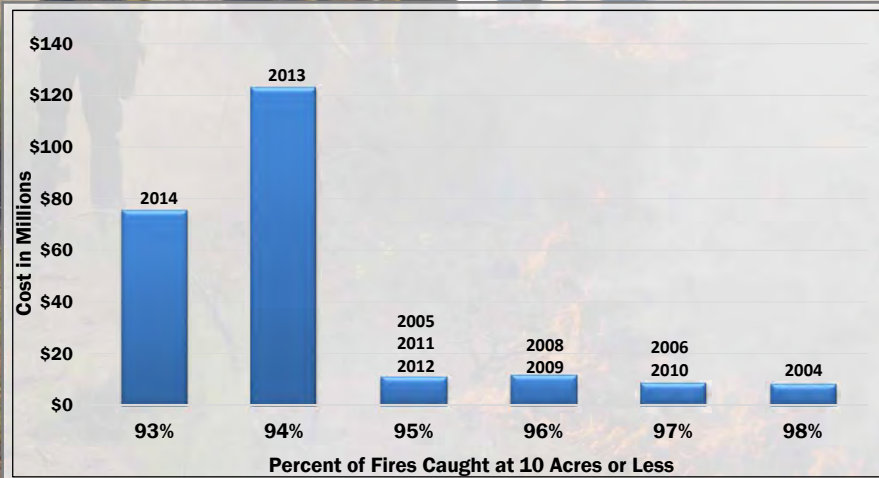
# Suppression

Aggressive initial attack



# Keeping fires small

# Keeping fires small means big savings



# Complete & Coordinated



# Partnerships



57

Fire Protection

# Prevention



58

Fire Protection



# Collaboration, planning and fuels treatments

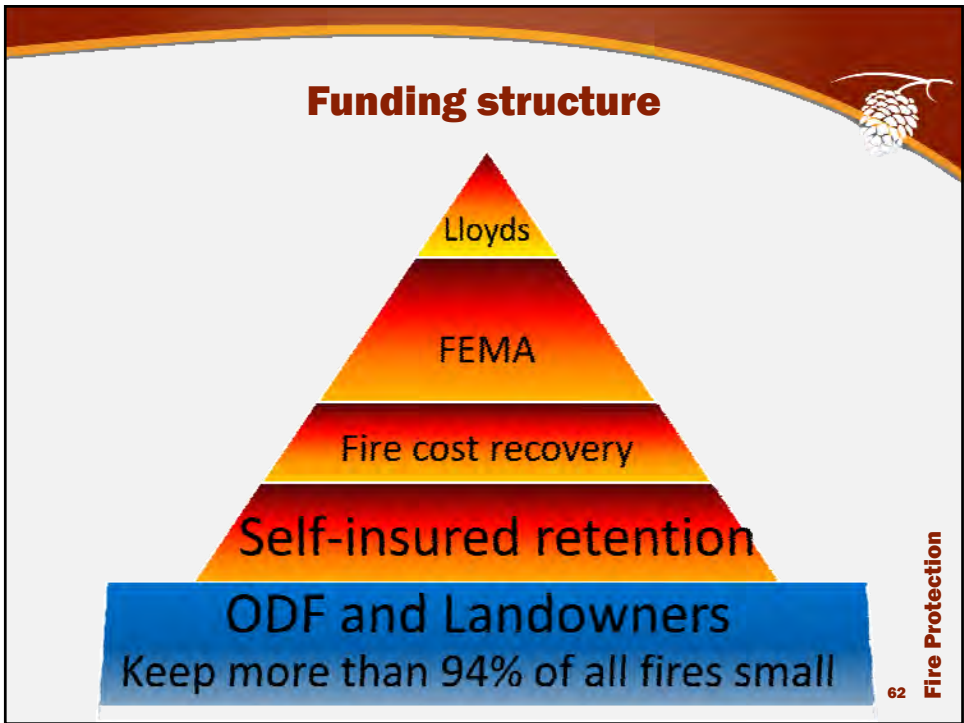
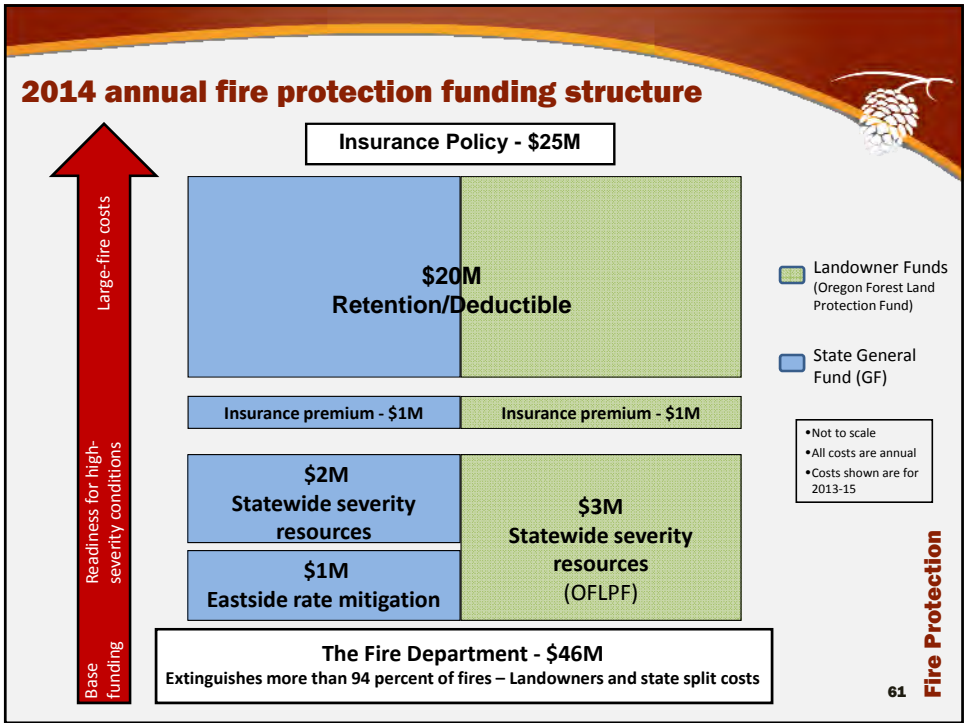


59 Fire Protection

# Funding

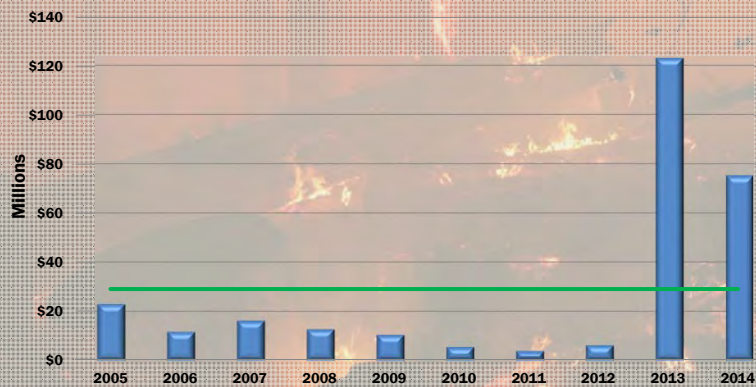


60 Fire Protection



# Large Fire Costs

Actual Gross Costs. Values are by Calendar Year.  
10-Yr Average 2005-2014: \$29M



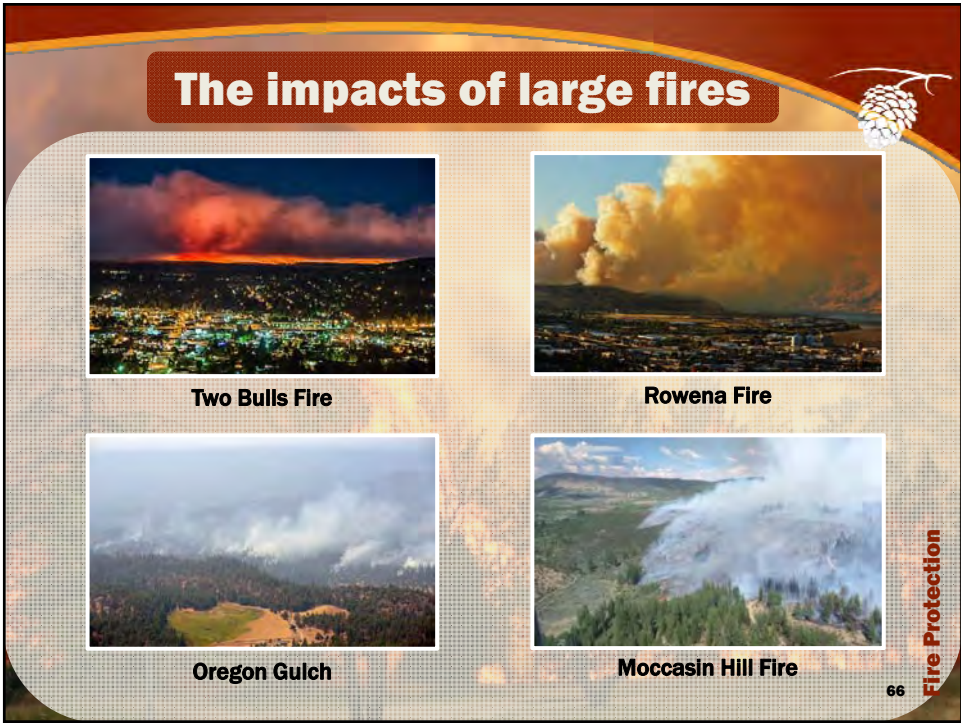
63

Fire Protection

# Budget Environment and Challenges

64

Fire Protection



# Wildfire costs and capacity



# Aviation Resources Including "Severity"



# View from the Field

John Buckman, Northeast Oregon District Forester



69 **Fire Protection**

# Business and technology capacity



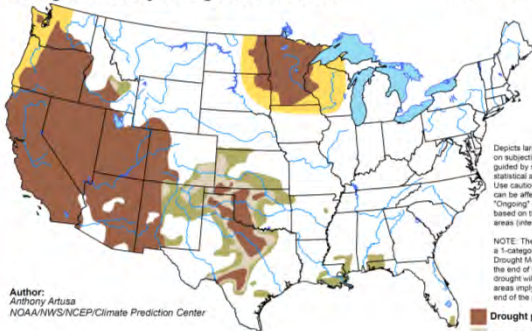
356/ -4 x18.1 N

70 **Fire Protection**

# Drought and increasing fire season severity

## U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for March 19 - June 30, 2015  
Released March 19, 2015



Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).

Author:  
Anthony Artusa  
NOAA/NWS/NCEP/Climate Prediction Center



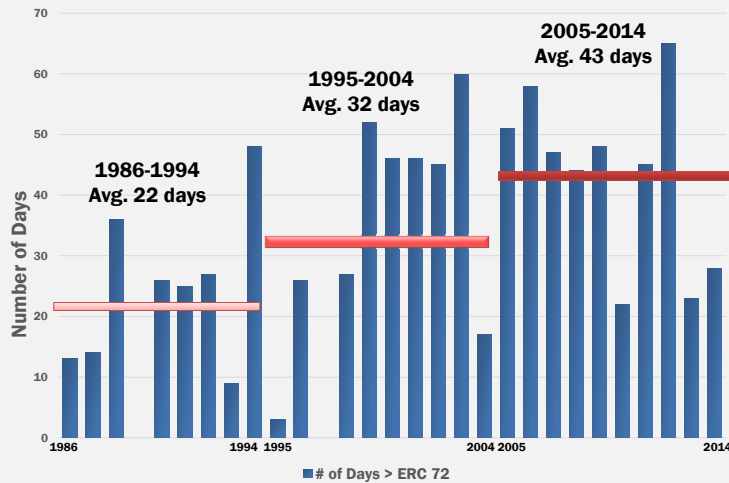
- Drought persists/intensifies
- Drought remains but improves
- Drought removal likely
- Drought development likely

<http://go.usa.gov/hHTe>

71

Fire Protection

# Drought and increasing fire season severity



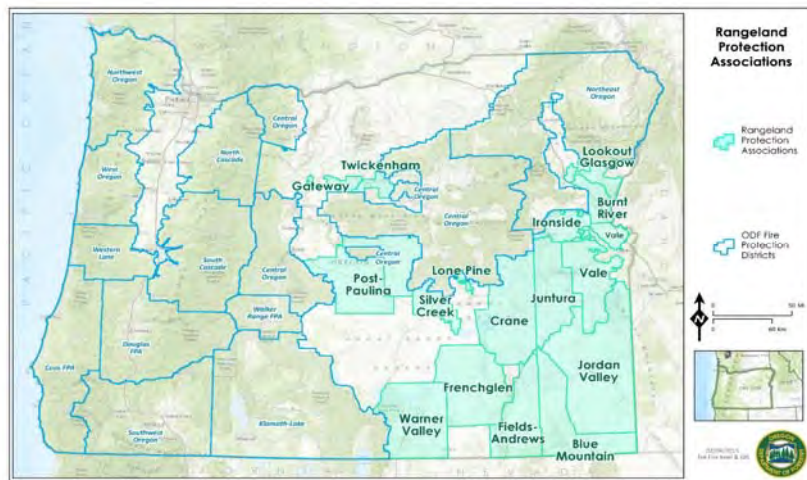
72

Fire Protection

# Forest health



# Rangeland Protection Associations







# Governor's Budget

Funds base-level protection, Special Purpose Appropriation and increases rangeland funding

75 Fire Protection



76 Fire Protection



# Federal Forest Health

Increasing pace and scale

Agency Administration



# Overview

Support collaborative approach

- Grants, technical assistance, science support

State-federal implementation partnership

Agency Administration

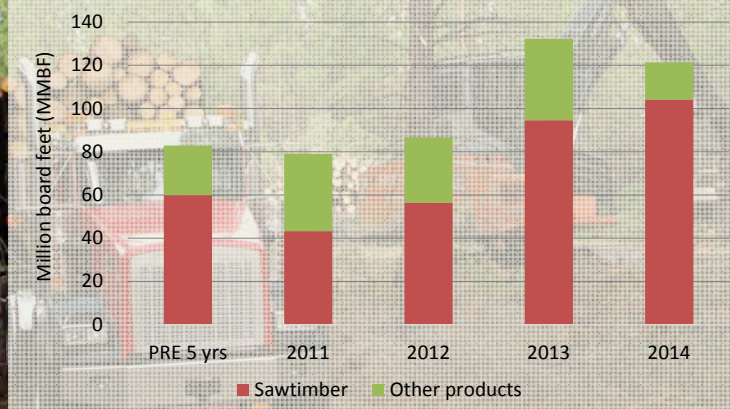
# Results

- **Built partnership:**
  - Seat at table on NFS management
  - Sale layout by ODF employees
- **Leveraged dollars and innovation:**
  - \$10 million federal funds
  - Lower Joseph: 4 times size, 1/3 time
- **Reversed economic trendline:**
  - 16% increase in jobs
  - Private sector investment

79

# Results

USFS Timber Sold in Blues Region



80

A photograph of three people standing in a forest. A woman on the left is holding a clipboard. A man in the center is wearing a dark jacket and jeans. A man on the right is wearing a light-colored jacket and a cap. The background shows tall trees and a forest floor.

**2015-17 Program**

- Maintain two primary components
- Expand program statewide
- Implement Good Neighbor Agreement

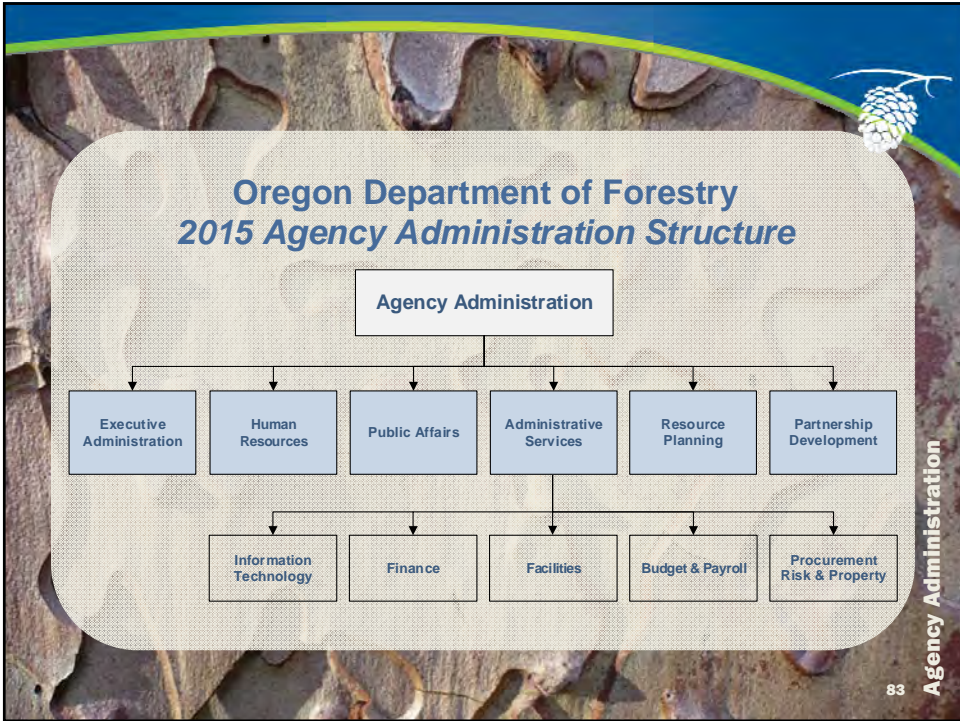
81

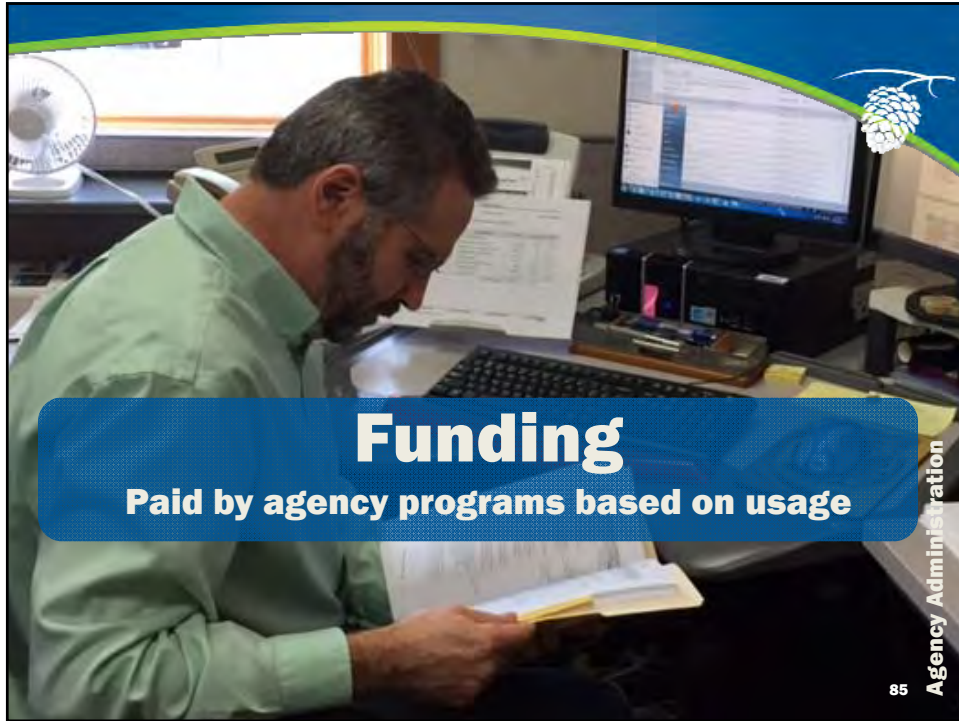
Agency Administration

A photograph of a river flowing through a forest with vibrant autumn foliage in shades of orange, red, and yellow. The river reflects the sky and the surrounding trees. In the top left corner, there is a circular logo for the Oregon Department of Forestry, featuring a tree and the text 'OREGON DEPARTMENT OF FORESTRY'. Below the logo are two pinecones.

**AGENCY  
ADMINISTRATION**

82





## Funding

Paid by agency programs based on usage

85 Agency Administration



## Results

Recent findings from yearly survey of local policymakers and stakeholders:

- Met 100% target on overall service, accuracy, information availability, expertise, helpfulness, timeliness
- Concerns about ability to sustain excellent customer service

86 Agency Administration

# Budget Environment and Challenges



87

Agency Administration



Forestry Conference  
April 1947  
Salem, Oregon

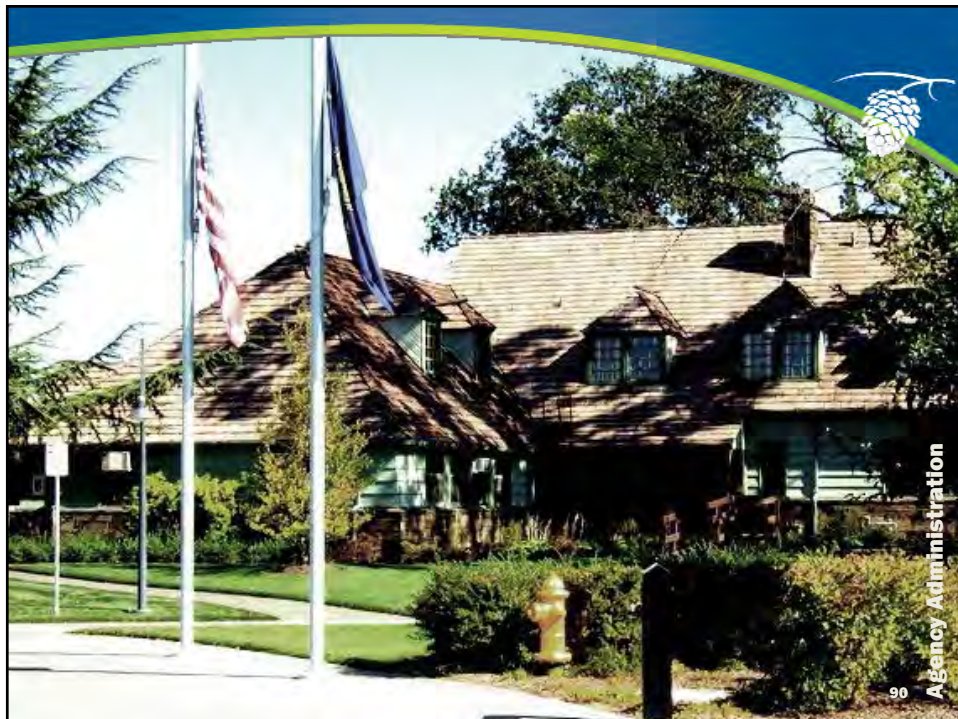
McEwen  
Photo

88

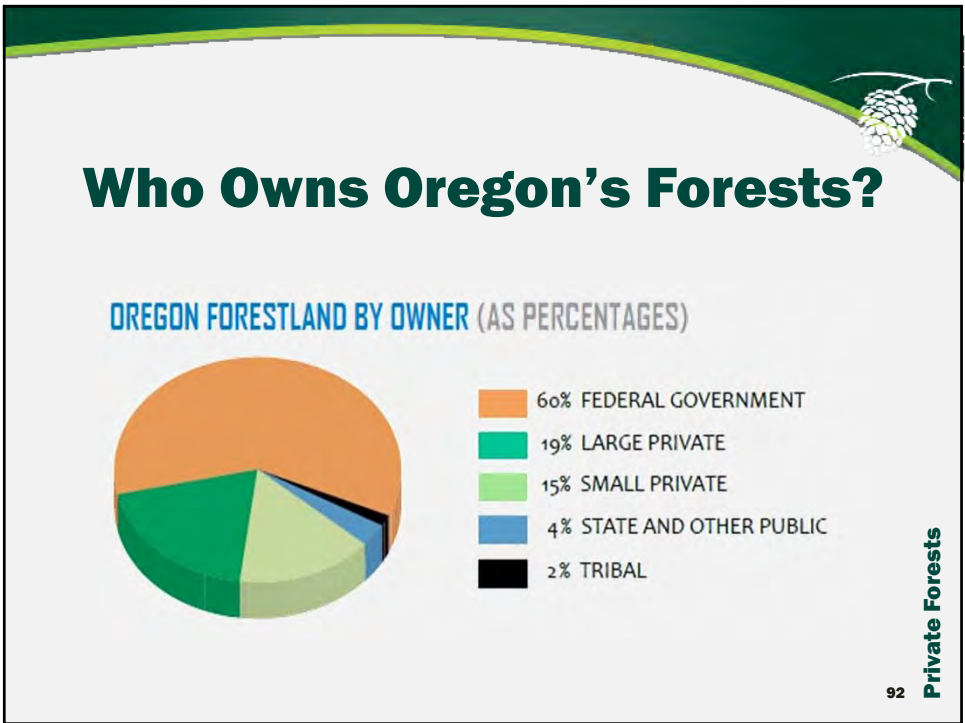
Agency Administration

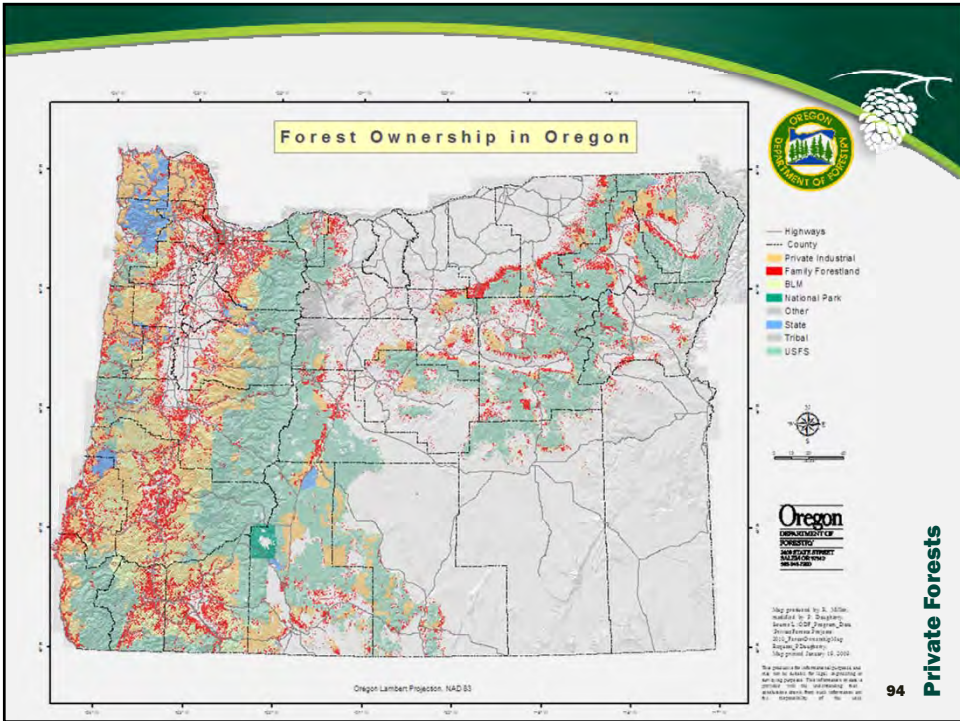
# Governor's Budget

- Additional administrative capacity
- Modern purchase order system
- Restoration of historic State Forester's Office Building









A photograph of a forest landscape with a stream in the foreground. The trees are green and some are showing autumn colors. A green curved banner is at the top, and a pine cone logo is in the top right corner.

## Four sub-programs

- Oregon Forest Practices Act (FPA) enforcement
- Forest Health Management
- Family Forestland Assistance
- Urban and Community Forestry

95 Private Forests

A photograph of two people standing in a forest. The woman is on the left, wearing a blue shirt and jeans. The man is on the right, wearing a white shirt and jeans. The background shows a rocky hillside with trees. A green curved banner is at the top, and a pine cone logo is in the top right corner.

## Oregon Forest Practices Act

96 Private Forests

## Resource protection



97

Private Forests

## Forest health management



Maintain and improve the health of  
Oregon's non-federal forests

98

Private Forests



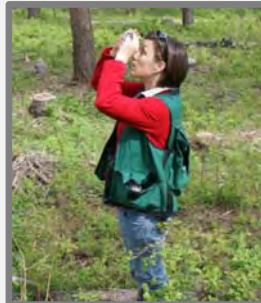
# Strategies



101

Private Forests

# Boots on the ground



102

Private Forests

# Inspections



103

Private Forests

# Forest Practices compliance audit



104

Private Forests

# Effectiveness monitoring

Private Forests

105

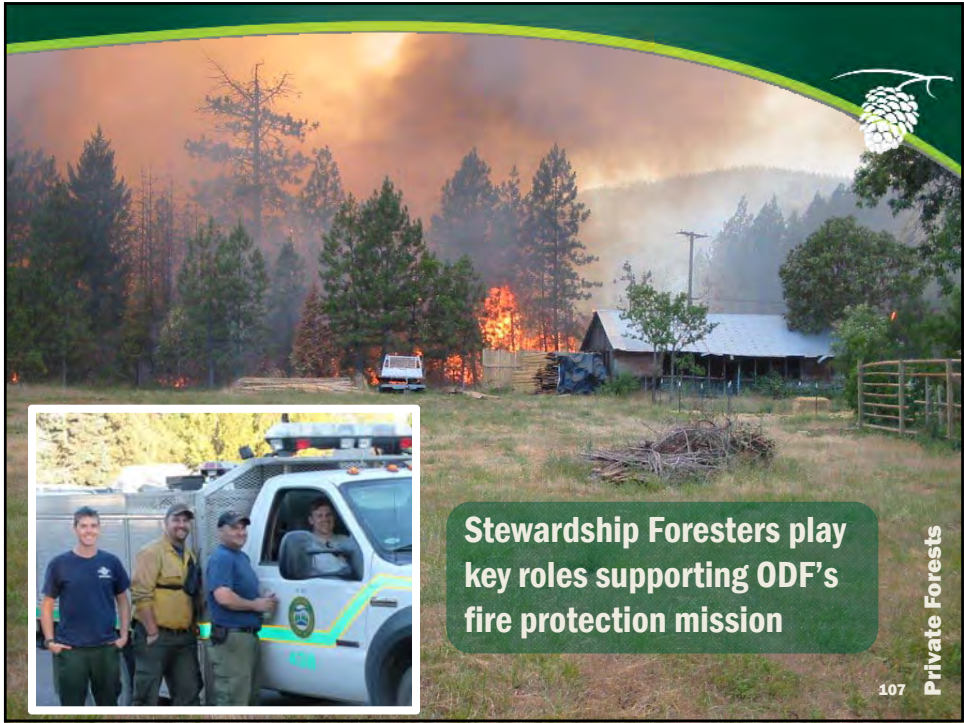
# Survey, evaluate, and monitor forest insects and tree diseases

# Provide technical advice and training on integrated pest management

Private Forests

106





**Stewardship Foresters play key roles supporting ODF's fire protection mission**

107

Private Forests



**Stewardship Foresters provide technical advice to family forestland owners**

108

Private Forests

**Provide technical assistance to help cities manage urban forests**

109

Private Forests

## Funding

- Historically, 60% General Fund, 40% Harvest Tax for Forest Practices Act
- General Fund support for Forest Health Management leverages Federal Funds and Other Funds
- Family Forestland Assistance and Urban and Community Forestry are federally funded

110

Private Forests

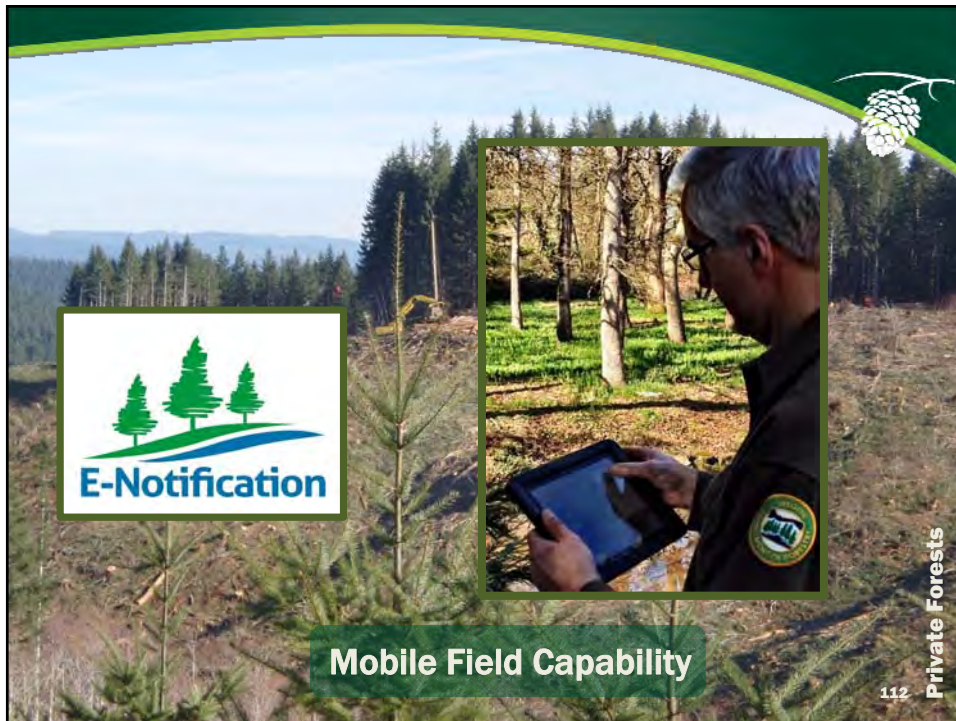
# Results



Online Notification System

111

Private Forests



Mobile Field Capability

112

Private Forests



**Certifying family forests**



**Planning green infrastructure projects**



113 **Private Forests**

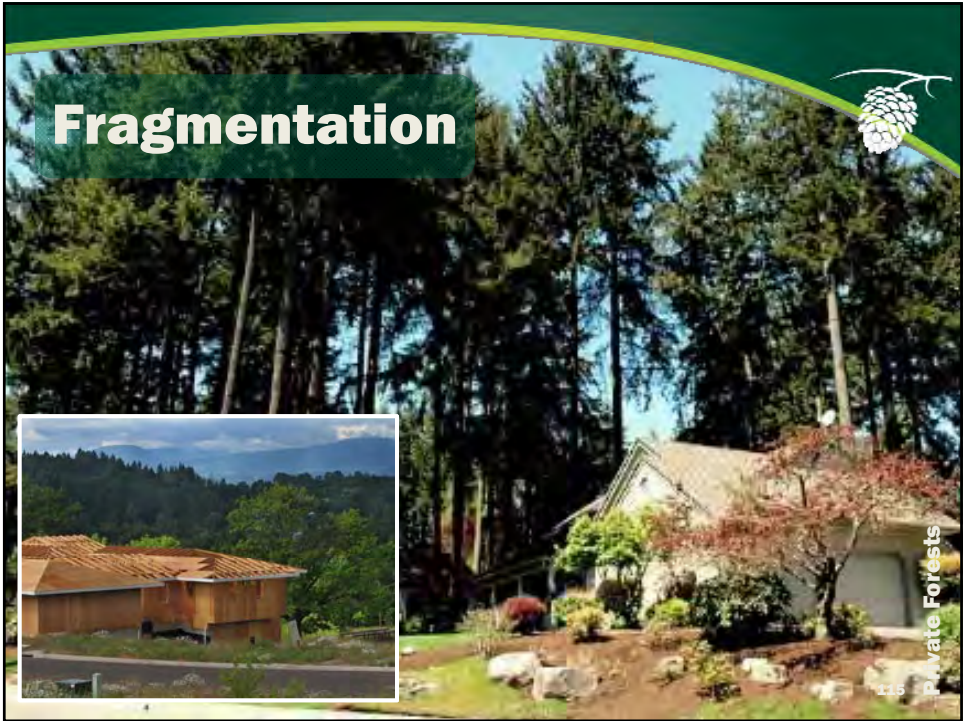


**Budget Environment and Challenges**



114 **Private Forests**

# Fragmentation



# Other challenges

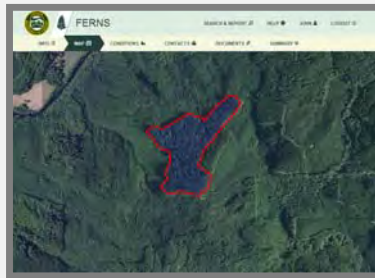
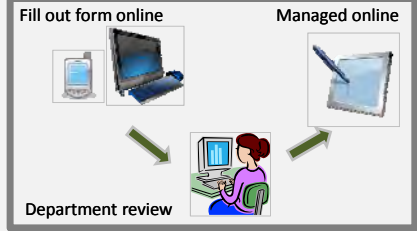


Gorse



Emerald ash borer

# E-Notification



117

# Biomass



118

## Water quality



119

Private Forests

## Governor's Budget

- Electronic Notification System maintenance and enhancement
- Leadership and facilitation for biomass use
- Water quality, forest roads FPA effectiveness

120

Private Forests

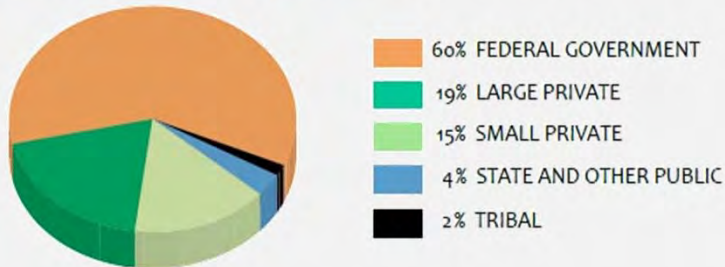


# STATE FORESTS

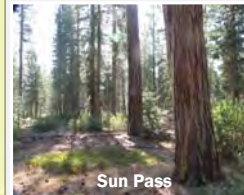
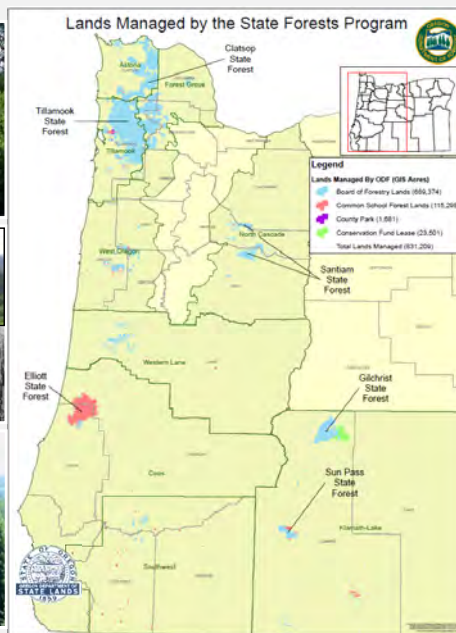


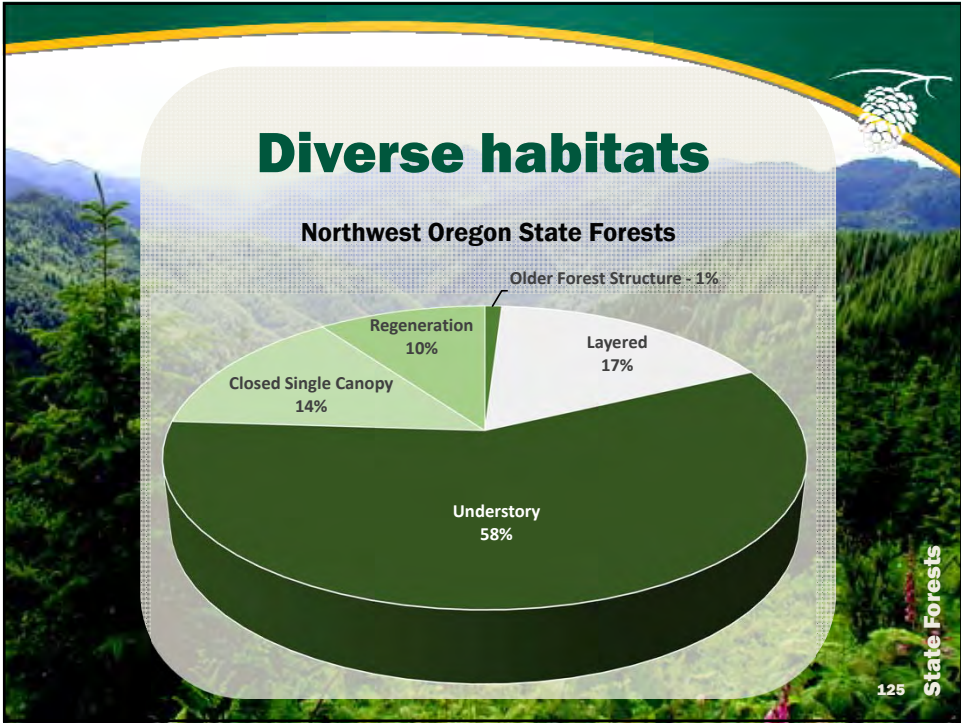
# Who Owns Oregon's Forests?

OREGON FORESTLAND BY OWNER (AS PERCENTAGES)



Lands Managed by the State Forests Program





# Purpose

Managing state-owned forests sustainably to benefit communities and the environment

126 State Forests





A photograph of a forest with tall trees and a young sapling in the foreground. A green curved banner is at the top, and a white pine cone icon is in the top right corner.

**Funding**

Oregon's State Forests Division is self-funded, almost entirely through timber harvest revenue

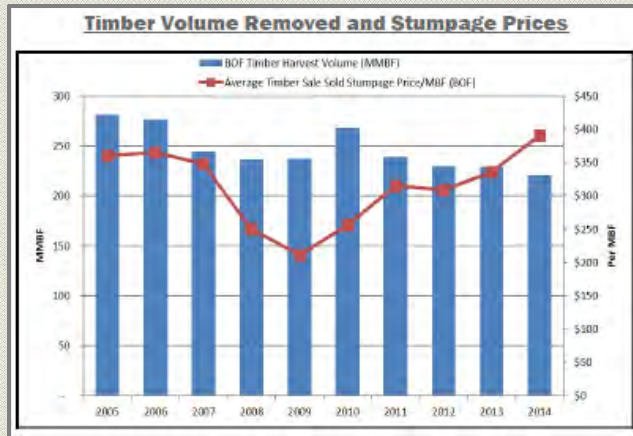
131 State Forests

A photograph of a forest with sunlight rays streaming through the trees.

**Results**

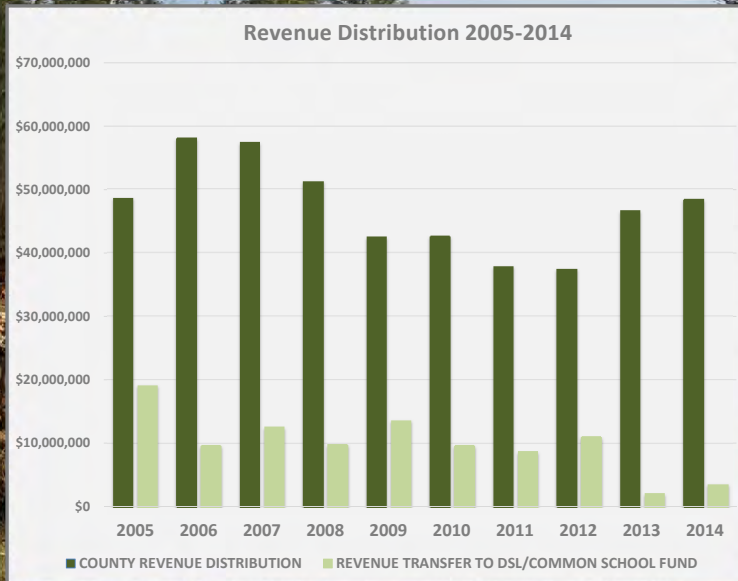
132 State Forests

# Timber harvest volume



- BOF Timber Harvest - 241 mmbf/year (2010-2014 average)
- Steady flow of timber through market fluctuations

# Revenue Distribution 2005-2014



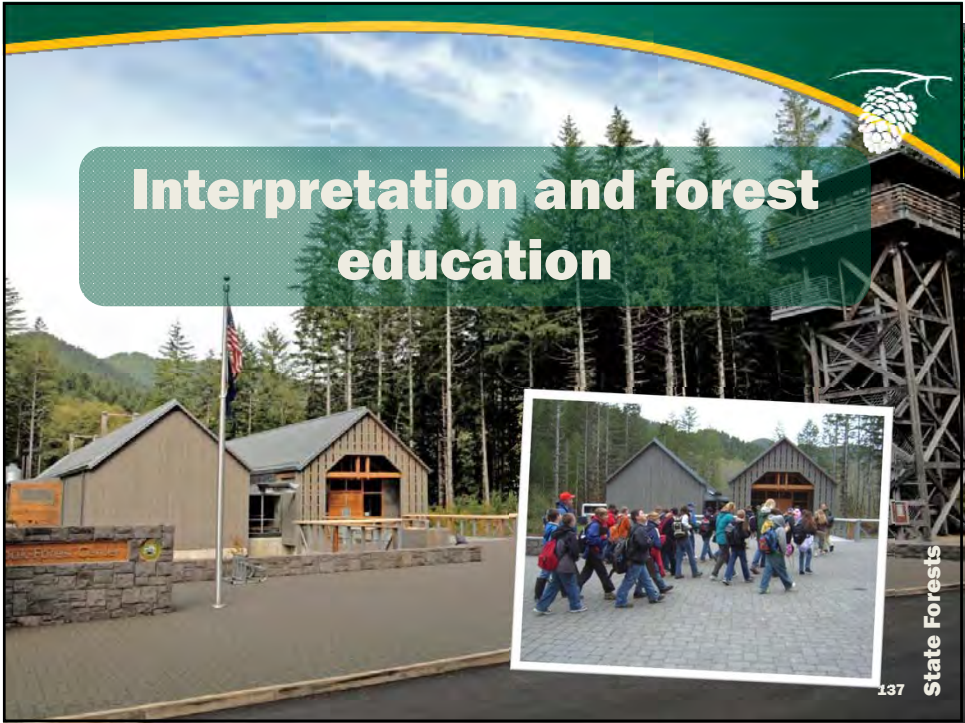


- Stream restoration projects
- Removing barriers to fish passage
- Maintaining and improving forest roads



### Recreation

- Tillamook State Forest – over 116 miles of trails maintained in 2014
- Campers in State Forest campgrounds – 37,799 in 2014
- Diverse recreation opportunities close to Portland area
- Continue to see increases in use and popularity



**Interpretation and forest education**

137

State Forests

This slide features a background image of a forest education center. On the left, there are two wooden buildings with gabled roofs. In the center, a tall wooden observation tower stands against a backdrop of tall evergreen trees. An inset photograph in the lower right shows a group of people, many wearing backpacks, walking on a paved area in front of the buildings. The slide is framed by a green border with a yellow arc at the top. A pine cone logo is in the top right corner, and the text 'State Forests' is written vertically on the right side.



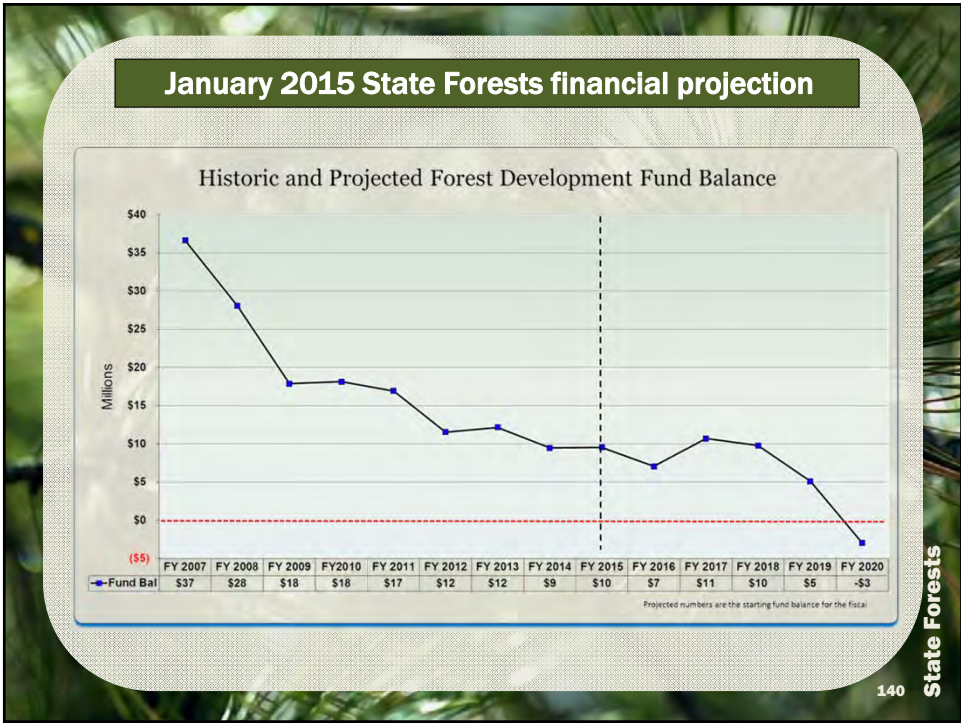
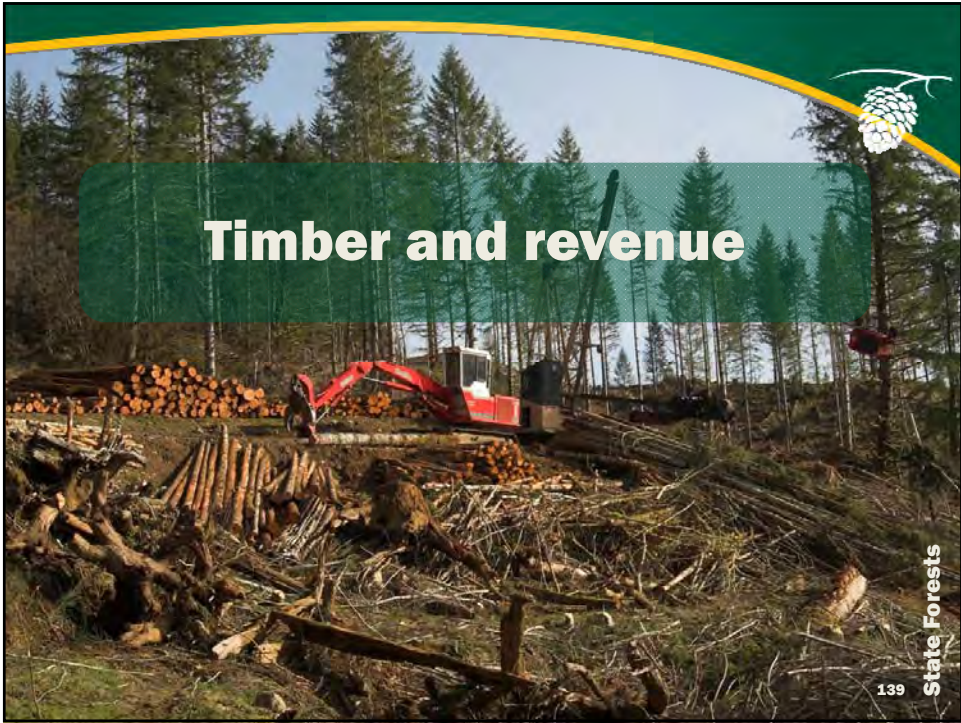
**Budget Environment and Challenges**

138

State Forests

This slide features a background image of a close-up of green pine needles. The slide is framed by a green border with a yellow arc at the top. A pine cone logo is in the top right corner, and the text 'State Forests' is written vertically on the right side.







## Financial viability

- Sufficient revenue to support new management plan and long-term investment
- Fund balance must be high enough to accommodate cash flow cycles and provide for unseen risk

141

State Forests



## New management plan for northwest Oregon State Forests



142

State Forests



# Governor's Budget

Providing bridge funding to support key services, pending development of a new forest management plan and business model.

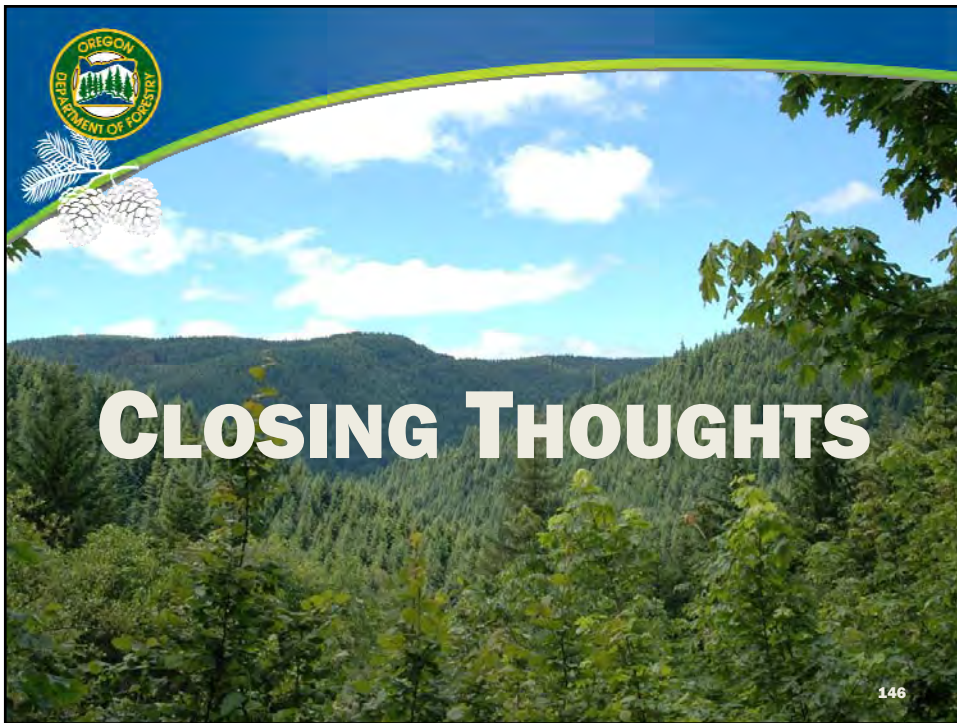
143 State Forests



144 State Forests



**Tom Imeson, Chair  
Oregon Board of Forestry**



**CLOSING THOUGHTS**





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# Table of Contents

## **Agency Summary**

A. Overview.....	1-1
B. Key Budget Drivers and Major Issues.....	1-5
C. 2015-17 Governor's Budget .....	1-10

## **Fire Protection**

A. Overview.....	2-1
B. Key Performance Measures.....	2-2
C. Key Budget Drivers and Major Issues.....	2-5
D. Measures to Contain Costs, Improve Program Delivery .....	2-9
E. Revenue Sources and Relationships .....	2-12
F. 2015-17 Governor's Budget .....	2-14
G. Appendix.....	2-16

## **Administration**

A. Overview.....	3-1
B. Key Performance Measures.....	3-2
C. Key Budget Drivers and Major Issues.....	3-4
D. Measures to Contain Costs, Improve Program Delivery .....	3-9
E. Revenue Sources and Relationships .....	3-13
F. 2015-17 Governor's Budget .....	3-14

## **Private Forests**

A. Overview.....	4-1
B. Key Performance Measures.....	4-3
C. Key Budget Drivers and Major Issues.....	4-12
D. Measures to Contain Costs, Improve Program Delivery .....	4-17
E. Revenue Sources and Relationships .....	4-19
F. 2015-17 Governor's Budget .....	4-20

# Table of Contents

## **State Forests**

A. Overview.....	5-1
B. Key Performance Measures.....	5-2
C. Key Budget Drivers and Major Issues.....	5-4
D. Measures to Contain Costs, Improve Program Delivery.....	5-7
E. Revenue Sources and Relationships.....	5-8
F. 2015-17 Governor's Budget.....	5-9

## **Appendices**

A. HB 4131 Report.....	Page 6-1
B. 2013 Audit Report.....	Page 6-3
C. 2014 Audit Report.....	Page 6-5
D. Agency Responses to Audit Findings.....	Page 6-8
E. Proposed I.T. and Capital Construction Projects.....	Page 6-11
F. 2013-15 Reclassifications.....	Page 6-13
G. 2013-15 New Hires.....	Page 6-14
H. 2013-15 Estimated Other Funds Ending Balances.....	Page 6-16
I. 10% Reduction Options.....	Page 6-17
J. Key Performance Measures – Agency Management Report.....	Page 6-20



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# 1. Agency Summary

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**Oregon Department of Forestry  
2015-17 Ways and Means Presentation  
April 2015**

# Agency Summary

## A. Overview

### **Oregon's Forests**

Forests are integral to Oregon's identity, economy and quality of life. They cover 30.5 million acres, almost half of the state's land area. Forests produce clean water—cleaner than water flowing from land in other uses—as well as wildlife habitat, jobs, recreation, scenic beauty and other benefits. This resource is highly diverse, ranging from dry forests in eastern and interior southwestern Oregon, to forestlands in northwestern Oregon that are among the most productive on earth. Healthy, working forests have a role in addressing key issues facing the state, including Oregon's general economic recovery, revitalization of rural economies, community and environmental health and vitality, funding of education and other services, and development of renewable energy sources.

Forests provide a critical economic engine. Oregon has long been the nation's no. 1 producer of lumber and plywood. Although the forest sector contracted during the recession, the sector remains significant within the Oregon economy, particularly in rural communities. Forest industries directly employ almost 59,000 Oregonians.

The forest resource also includes urban forests—trees in neighborhoods and other developed landscapes—with tangible benefits including stormwater retention and maintenance of property values, healthy streams and other values.

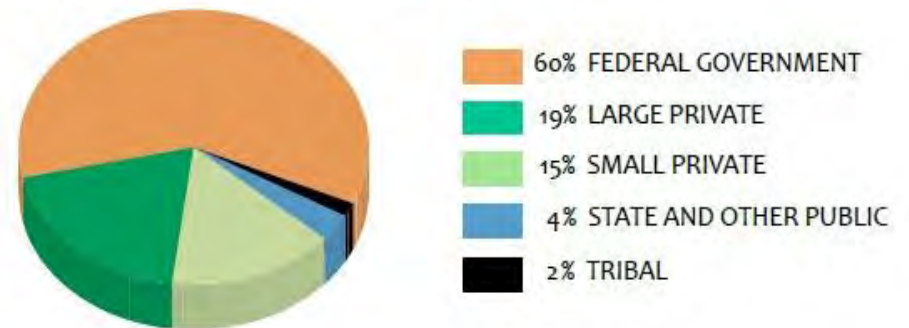
Oregon's forests face significant challenges. Although land use policies have largely succeeded in maintaining the forestland base in recent decades, fragmentation and loss of working forestland—with degradation or permanent loss of forest values—are growing concerns. Population pressure, escalating costs of managing forestland, loss of mills that provide markets for logs, forest health problems, climate change, and rising fire danger are among today's challenges.

An ongoing focus, shared by the state and federal governments, policymakers and community leaders, has been restoring forest health on the 60 percent of the forest landbase owned by the federal government. Many of these lands have become unnaturally dense and susceptible to insect and disease attack and to catastrophic wildfires that threaten communities and neighboring lands, and that destroy valuable habitat. Addressing these issues can produce many economic, environmental and social benefits. This budget includes an expanded state role in this highly collaborative work, in which Oregon is a national leader.

Forest ownerships vary from a few acres to hundreds of thousands. Owners have widely differing management goals and face differing circumstances – factors such as the location, health and productivity of the land, knowledge of forest management, and funds available for management. The primary ownership groups are:

- **Private forestlands**, divided between large industrial holdings managed primarily for environmentally sustainable timber production, and thousands of family forestlands whose owners have widely varying desires and goals for their lands.
- **State, tribal and local public lands**, managed for a variety of purposes. State Forests account for about 3% of Oregon's forestland, and are managed to produce a range of economic, environmental and social benefits.

### OREGON FORESTLAND BY OWNER (AS PERCENTAGES)



# Agency Summary

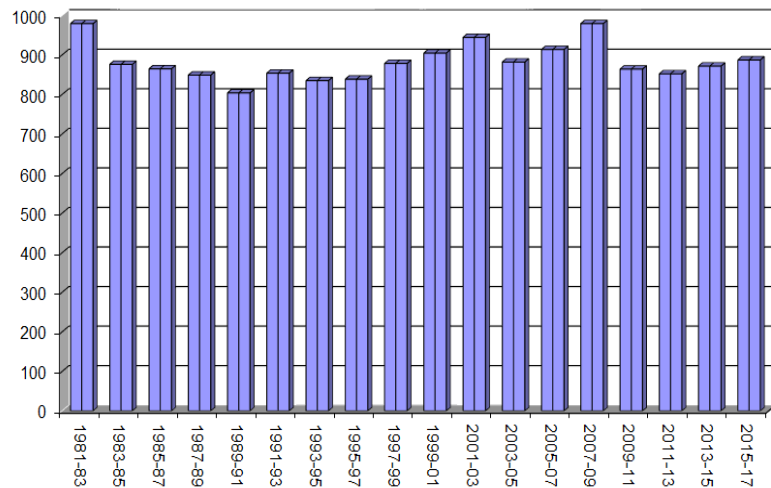
## A. Overview (Cont.)

- **Federal lands**, the largest category, owned primarily by the Forest Service and Bureau of Land Management. Addressing management challenges on these lands is closely linked to the well-being of nearby communities—where forest management is important to local economies and funding of public services—and to the overall health of the forest landbase. This is among Oregon’s dominant forest policy issues.

### **Sustainability and the three principle businesses of the Oregon Department of Forestry**

Sustainable forest management means that forest resources are used, developed and protected in ways that enable us to meet current environmental, economic and social needs, while ensuring that future generations can meet their needs. The state’s forest policy, expressed in the Board of Forestry’s overarching *Forestry Program for Oregon*, recognizes that all forests are not managed in the same way. It is a mosaic of responsible management approaches, with a variety of emphases that produces a healthy, resilient and sustainable forest landscape. This approach further recognizes that environmental, economic and social values, although often viewed as being in conflict, are in fact interdependent, and must be balanced in a thoughtful, sustainable way.

**FULL TIME EQUIVALENTS (FTE)  
1981-2015 LEGISLATIVELY APPROVED FTE  
and 2015-17 GOVERNORS BUDGET FTE OF 887.16**



Against this backdrop, the Oregon Department of Forestry (ODF) helps to keep forests healthy, working, and contributing to Oregon’s environmental, economic and community sustainability.

The Department represents a substantial share of Oregon’s investment in forest protection and management for the benefit of all Oregonians. These public investments—in management of state-owned forests, fire protection and environmental regulation across broader portions of the forest landbase, and collaboration with federal landowning agencies—help provide a platform for ongoing private investment in forests and the forest sector.

The agency’s number of full-time equivalent positions today is below the levels of the early 1980s. However, the Department has taken on considerable additional responsibility during that time, including more complex implementation of the Oregon Forest Practices Act, the Oregon Plan for Salmon and Watersheds, increased forest management activity and public use on state forests, increased fire severity, and the complexity of maintaining healthy, working forests in a changing, urbanizing landscape.

With the resources available, ODF operates three principle businesses:

### **Protecting forests from fire**

This is the top priority, as it has been since the agency’s creation in 1911, and the system is among the world’s finest. Oregon’s largest fire department, ODF protects 16 million acres, a \$60 billion asset covering more than half of Oregon’s forest landbase. These are privately owned forestlands as well as some public lands, including state-owned forests and, by contract, U.S. Bureau of Land Management lands in western Oregon. Many of these lands are near communities and infrastructure. Fire protection is accomplished in close coordination with landowners, contracted crews and aircraft, inmate crews and other public agencies. Internally, the Department uses a militia approach, drawing on experience, expertise and training from all divisions to fill the positions, many of them highly specialized, on the teams dispatched to fight large fires. Adequate staffing across the agency is thus integral to an effective fire protection function.

# Agency Summary

## A. Overview (Cont.)

This function is vital in protecting forest resources as well as community safety and human health (by minimizing smoke impacts and protecting water quality, for example). Landowners and the state share costs, recognizing the public interest in an effective program. The Department responds to some 1,000 fires each year, extinguishing about 95% at 10 acres or fewer. The small number of fires that grow large, however, account for the majority of costs, and are the focus of ongoing policy and budgetary attention.

Oregon experienced historically severe back-to-back fire seasons in 2013 and 2014, including full use of Oregon's insurance policy to help cover the costs of fighting large fires. This recent history has prompted ongoing discussions about options for obtaining insurance for the 2015 season and the years ahead.

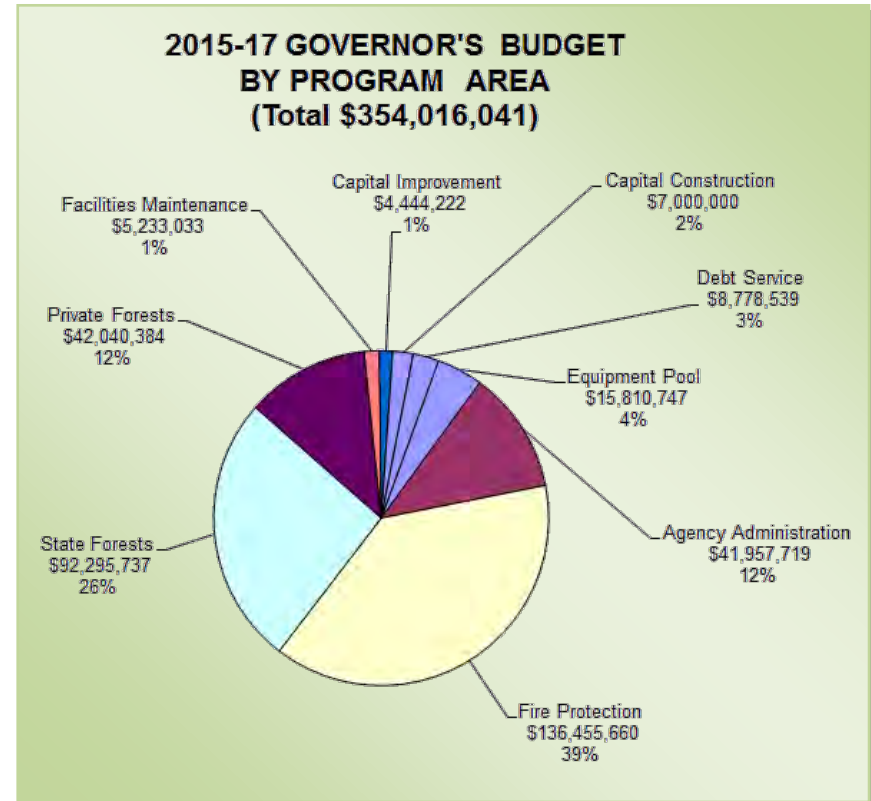
### **Managing state-owned forests for a full range of public benefits**

The 821,000 acres of state-owned forests represent a small but important slice of Oregon's forest landbase. These public lands are actively managed to produce a sustainable flow of multiple benefits. There are six state forests: the Tillamook, Clatsop, Santiam, Sun Pass, Gilchrist and Elliott, plus scattered tracts.

Most of these lands are owned by the Board of Forestry, having been deeded by counties, generally following harvesting, fires and tax foreclosures, in the last century. By law, Board of Forestry lands are managed to achieve Greatest Permanent Value—a broad range of benefits including timber, wildlife habitat, healthy streams and recreation. Almost 64% of timber sale revenue from these lands flows to counties where harvests occur, to help fund local public services, including schools. The Department retains the remaining revenue for management costs.

The retained revenues, however, are insufficient to adequately manage the forests to produce a broad range of benefits over time. This budget requests General Fund dollars as a bridge revenue source, pending development of a new plan for managing the state-owned forests of Northwest Oregon that provides financial viability for the state forests program and increases these lands' conservation outputs.

The remaining state-owned land, located primarily in the Elliott State Forest, is Common School Forest Land, deeded to Oregon at statehood and owned by the State Land Board. The Department manages the Elliott by agreement with the Land Board and the Department of State Lands. By state constitutional mandate, the lands are managed to maximize revenue to the Common School Fund, consistent with sound management techniques. ODF is reimbursed for management costs. Recent encumbrances related to threatened and endangered species have created an operating deficit from these forestlands for the school fund, and the Land Board and Department of State Lands are exploring alternatives for future ownership and management of the lands.



## Agency Summary

### A. Overview (Cont.)

#### **Helping to maintain healthy, working private forests**

About 10.7 million acres of forest, 35% of Oregon's forest landbase, are privately owned. A healthy, diverse private forest landbase provides value for all Oregonians, including economic activity, clean air and water, and wildlife habitat. ODF's Private Forests Division protects natural resources on private forestlands through effective education and strong enforcement of the Forest Practices Act, enacted in 1971 and modified many times in response to new knowledge and needs.

At a time of growing pressure to convert working forestland to other uses, the program helps maintain healthy forests through landowner technical advice, a stable regulatory environment, research and monitoring, incentive programs and other services. Field foresters and specialists provide on-the-ground education and expertise in regulatory compliance, forest health, fuel control, invasive species, forest management planning for family forestland owners, and voluntary projects to enhance habitat, stream health or other values.

After an era of reductions, the 2011 Legislature restored critical resources, including field foresters and support in training, wildlife, water quality, civil penalties and other areas. The Legislature also called for independent evaluations of the efficiency and effectiveness of Forest Practices Act enforcement, and of compliance with key Forest Practices Act requirements. Vigorous responses to these directions, and restoration of vital resources, are rebuilding the Private Forests Division, increasing its efficiency and responsiveness, and positioning it well for the future.

## Agency Summary

### **B. Key Budget Drivers and Major Issues**

#### **Introduction**

Many trends—on the landscape, and in public policy, public finance, forest economics and forest ownership, for example—intertwine to drive the Department’s budget and key issues. These drivers in turn influence success in reaching the fundamental goal of intact, healthy forests, managed and working to provide sustainable value to Oregonians. Highlights and key themes:

#### **Climate change and forest health, particularly in drier regions**

As an over-arching concern, during the past decade, Oregon has experienced warmer, drier climate trends that have stressed forest ecosystems, exacerbated existing management and forest health problems, and led to extreme fire conditions. These trends are expected to continue. They add to the challenge on federal forestlands, many of which are over-crowded with small, weak trees due to factors that include decades of fire suppression without other management, such as thinning or harvest. Continued warmer, drier conditions increase these forests’ vulnerability to insect and disease attack and to uncharacteristically severe fires. Such fires can threaten communities and adjoining privately owned lands, while destroying resources including standing timber and habitat for wildlife, including species listed as threatened or endangered. About 35% of Oregon’s forests are at high risk of uncharacteristic fire because of disruption in their natural fire regimes. Another 42% are at moderate risk.

Climate trends affect the management and protection of forestlands in all ownerships – again, particularly in drier regions – at a time when pressure to convert working forests to other uses is rising. Over time, climate trends also may affect forest species makeup and distribution, including invasive species, as well as insect and disease processes. Much remains to be learned about the effects of changing climate on forests.

#### **Fire protection: costs, capacity, and large fires**

Fire protection costs are rising 6-12% per year. The increase is due to factors such as the cost of contract aircraft and other resources, as well as climate conditions, contraction in forest-sector industries that are important on-the-ground partners in fire protection, fuel buildup, particularly on federal land, and the higher cost and complexity of protection in the growing wildland-urban interface.

Department budgets have not kept pace with these challenges, in an era when climate trends have led to longer and more challenging fire seasons. The Department has met its key performance target of extinguishing 98% of fires at 10 acres or less just once in the past 10 years; percentage performance is consistently in the mid- and upper 90s.

Even one large fire can cost millions of dollars to put out, and cause damage well in excess of firefighting costs. Other consequences include increased threats to firefighter and public safety, loss of forest resources and property, and continued erosion of the viability of working forestland, particularly in eastern Oregon.

Such factors as severe fire weather, declining forest health and rising firefighting costs have aligned in the past several years to create risk that is unprecedented in recent history. This has been particularly evident during the consecutive severe fire seasons of 2013—the costliest season ever, with the most acres burned since 1951—and 2014. In both years, Oregon’s large-fire insurance policy paid its full \$25 million in coverage above deductibles shared by landowners and the state, requiring additional General Fund allocation.

# Agency Summary

## **B. Key Budget Drivers and Major Issues (Cont.)**

In light of recent claims history, options for continuing with insurance coverage, which protects the General Fund in severe fire years, will be a significant public policy discussion.

### **Strategies for managing state-owned forests**

The dominant management plan for state forests, the Northwest State Forest Management Plan, covers about 650,000 acres, or 75% of the total state-owned forest landbase, primarily in the Clatsop and Tillamook state forests. When the plan was approved in 2001, analysis suggested high levels of timber harvest as well as high contributions to a diverse array of fish and wildlife habitat across the landscape. In the years since, timber harvest levels and the corresponding revenues to counties, local taxing districts and the agency have fallen well short of expectations.

Under the Board of Forestry's direction, the Department is crafting alternative management strategies intended to ensure the forest management program's financial viability while improving conservation outcomes on the ground. This work comes against a backdrop of budget reductions in recent years as the recession drove down timber prices and timber sale revenue to the Division. The Division has curtailed investments in recreation, research and monitoring, silvicultural activities such as pre-commercial thinning, and other key aspects of sound, long-term forest stewardship. The exploration of alternative strategies has included investigation of business models that would diversify the Division's revenue stream, which currently consists almost entirely of timber sale revenue.

This budget proposes use of General Fund dollars as a bridge to support non-revenue generating state forest services—such as recreation, education and research—pending development of a new forest management plan and business model. A bill, SB 248, seeks to clarify agency authority for one strategy that could increase efficiency: auctioning delivered logs, sorted by grade or species, rather than contracting with a bidder for purchase of all timber in a sale and for the associated harvest work.

### **Aging and under-resourced administrative systems**

Strengthening administrative capacity is a Department priority in the 2015-17 budget process, building on a systematic scoping and evaluation of needs.

The Department is hampered in its service to Oregonians by aging business systems and facilities, and inadequate capacity in human resources, finance, and other supports that are essential to front-line programs. The consequences include diminished efficiency, effectiveness and accountability, lost cost-savings opportunities, and high levels of business risk. Many of the Department's current business processes and systems were developed in a piecemeal or siloed fashion 20 to 30 years ago, and are now obsolete, inefficient or at high risk of failure.

For instance, the system used to account for timber sale revenues that are passed on to counties and the Common School Fund is 30 years old, and uses a programming language that is no longer current. Failure of this system would severely compromise the agency's ability to accurately account for and transfer these funds. Financial systems are not electronically linked, requiring manual work-arounds to manage financial resources and process fiscal actions. Payments to vendors during high-transaction periods, such as large fires, are slow and cumbersome.

Over time, budget constraints have prevented necessary maintenance and updates of information technology applications and software. Some application versions are no longer supported by vendors or manufacturers. The results include increased downtime, reduced productivity, and potential inability to meet data reporting requirements or other mandates.

## Agency Summary

### **B. Key Budget Drivers and Major Issues (Cont.)**

In addition, the Department struggles with an inventory of more than 400 buildings and other structures, many of which are decades old and in need of repair or replacement due to functional obsolescence, safety concerns and residential or commercial encroachment. These facilities include dispatch centers, fire equipment warehouses, buildings for the fabrication, storage and maintenance of fire engines and other vehicles, radio communication facilities and forest fire lookouts.

Furthermore, many support services traditionally provided by the Department of Administrative Services have shifted to agencies across state government. This shift, combined with staff losses, has impaired the Department's ability to adequately provide procurement, human resources and other mandatory services.

#### **Federal forest policy**

As the largest forest landowner in Oregon, the federal government has great influence over economic, environmental and community wellbeing. As discussed above, many federal lands, particularly in drier regions, face significant forest health and wildfire challenges. These, in turn, more broadly affect Oregon's forestland base—and in turn the Department and the state's wellbeing. Impacts to ODF can include a lack of critical, shared firefighting resources (specifically contract aircraft, hand crews and heavy equipment), and the potential for increased costs if fires originating on federal lands escape onto state-protected land.

Additionally, the steep decline in federal timber harvests has contributed to contraction in Oregon's forest products milling infrastructure. Oregon has approximately 300 fewer operating mills today than it had in 1980. Mills and associated businesses are essential to process material removed from federal lands as part of efforts to restore forest health and maintain community viability and other values. They are essential, too, if private forestland owners are to continue to keep their lands in working forest use.

Oregon has a significant opportunity for economic, ecological, and community gains if federal forest management is increased. Local collaborative groups have demonstrated an ability to move beyond gridlock and increase sustainable management of federal lands. In addition, the U.S. Forest Service has increased its investment in moving toward more and larger restoration and management projects in Eastern Oregon. The state has potential to increase its role in assisting this process, and to broaden activities to other parts of the state.

Responding to the Governor's 2013-15 proposed budget, the Legislature made Oregon the first state in the nation to invest in federal forest management, with a \$2.88 million allocation. This investment has contributed to tangible results, including contributing to a 54 percent increase in timber sold in the Blue Mountains region; acquiring data required to move projects through the federal review process; increased efficiency in advancing projects on federal land; using ODF employees to help lay out project boundaries; and supporting citizen collaborative groups that seek common ground and reduced conflict around federal forest management.

The 2015-17 Governor's Budget proposes a \$6.05 million Lottery bond investment to continue and expand this work, making Oregon an active partner in restoration and increased management of this vital part of the state's forest landbase. The proposal would set specific goals for the state's role, and would use new Good Neighbor Authority, provided in the 2014 federal Farm Bill, that expand the states' ability to partner with the Forest Service.

These investments have the potential to affect the Department's success in maintaining healthy forests that provide a sustainable flow of multiple benefits.



## Agency Summary

### **B. Key Budget Drivers and Major Issues (Cont.)**

#### **Effectiveness and efficiency of the Forest Practices Act**

The Oregon Forest Practices Act (FPA) is a cornerstone of resource protection on private forestlands. Maintaining a stable complement of field foresters and technical experts ensures that forest operations implement best management practices, and that these practices are effective at protecting resources on private forestlands. An efficient and effective Forest Practices Act encourages investment in private forestlands by providing a consistent regulatory environment and constitutes a social contract with the public by providing assurance that private forests are managed responsibly.

Automating Forest Practices Act processes, including the filing, review and tracking of required notifications of planned forest operations, remains an agency focus. A newly launched E-Notification system requires continued investment in maintenance and improvement. E-Notification enhances administrative capacity and customer service in submitting, managing, and communicating about forest operations.

The agency has designed an annual audit, conducted by a third-party contractor, to gauge compliance with Forest Practices Act. The 2013 audit showed an overall rule-level compliance rate of 96.5%. The audit results are helping the Private Forests Program develop areas of focus for additional education, training and outreach. Continuous annual audits will help ensure staff consistently apply the FPA rules; examine implementation and ease of use; support third-party certification efforts; and target training opportunities.

#### **Water Quality**

Forestlands supply abundant, clean water for Oregonians. Fire protection, enforcement of the Forest Practices Act and other laws, and management of state-owned lands all contribute to the health of forestlands, where almost all water that Oregonians use originates. The Department also has statutory requirements to conduct research and monitoring to verify that current forest management practices are indeed protective, and to develop new rules or policies where needed to maintain water quality and fish habitat.

With some capacity restored following the recession, the Department has reestablished its monitoring program and can once again perform basic monitoring functions on private forestland. The Department has resumed work on its RipStream monitoring project, which directly tests the efficacy of protection standards for small and medium fish-bearing streams. However, capacity remains lacking in areas of specialized expertise related to water quality, forest roads—which can significantly influence water quality if not properly built and maintained—and landslide-prone areas. This budget proposes additions in these disciplines.

The Department continues to participate with other state and federal agencies to address coastal water quality and federal requirements around non-point source runoff in these areas.

#### **Forest fragmentation and conversion, and the growing wildland-urban interface**

Various factors work to divide large tracts of working forests into small parcels, and to intermingle homes or other structures among forestlands. Both trends reduce the likelihood that forests will be actively managed to produce a range of values, and increase the cost and complexity of fire protection. These trends can lead to conversion of working forestland to other uses, with permanent loss or degradation of forest values. They also have a direct bearing on the Department's workload and budget.

## Agency Summary

### **B. Key Budget Drivers and Major Issues (Cont.)**

Significant tracts of forestland can be sold as real estate, for values far larger than their value in ongoing forest management. Population growth, limited markets for logs, inability to realize income from carbon storage or other ecosystem services, and the cost of fire protection also contribute to the fragmentation and conversion of forestland. Faced with these economic realities, owners of large and small forest tracts find themselves challenged to keep their lands in working forest use. In some areas, large, contiguous blocks of forestland have become collections of smaller holdings and hobby farms with homes and other structures.

These changes can increase fuel accumulations and wildfire risks; provide a foothold for invasive species; and increase the likelihood of neighbor conflict in areas where timber harvests or other active forest management operations continue.

The landscape will continue to change as these trends unfold. About 300,000 acres of forest, about 5% of Oregon's privately owned forestland, are inside urban growth boundaries or other development zones. Another 1.8 million acres are within a mile of residential or other developable areas.

#### **The future of family forestlands**

Because of their nearness to populated areas and major roads, these are the forestlands that most Oregonians see every day. In part because of their proximity to population centers, many of these lands are at particularly high risk of conversion to non-working forest use. In addition, as family forestland owners grow older, the next generation may have varying degrees of interest in retaining the lands as forests. The forest landowning population is large and diverse. Some 156,000 owners hold forest tracts of less than 500 acres; most of these holdings are below 50 acres.

There is much unrealized value for all Oregonians in these lands – in timber harvest, conservation values and other areas – if the owners have access to the required expertise and support. This will continue to be a challenge for the Department.

#### **Using forest biomass**

Forest biomass represents a significant opportunity to help meet Oregon's renewable energy goals, while also improving rural economies and providing markets for material removed from federal or private forests during restoration and management projects. Federal funds have helped to facilitate development of biomass energy facilities, to promote fuel-reduction projects on federal lands, and to develop new market-based solutions. Further resources and policy development are necessary to fully realize biomass' potential. The Governor's 2015-17 budget proposes investments to encourage biomass markets and utilization.

## Agency Summary

### C. 2015-17 Governor's Budget

## Oregon Department of Forestry 2015-17 Governor's Budget



	2013-15 Legislatively Adopted Budget	2015-17 Governor's Budget
<b>General Fund</b>	\$54,437,263	\$68,834,256
<b>Lottery Funds</b>	\$5,408,132	\$8,574,885
<b>Other Funds</b>	\$215,657,186	\$234,928,202
<b>Other Funds (Nonlimited)*</b>	\$0	\$10,000,000
<b>Federal Funds</b>	\$33,853,011	\$31,678,698
<b>TOTAL FUNDS</b>	\$309,355,592	\$354,016,041
<b>Positions</b>	1,200	1,208
<b>Full-Time Equivalent (FTE)</b>	871.72	887.16

\* The 2013-15 Legislatively Adopted Budget does not include post-adjourment adjustments, such as one-time large-fire costs from 2013. Please see other notes at the end of this fact sheet.

### Budget themes and highlights

#### Sustaining wildfire protection; new resources for protecting rangelands

Continues cost-sharing with landowners for contract helicopters, air tankers and other resources positioned around the state when and where fire danger is most severe; and for Oregon's unique large-fire insurance policy. Continues to build capacity in volunteer Rangeland Protection Associations (RPA), reducing wildfire threats, protecting sage grouse habitat and helping to keep rural communities viable.

Investment:

- \$5.1 million General Fund (GF) within the state's Emergency Fund—\$4 million for severity resources, \$1.1 million as the state's portion of large-fire insurance premiums.
- Developing and supporting RPAs and contracting with other entities to address wildfire issues on unprotected or under-protected lands, and contributing to sage grouse protection and rural community viability: \$1.66 million GF.

#### Providing bridge funding for state forest management

Funds activities reduced as the recession has impacted timber revenues, which are the sole fund source for state forest management under the current business model. GF is intended to sustain programs pending development of a new forest management plan and a business model that broadens the revenue base and assures ongoing financial viability.

Investment:

- Recreation, Education and Interpretation: \$1.4 million GF.
- A research and monitoring program that includes study of sensitive species, their habitats, and other resources: \$650,000 GF.
- Supporting recreation-related work by inmates at the South Fork Camp, a partnership with the Department of Corrections: \$750,000 GF.

# Agency Summary

## C. 2015-17 Governor's Budget (Cont.)

### Budget themes and highlights (Cont.)

#### **Building capacity in Forest Practices Act administration and water quality**

Augments capacity to implement the Act and to monitor its effectiveness. Supports collaboration among state agencies and partners to improve water quality. Provides for maintenance and enhancement of a new system for electronic filing of notifications of forest operations and use of power-driven machines.

Investment:

- Augmenting specialized expertise (a road specialist, a geotechnical specialist, and restoring a management position lost during the recession) in Forest Practices Act monitoring, policy and water quality: \$934,000 GF and \$623,000 Other Funds (Forest Products Harvest Tax).
- Maintenance, streamlined workflow, and other enhancements to the electronic notification system. \$409,000 GF and \$273,000 Other Funds (Forest Products Harvest Tax).

#### **Continued progress on federal forest management and restoration**

Expands the state's work with many partners to ramp up management that restores forest health, reduces wildfire risk, enhances ecological and recreation values, provides raw material for mills, and creates jobs. Further develops the state-federal partnership, augments ODF capacity to implement approved projects, and supports local groups seeking common ground. The Governor and Legislature launched this work in the current biennium with \$2.88 million.

Investment:

- \$6.05 million Lottery Funds.

#### **Providing essential administrative capacity**

Addresses gaps in support functions that are essential to providing front-line services.

Investment:

- A modern purchasing and procurement system to replace outmoded, inefficient processes: \$2.2 million in general obligation bonds.
- Strengthening resources, diminished through budget reductions since 2002, for core business functions such as human resources, finance and accounting: \$410,000 GF and \$883,000 Other Funds.
- Restoring the State Forester's office building, completed in 1938 and now listed on the National Register of Historic Places. Consistent with a thorough building study, modernizes systems, increases work space, addresses long-deferred maintenance, and preserves historic value: \$7 million in general obligation bonds.

#### **Promoting use of forest biomass**

Promotes market opportunities for woody biomass, material removed during forest and rangeland restoration projects, increasing those projects' economic viability, generating energy and creating jobs.

Investment:

- \$1.1 million GF, a portion of which will focus on removing native juniper—once controlled naturally by wildfire but now overly abundant—in key sage grouse habitats.

#### **Conserving working farms and forests**

Funds coordination of new financial initiatives, proposed by legislation from the Governor's Office, to conserve lands at risk of passing out of working farm or forest use.

Investment:

- \$300,000 GF.

\*Notes:

- Other Funds are revenues such as harvest tax, landowner assessments, and the sale of timber from state-owned forests.
- Other Funds (Nonlimited) refers to administrative access to funds through the Department of Administrative Services, as needed to pay for emergencies such as extraordinary large-fire costs.

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## **2. Fire Protection**

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**Oregon Department of Forestry  
2015-17 Ways and Means Presentation  
April 2015**

# Fire Protection

## A. Overview

The state's forest fire protection policy is to preserve and conserve forest resources. Protection from wildfire is a service fundamental to Oregon's wellbeing. It helps to maintain a stable environment for ongoing investment in forest ownership, and protects public safety and signature natural resource values (jobs, clean air and water, habitat, etc.) that benefit all Oregonians.

### Mission

The Fire Protection Division's mission is to protect Oregon forestlands from fire through a complete and coordinated system with our landowner partners and cooperators, including fire prevention, suppression, investigation and cost collection. The over-arching goal is to minimize the cost of suppression and the loss of resource values through aggressive wildland fire initial attack, secondary only to the protection of human life.

### Purpose

The Division provides fire protection on 16.2 million acres of Oregon forestland, with an estimated value of more than \$60 billion. Most of this land is in private, state or U.S. Bureau of Land Management (BLM) ownership and is detailed in Appendix 1 – ODF Protected Lands Map. Fire protection is provided through a complete and coordinated system that incorporates the resources of federal wildfire agencies, other state agencies, city fire departments, rural fire protection districts, rangeland protection associations and forest landowners. To provide for fair and equitable payment of the state's base fire protection services, the Division by statute administers the forestland classification system, under which decisions are made locally regarding which lands are classified as forestland or grazing land and therefore, are subject to assessment and protection laws. These responsibilities make ODF the largest fire department in the state. The Fire program also provides:

- Direction and regulation for prescribed fire use statewide concerning smoke management, air quality and fuels reduction.
- A Federal Excess Property Program to provide low-cost firefighting equipment to ODF, local fire districts and Rangeland Protection Associations.
- Acquisition and management of federal fuels reduction grants, increasing wildland-urban interface home defensibility, fire prevention and education about wildfire risk reduction, and financial assistance to rural and volunteer local fire districts across the state.

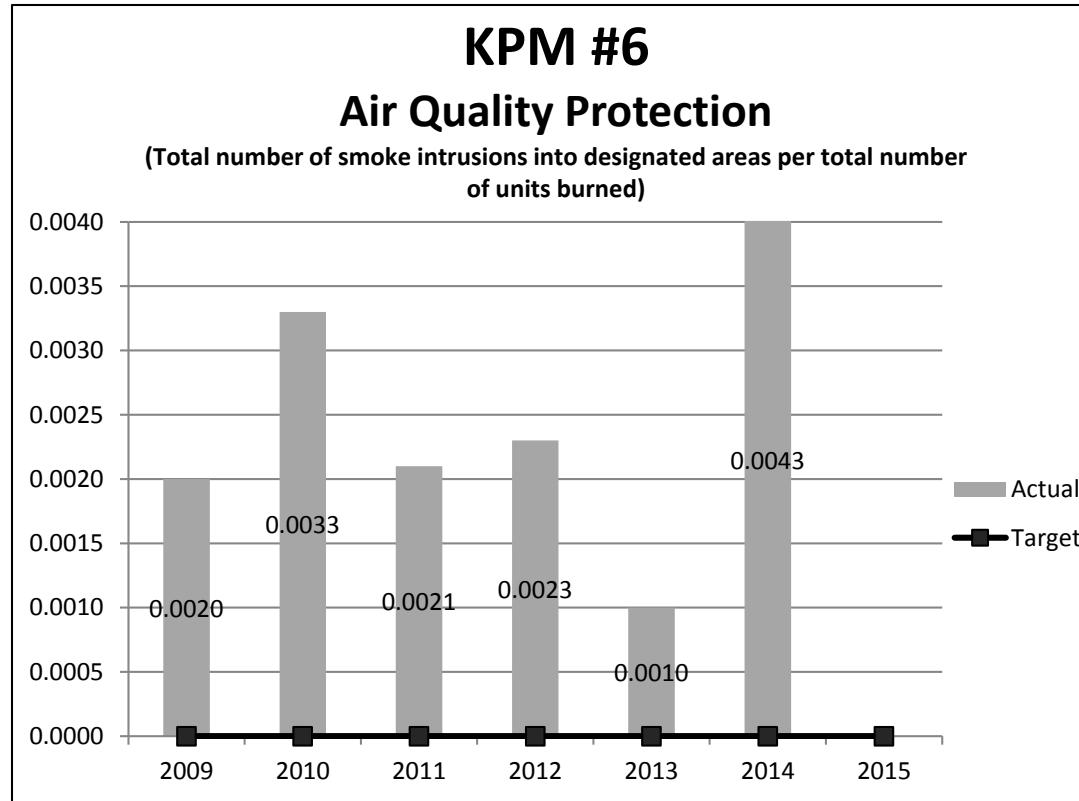
The program operates in three primary functional areas:

- **Fire prevention**, including education of the general public and the users of forestland, regulation of activities in the forest, media relations through collaboration with the Keep Oregon Green Association, inspection of forest operations, law enforcement, fire investigation, fire cost recovery, and fire studies.
- **Fire suppression**, including maintaining a ready fire department through management of statewide severity resources (airtankers and helicopters), interagency mutual aid and joint response planning, coordination and agreements, fire detection, preparedness, initial attack response, resource mobilization and incident management. Also included are the use of forest inmate work crews, administration of the region's (Oregon and Washington) 20-person private contracted fire crew workforce (3,000 firefighters), fire cache mobilization, Federal Excess Property Program administration, and personnel safety, training and certification.
- **Treatment of forest fuels**, including smoke management, weather forecasting, hazard determination, forest fuels mitigation prescription design, implementation of hazardous fuels projects to protect communities and forest resources, engineering research, and education.

The program is delivered through a coordinated line/staff organization. The line function includes three operating areas incorporating 12 forest protection districts, three of which are operated by private, non-profit Forest Protective Associations (FPAs). The staff function encompasses Fire Operations, Fire Policy and Prevention, Fire Business, Meteorology, and Administration.

## Fire Protection

### B. Key Performance Measures



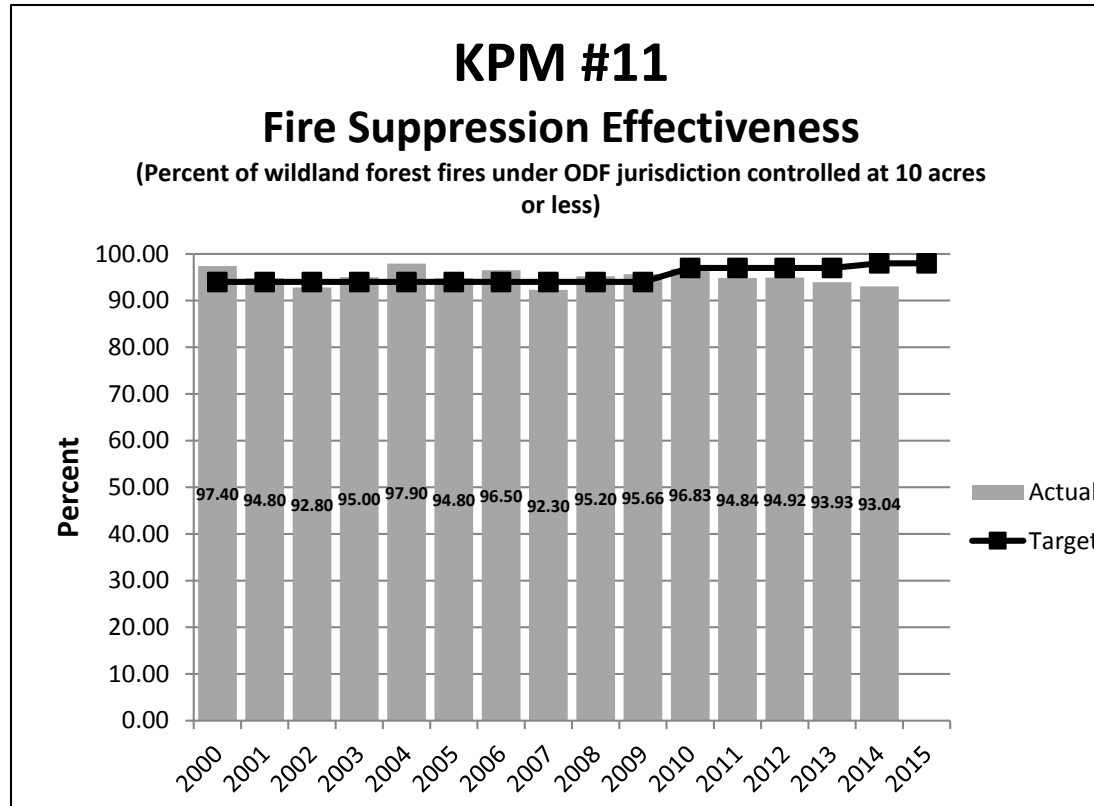
The Fire Protection Division manages the state's Smoke Management Program for hazardous fuels reduction and forestland burning with the overarching goal of maximizing prescribed burning while minimizing smoke emissions and intrusions into communities. KPM #6 demonstrates the effectiveness of meteorological forecasting and management instructions by representing the total number of smoke intrusions into protected areas per total number of units burned.

The Division's smoke management program also provides meteorological support to the Department of Agriculture's field burning program and the National Fire Danger Rating System (NFDRS), and meets other needs related to specific weather events and weather forecasting.

Smoke management activities are primarily funded via fees assessed to landowners who register and accomplish burns of forest fuels. In addition, smoke management has a payment agreement for providing meteorological services to the Department of Agriculture's field burning program, and a payment agreement with the Department of Environmental Quality for providing burn/no burn forecasts of backyard and agricultural burning in the Willamette Valley north of Lane County.

# Fire Protection

## B. Key Performance Measures (Cont.)



KPM #11 represents the percentage of wildland forest fires under ODF jurisdiction controlled at 10 acres or less, which demonstrates the effectiveness of the initial-attack organization, including the use of contracted resources. The Department has achieved its target of controlling 98 percent of fires at 10 acres or less only once in the past 10 years.

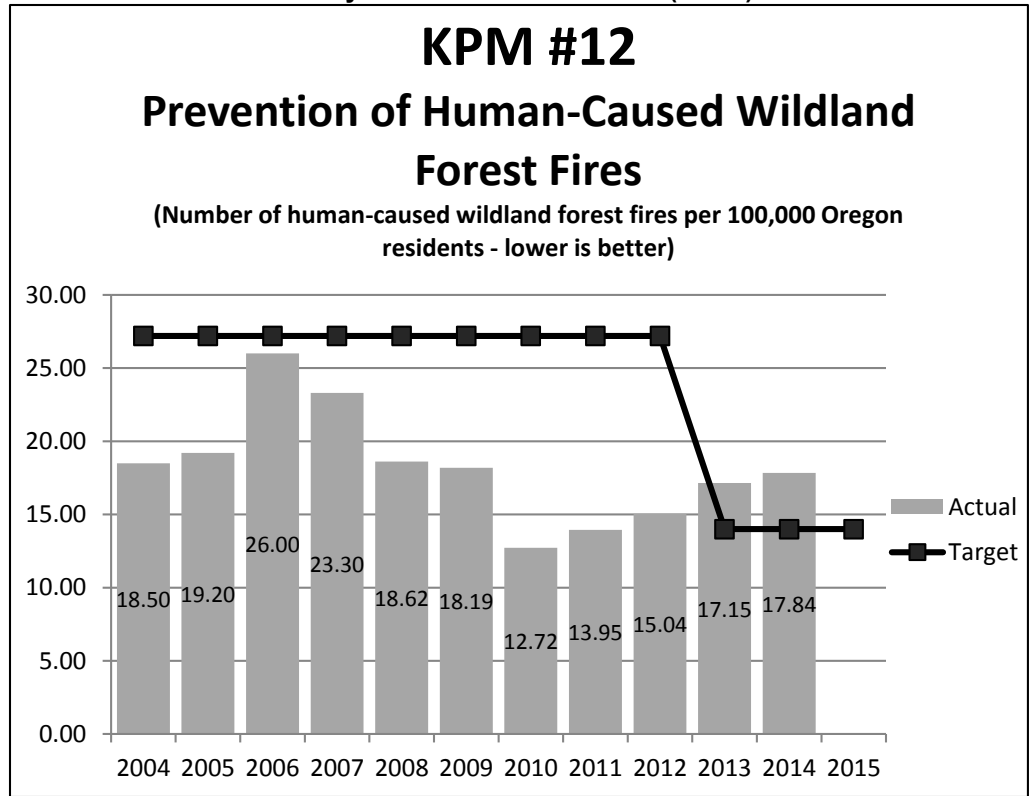
A direct correlation exists between lower initial-attack effectiveness and significant large-fire costs and resource loss. With funding at the requested level, ODF seeks to achieve the 98 percent measure more frequently over the next 10 years. In the long term, by meeting this objective the Department anticipates a decrease in overall costs and increased protection of communities, rural economies and natural resources (Appendix 2 – Keeping Fires Small Means Big Savings).

The Division’s base level of protection and severity funding are significant contributors to achieving this key performance measure.



# Fire Protection

## B. Key Performance Measures (Cont.)



KPM #12 represents the number of human-caused wildland forest fires per 100,000 Oregon residents and demonstrates the effectiveness of the fire prevention program at preventing human-caused fires. Fire seasons 2013 and 2014 were two of the most challenging in Oregon’s history and resulted in a significant increase in human-caused fires. Continued attention to reducing human-caused fires through partnerships with Keep Oregon Green and other cooperators is paramount in the agency’s effort to reverse this trend.

The Division’s investment in fire prevention and investigation is the first line of defense in fire protection. Oregon’s fire prevention policies have been solid for decades, and the Division maintains an efficient and effective partnership with landowners through ongoing communication, education and regulations, and with the public through education, outreach, and regulated-use rules during fire season on the forestlands ODF protects. Prevention staff oversee the Oregon Forestland Urban Interface Fire Protection Act (Senate Bill 360), Community Wildfire Protection Planning (CWPP), statewide Firewise programs, and administration of federal grants to reduce fuels, increase interface home defensibility, increase fire prevention and education about wildfire risk reduction, and provide financial assistance to rural and volunteer local fire districts. Consistent with Oregon policy, every fire is investigated and to the extent possible, the Department seeks to collect costs when applicable.

## Fire Protection

### **C. Key Budget Drivers and Major Issues**

#### **Capacity to continue to meet resource protection targets by keeping fires small**

The Division provides fire prevention and suppression on about half of Oregon's forests. The cost of fighting wildfires is on the rise with major cost drivers including: rising firefighting costs (personnel, contractors, equipment use, and training); trends related to climate conditions such as lightning and drought; increasing safety requirements; shifting federal fire policy; contraction in forest-sector industries that are important partners in fire protection; escaped fires from unprotected and under-protected lands; buildup of fuel on federal lands; and the additional complexity of providing fire protection in the growing wildland–urban interface.

Over the past decade, base-level protection budgets have increased from \$31 million in the 2003-05 biennium to \$45.8 million in the 2013-15 biennium. These base-level budgets provide for the agency's fire-ready organization. This fire department capacity includes personnel, equipment, facilities, fire engines and aviation assets at a field district level. These resources respond to approximately 1,000 fires annually. Due to the severity of the 2013 and 2014 fire seasons, it is expected that costs will increase at the local level. At the base or protection district level, the state shares these costs 50:50 with private landowners. Because of the last two challenging years the costs per acre locally are expected to rise, which in turn will likely require additional General Fund for the base level in 2015-17.

As we evaluate the cost of suppressing large fires over the past decade, the past two historic Oregon fire seasons have exponentially increased the cost of fighting wildfires (Appendix 3 – ODF Large Fire Gross Costs).

- In 2011-13, ODF exceeded its General Fund authorization due to the increasing costs of fighting wildfires. Additionally, the biennial budget did not provide adequate Other Funds (OF) limitation for emergency firefighting (instances in which fires overwhelm local districts' capacity). Consequently, when the Department experiences a busy fire season and expends dollars that will be reimbursed by other agencies and the Oregon Forestland Protection Fund (landowner dollars), Other Fund limitation is exhausted early in the biennium and requires the Department to return to the Legislature for additional limitation.
- During the 2013-15 biennium, with two of the most damaging and expensive fire seasons in Oregon's history, total suppression costs were close to \$200 million. As in the previous biennium, ODF exceeded both its GF and OF limitations during the 2013 and 2014 fire seasons.
- Over the past decade, ODF has asked for additional limitation eight times. Appendix 4 – Fire Season Severity shows the increased severity of fire seasons across several decades, highlighting the challenges Oregon faces in providing for an adequate level of fire protection.

This continued erosion of buying power of budgeted dollars relative to the severity of Oregon's fire seasons and increasing costs of fighting fires will continue to threaten public safety, firefighter safety, forest resources and human health.

#### **Severity Special Purpose Appropriation and the Oregon Forestland Protection Fund partnership**

A Legislative Emergency Board Special Purpose Appropriation (SPA) has been established in each of the past seven biennia to help the Division carry out its fire suppression mission during extreme fire conditions that exceed the capacity of budgeted resources. With the passage of the Wildfire Protection Act (HB 2050A) in 2013, the severity program expanded beyond the traditional two large airtankers and three helicopters strategically placed throughout the state based on weather and fire severity factors, to include three additional medium helicopters, two small airtankers, one small helicopter, two additional fixed-wing detection aircraft and additional funding to add aviation and ground-based resources short term during key workload periods, such as wide-scale lightning events (Appendix 5 – ODF Aviation Resources). These resources are contracted annually and initially paid for by the Department, which is then

## Fire Protection

### **C. Key Budget Drivers and Major Issues (Cont.)**

reimbursed through an Emergency Board request and through the Emergency Fire Cost Committee's Oregon Forestland Protection Fund. The principal of aggressive initial attack to extinguish fires at the smallest possible size is predicated on having quick-mobilizing resources such as helicopters and ground-based firefighting assets. The increased severity program proved to be critical in light of the severity of the 2013 and 2014 fire seasons; without these severity resources, losses and costs would have been significantly higher.

#### **Impacts of the 2013 and 2014 fire seasons on Oregon's Fire Insurance Policy**

In addition to acquisition of resources, the Severity program has supported the Department's purchase of catastrophic fire insurance. This insurance policy, unique to Oregon, has been purchased over the past 30 years to supplement the Oregon Forest Land Protection Fund (OFLPF) for emergency suppression costs and to reduce the risk of large General Fund expenditures during catastrophic fire years. Currently, this insurance provides \$25 million of coverage beyond a shared (landowners and General Fund) \$20 million self-insured retention. The first \$10 million of the retention is shared equally with the state and landowners. The next \$5 million is then paid by landowners, and the remaining \$5 million is the responsibility of the state. As outlined in the Wildfire Protection Act (HB 2050A), in 2017 the structure and responsibility of the self-insured retention is to equally share the \$20 million retention between landowners and the state. The premium cost historically has been shared equally by the OFLPF and the General Fund. One year of the General Fund share is paid through the Special Purpose Appropriation and the second year's costs are placed in the Department's budget.

Due to the severity and costs of the 2013 and 2014 fire seasons, which accessed the full \$25 million policy in back-to-back years (\$50 million paid by the insurance carrier), changes to the self-insured retention amount, along with the costs of the policy, are expected. This is a high priority for the Department in the 2015 Legislative session. ODF is working closely with the insurance broker; however, the options and outcome in terms of the policy structure and costs are yet to be determined.

#### **Drought, climatic changes and forest health**

Over the last three years Oregon has experienced severe, extended drought conditions, which have produced some of the worst fire seasons, in terms of costs and losses, in the last 50 years. Future climatic projections indicate that the mean annual temperature across most of the western U.S. will increase by 2050, causing loss of moisture from soils and vegetation. Other impacts may include shifts in species range and type that supply fuel for fires, changes in snowpack duration and extent that affect water supplies, changes in the frequency and intensity of disease and pest disturbances, and changes in timing and amount of precipitation. Oregon is already experiencing fire seasons that are more severe, start earlier, and stretch longer than usual. With severe fire behavior likely increasing, the program must adapt its firefighting and fire-prevention strategies to mitigate the elevated threat. Fire protection budgets are typically developed related to past statistics and experiences with monetary inflation factors, but not accounting for climatic changes and extreme fire seasons (Appendix 6 –US Drought Monitor).

According to many scientists and forest managers, wildfire fuels, particularly on federal lands, have accumulated to uncharacteristically high levels in drier forest ecosystems, causing increased fire risk, frequency, intensity, severity and size (and associated suppression costs). Fire return intervals, fuel accumulations and other fire regime characteristics are no longer within their historical ranges in many dry conifer forests. Fuels have accumulated to uncharacteristically high levels due to various combinations of fire suppression, timber harvesting, grazing and other land uses. Dense stands of small trees resulting from fire exclusion and other land uses are more prone to being killed by insects and disease, which in turn adds to the amount of dry, flammable fuels. Extended drought, severe fire weather, fuel buildup, declining forest health, competition for shared firefighting resources and rising firefighting costs have aligned in the past several years to create fire conditions and risk unprecedented in recent history. This has stretched the Department's resources beyond the most-efficient-level of initial-attack capacity.

# Fire Protection

## **C. Key Budget Drivers and Major Issues (Cont.)**

### **Fire protection outside of ODF's Forest Protection Districts - (Rangeland Protection Associations)**

Over the last 50-plus years the Department has helped create and support Rangeland Protection Associations (RPAs). These associations are created through the Oregon Board of Forestry and supported by the Department, which provides limited training and equipment through Federal Excess Property Programs. Today, 18 RPAs exist, covering approximately 5 million acres in eastern Oregon (Appendix 7 – Rangeland Protection Associations Map). The RPAs have more than 200 pieces of equipment and around 600 volunteers. They are independent associations of landowners that provide their own wildfire protection, generally paying for suppression expenses through local counties and/or across their membership. As with all lands in Oregon, predominately due to extreme droughts over the last few years, fire conditions have exploded as evidenced by the more than 1.2 million acres burned in southeast Oregon in 2012 and significant fire activity in 2013 and 2014. Many of the 5 million acres that RPAs protect are located in areas identified as key habitat for the greater sage-grouse. The largest threat and driver for the potential listing of this species is the loss of habitat. Wildfire is the greatest threat to this habitat. RPAs play a key role in fire protection on these rangelands, but they face challenges in funding prevention and suppression costs for large, catastrophic range fires. Additional capacity and funding are needed for this program to help assure its future success in protecting sage-grouse habitat and rural community viability.

### **Business and technology capacity and enhancements**

The Fire Protection Division has a critical need to modernize information technologies and geospatial wildfire information systems. The Division currently supports 36 systems and applications necessary to protect 16 million acres of forestland across Oregon. Many of the applications have evolved independently over time to meet a specific need and are often incompatible and error-prone. These challenges affect productivity and directly impair the agency's ability to serve its customers and partners.

Additionally, over the past decade, budget constraints have prevented the Division from keeping up with substantial needs to enhance business processes and use new technologies. Investing up-front to expand limited test projects would greatly increase the Division's capability. Test projects using Federal Funds have provided excellent examples of increased capability to detect and suppress fires, including:

- **Remote camera fire detection systems:** Due to limited budgets, relatively few of these systems exist in Oregon. Douglas, Linn, Lane, Jackson and Wasco counties have been able to develop approximately 30 smoke detection camera sites, primarily through federal grants and county dollars. The cameras have proved to be a significant asset in fire detection. Camera detection of fires in their infancy allows for quicker response and more effective use of suppression resources, which in turn significantly reduces fire costs and resource damage. ODF is working to explore all options in the development of a larger statewide remote detection network.
- **Geographic wildfire location, lightning detection, and suppression equipment location technology:** Geographic remote location technology and tools have proved valuable in enhancing the Department's ability to locate a fire and provide the best route to the fire, significantly reducing response times. Further exploration of geographic positioning systems, geographic information system layers, and mapping systems will be critical in promoting the optimum response from initial-attack resources, increasing efficiencies in these areas to reduce suppression costs over time. ODF also uses a lightning tracker system to help detect and pinpoint lightning strikes, which enables fire crews to locate fires quickly.
- **Suppression equipment** is also changing significantly, with improvements in engine pumping systems, water handling capacity, and other tools and technologies.

### **Private, state and federal forest management protection priorities**

A major challenge exists to provide effective wildfire protection when state and federal forest management objectives and legal mandates diverge. Management of private, state and federal forests in Oregon formerly was more similar across ownerships; however, after a long history of intensive

# Fire Protection

## **C. Key Budget Drivers and Major Issues (Cont.)**

management, timber harvesting and management activities on federal forests have declined dramatically. Much of Oregon's landscape is in second- or third-growth forest, which is actively and intensively managed on most industrial timberlands and managed less intensively or not at all on federal land.

Because of this difference, wildfires starting on federal lands can become more intense, larger and longer-lasting. This ties up shared firefighting resources, and the fires occasionally burn onto ODF-protected land, with the potential to increase state suppression costs.

### **Federal fire policy and action**

Of increasing concern are changes in federal direction on wildland fire policy. The federal policy allows federal agencies to contain lightning-caused fires as quickly as possible, or to manage them to meet other management objectives. Lack of full suppression or managing wildfires for resource benefits increases smoke impacts, risk of escape, impacts on timber supply, potential for floods and mudslides, and overall long-term environmental and public health impacts. Effects on ODF can include a lack of critical shared resources (specifically aviation, crews, and heavy equipment) as well as the potential for increased state costs if these fires escape onto ODF-protected land. Private and public landowners can experience substantial losses as a consequence of this policy. The combination of historic fuel loads on federal lands, coupled with any policy other than aggressive initial attack, poses significant current and future challenges for ODF, private forest landowners, communities, and Oregon's forests.

### **Forest fragmentation and the wildland-urban interface**

Due to increasing values for other uses of Oregon's forestlands, escalating costs of owning forestland, including the increasing cost of fire protection and urban development, the state is experiencing shifts and conversion of forestland to other purposes, including residential use and hobby farms. In some areas, large contiguous blocks of managed forestland have become collections of smaller holdings with homes and other improvements. Proliferation of structures on forestland in the wildland-urban interface increases wildfire risks and hazards to people, firefighters, forestland and improvements. It also restricts the choice of available firefighting tactics and strategies. Legislation such as the 1997 Oregon Forestland-Urban Interface Fire Protection Act (SB 360) has been effective in addressing some of these issues; however, much work remains. As lands continue to lose economic viability as managed forests, fuels will continue to build, and fire protection costs in the wildland-urban interface will continue to increase. Problems grow as this trend continues. Currently the wildland-urban interface accounts for approximately 3.5 million acres of ODF's fire protection responsibility and is projected to continue to expand.

### **Air quality and carbon emission releases**

The state must comply with the federal Clean Air Act. As part of that requirement, the Division regulates forestland burning through the Oregon Smoke Management Plan. Accurate and timely forecasting, data collection, and analysis of fuels are vital components of Clean Air Act compliance plans. ODF is responsible for meeting expectations for increased monitoring of fuels management activities and smoke emissions related to wildfire and prescribed fire on public and private timberlands. As Oregon's population has increased in the wildland-urban interface the potential for health issues related to smoke from forestland burning has grown, as has the importance of the Smoke Management Program. ODF staff provide the technical expertise to forecast appropriate opportunities to conduct and prioritize burning, identify alternatives, and establish consistent fuels measurement methodologies to achieve federal goals and requirements.

Additionally, ODF is concerned with large releases of carbon from uncontrolled catastrophic wildfires. The more effective ODF is at ensuring proper fuels management and catching fires while small, the less carbon will be released through catastrophic wildfire. Within the 2013-15 state budget, ODF received \$2.88 million to support the U.S. Forest Service's effort to increase the pace and scale of restoration on federal forests. This effort includes increased use of prescribed burning to restore forestland health, thus reducing the potential for catastrophic wildfires and subsequent major smoke impacts to communities.

## Fire Protection

### **D. Measures to Contain Costs, Improve Program Delivery**

The Department and the Fire Protection Division have undergone many changes in the last 12 years. A significant review of the fire protection program has resulted in numerous programmatic shifts and high-priority continuous improvement initiatives. One such area is adequate funding for the base level of protection and severity resources. Efforts to address funding and contain costs have been underway for multiple biennia. This progressive work led to the Department's Wildfire Protection Act (HB 2050A) of 2013. Without the additional severity resources brought to bear through this legislation, the fire seasons of 2013 and 2014 would have been significantly more devastating in terms of resource losses and increased costs.

#### **Use of Severity funding**

One outcome of the program review was a clarified need to provide statewide "rapid response" using specialized firefighting resources such as airtankers and helicopters as a strategy to keep fires from becoming large and costly. This concept is known as "severity" and has played a significant role in reducing ODF's large-fire costs, better protecting our communities and reducing damage to natural resources. The severity concept is a time-tested, effective strategy that has been bolstered by HB 2050A.

#### **Prevention, Rangeland Fire Protection Associations, fuels control**

Implementation of the Oregon Forestland-Urban Interface Fire Protection Act continues in high-risk populated areas susceptible to wildfire. More work is needed to continue to lower the risks of wildfire impacting communities, especially as the wildland-urban interface expands. Along with reducing risks to Oregonians, emphasis has been placed on areas of the state that have no wildfire protection system. The Department continues to support and help "grow" Rangeland Protection Associations. Additional capacity and funding are included in the Governor's Recommended Budget through Policy Option Packages 119 and 120, focusing on unprotected and under-protected lands, protecting sage-grouse habitat and strengthening rural community viability. Implementation of SB 189 (Forestland Classification) continues to be a priority, improving the delivery of fire protection services for Oregonians.

Prevention, education and fuels work remain key drivers and opportunities to improve service delivery and lower costs. Work to reduce hazardous fuels across the state continues to help protect communities and to lower costs over the long term. Fuel reduction projects have predominately been funded through federal grants. Additional funding is needed to increase hazardous fuels reduction efforts, which will in turn reduce suppression costs and loss of natural resources, as well as mitigating the negative consequences of wildfire such as unhealthy air and water.

#### **Increasing efficiency and effectiveness**

The Department operates with a philosophy of "Shared Leadership." In this context, agency managers encourage employee suggestions for improvements, with many occurring and being implemented at the local office, division, or agency level. The agency formally recognizes significant contributions by employees with annual achievement awards for leadership, values, technical and team achievements. This recognition provides meaningful feedback to employees, encouraging an attitude of continuous improvement at all levels.

To meet the Protection Division's mission, ODF employs a militia strategy for managing medium and large fires. This includes involvement by all employees and programs within the organization to support fire suppression efforts when needed. Because employees across the agency play critical and significant roles in fire protection, stable funding in all divisions of the Department is a major concern. Without the ability to use the militia strategy and access a fully staffed organization, ODF's Incident Management capacity would be significantly reduced and unable to fully respond. Additionally, for the same level of response and service without militia staffing, the fire protection budget would need to be significantly increased.

## Fire Protection

### **D. Measures to Contain Costs, Improve Program Delivery (Cont.)**

The current model (assuming adequate funding in divisions other than Fire) is by far the most effective method of providing these services, in that employees in other divisions do not charge to the fire budget unless they are activated. When that occurs, savings accrue in those divisions' base budgets. Secondly, ODF participates in a complete and coordinated system that "sees" no boundaries in moving resources and employees to active fire areas of the state. The militia strategy, combined with the statewide complete and coordinated system, are key to maintaining cost-effective and efficient protection.

#### **Improvements to program delivery through collaboration with other agencies**

- A cornerstone of ODF's successful fire protection system is the long-standing private landowner and state partnership. Landowners work closely with their respective protection districts to determine levels of protection, review budgets, assist in fire prevention and suppression, and provide landowner resources at no cost, e.g., "in-kind." Through annual assessments, private landowners currently pay 50 percent of the base level of fire protection on their ownership, public landowners pay 100 percent on their ownership, and through the Oregon Forest Land Protection Fund, all landowners pay up to \$10 million in large-fire costs, up to \$3 million for severity resources, and half of the premium costs for the state's wildfire insurance policy.
- The Department has been very active in local collaborative groups across the state, helping efforts to increase the pace and scale of restoration on federal forestlands while seeking opportunities to help private landowners with similar work. These collaborative efforts focus on increasing the size of restoration projects and achieving efficiencies. To help support increasing the pace and scale of restoration on federal forestlands, ODF has loaned foresters to the U.S. Forest Service to help set up timber sales and mark planning areas.
- Cohesive Wildfire Strategy and Good Neighbor Authority: The Department has been one of the leading states in development of a Cohesive Wildfire Strategy (CWS). The goals of the CWS are three-fold: create and maintain healthy resilient landscapes, create fire-adapted communities, and promote safe and effective response to wildfire. The Department received federal dollars for a pilot project located in northeastern Oregon and recently received additional federal dollars to start a new project in southern Oregon. The goals of the projects are to bring together all partner entities (Federal, Tribal, State, Local Government and others) to find ways to create efficiencies and leverage efforts and dollars. One outcome of this work has been numerous federal grants through the Natural Resources Conservation Service (NRCS) and the U.S. Forest Service to accomplish "cross-boundary" fuels work on private and federal lands. Today, the pilot project has leveraged millions of dollars for this important work and stands as a model for other states. Additionally, the 2014 Farm Bill established new Good Neighbor Authorities. These authorities allow for states to play a more active role in the management of federal lands. The Department will continue to seek out new opportunities to improve collaboration and increase efficiencies.
- One of the largest savings in terms of leveraging public partnerships is the Western Oregon U.S. Bureau of Land Management (BLM) protection contract. This contract (\$14 million per biennium) significantly lowers the overall costs to both the General Fund and private and other public landowners. Protecting these 2.3 million acres through contract spreads the costs of fire protection across more acres, which decreases the per-acre cost to all landowners and the General Fund.
- Additionally, ODF has numerous agreements and a solid partnership with the U.S. Forest Service and the BLM for cooperative work on federal fuels projects and in the fire suppression arena. Fuel reduction agreements allow ODF to help the federal agencies complete critical fuels work while also allowing ODF access to firefighting crews when needed. Fire suppression agreements allow resources such as helicopters, engines and firefighters to assist the federal agencies on fires, in which case the costs are charged to the federal agency, decreasing the Department's overall costs.

## Fire Protection

### **D. Measures to Contain Costs, Improve Program Delivery (Cont.)**

- ODF also has cooperative agreements with other state agencies such as the Oregon Department of Transportation (ODOT) and Oregon Parks and Recreation Department (OPRD). These agreements function much like the fuels-reduction agreements described above. ODF employees work on ODOT projects when not needed for fire activities and during the winter months for snow-plowing activities. Additionally, ODF has a fire protection agreement with OPRD to provide fire protection services on state park lands. As with the BLM contract, this decreases the overall costs to all landowners and the General Fund.
- ODF has increased efficiencies through partnerships in technology enhancements – especially in the area of remote fire detection cameras. ODF has been able to collaborate and leverage dollars with the public and private sectors to increase the capacity of a remote fire detection network covering parts of the state. The savings are significant in terms of construction costs through land lease agreements, local county dollars and sharing of resources. Additionally, the largest cost savings are realized from the proven functionality of detecting fires early and suppressing them, which in turn, lowers the costs for all landowners and the General Fund.



## Fire Protection

### E. Revenue Sources and Relationships

The Fire Protection Division's service delivery is provided in three levels with separate funding mechanisms (Appendix 8: Annual Fire Protection Funding Structure):

**Base Protection** — ODF's base protection program is delivered through nine local Forest Protection Districts and three private Forest Protective Associations. Each local unit prepares an operating budget for prevention, detection, resource readiness, initial attack, and extra-cost deductible. The revenue to support the local budgets comes from a combination of the Public Share Fire Fund (General Fund) and forest patrol assessments on local forest landowners. The distribution is established in statute as 50 percent General Fund and 50 percent private landowner assessment. Since each local budget is developed independently, the forest patrol assessments charged against landowners vary by district. County assessors collect the assessments, which are made on a per-acre basis with a minimum assessment of \$18.75 per lot. Public landowners receive no General Fund match and pay the full cost of fire protection. The contract for fire protection on Western Oregon U.S. Bureau of Land Management land is subject to an adequate level of protection to meet the contract specifications. The contract provides approximately \$7 million per fiscal year.

**Emergency Protection** — The purpose of emergency protection is to pay for the excess suppression costs of major fires. The enabling legislation is based on the premise that emergency fire suppression costs on forest lands protected by the State Forester need to be equalized so that no single district is required to pay the full amount of firefighting expenses. Funding for emergency costs is provided through the Oregon Forest Land Protection Fund (OFLPF), administered by the Emergency Fire Cost Committee. The 2005 Legislature modified the reserve base for the OFLPF in HB 2327 from \$15 million to \$22.5 million, stipulating that when the unencumbered balance of the fund reaches a level greater than \$22.5 million but less than \$30 million, revenue sources of the fund drop to 50 percent in the succeeding fiscal (calendar) year, and are shut off completely if the fund balance reaches \$30 million. Revenues restart in the fiscal (calendar) year following the fund balance dropping below \$22.5 million. (Note: All of the OFLPF's funding sources are fiscal year-based, with the exception of the harvest tax, which is set on a calendar year.) Revenues to support the OFLPF are estimated to be \$22.35 million in 2015-17 and are generated from an array of landowner assessments and taxes:

- Harvest Tax of \$0.625 per thousand board feet on all merchantable forest products (\$4.6 million),
- Acreage assessment on all protected forestland (\$0.05 per acre for protected western Oregon forestlands, \$0.075 per acre for eastern Oregon protected forestland, and \$0.075 per acre for all grazing lands - \$1.86 million),
- Assessment of \$3.75 per lot (out of the \$18.75 minimum assessed for forest patrol - \$1.46 million),
- Surcharge of \$47.50 for each improved tax lot (\$14.25 million), and
- Interest from the State Treasurer's investments of the fund (\$0.18 million).

The OFLPF reimburses fire suppression costs after a district meets an annual deductible based on protected acreage and a \$25,000 exclusion for any one fire on any one day (not to exceed \$25,000 in any given day).

## Fire Protection

### E. Revenue Sources and Relationships (Cont.)

**Catastrophic Protection** — HB 2327 (2005) directed that, prior to February 1 of each year, the State Forester and the Emergency Fire Cost Committee review the need to purchase emergency fire suppression insurance and determine what level might be needed in view of the current condition of the forests, long-term weather predictions, available resources, and other factors. The statute includes a provision to annually assess the insurance premium equally between the OFLPF and the General Fund. The current insurance policy provides \$25 million total insurance with an annual deductible of \$20 million and an annual premium of \$2.012 million.

HB 2050A, the Wildfire Protection Act of 2013, increased the total liability of the OFLPF to \$13.5 million annually: \$10.0 million for suppression costs (matched by the State in a tiered fashion), up to \$3.0 million to be matched with \$2.0 million of General Fund to provide severity resources statewide, and \$0.5 million to pay for insurance premiums and administrative costs of the fund. Increasing costs of procuring the catastrophic insurance policy have led to the proposed House Bill 2454 (page 2-14 of this document). This bill decouples administrative expenses and insurance premiums from the \$13.5 million cap – the new cap would be \$13 million: \$10 million for suppression and \$3 million for severity.

**Smoke Management/Fuels program** — Funded by registration and burning fees collected from landowners (95 percent) and contractual payments from other government agencies (5 percent).

**Cooperative Fire** — These funds provide a ready source of additional fire suppression personnel at low or no cost to the forest protection system and local landowners. The program is funded from other landowners' payments for work done on their lands by fire personnel.

**Federal Funds** — The Department actively seeks federal funds to support the program's mission and goals. These funds have declined steadily in recent years and at least one grant has been eliminated as of fiscal year 2013.

## Fire Protection

### **F. 2015-17 Governor's Budget**

#### **Governor's Budget (GB)**

The GB supports the program's mission to protect Oregon forestlands from fire through a complete and coordinated system with our landowner partners and cooperators, including fire prevention, suppression, investigation and cost collection. The over-arching goal is to minimize the cost of suppression and the loss of resource values by aggressive wildland fire initial attack, secondary only to the protection of human life. Protection from wildfire is a service fundamental to Oregon's wellbeing. It helps to maintain a stable environment for ongoing investment in forest ownership and protects public safety and natural resource values that benefit all Oregonians. Emphasis on prevention and on suppressing fires quickly, while they are small, ensures cost-effective results for the public and for forest landowners. The GB directly supports the protection of jobs, maintaining a stable environment for ongoing investment in forest ownership and management. Fire protection is critical to maintaining and protecting the forest products sector, which provides almost 59,000 jobs while also protecting communities and multiple forest values that benefit all Oregonians, such as clean air and water, fish and wildlife habitat, and scenic views. The budget also provides assistance to Rangeland Protection Associations (RPAs) through funding for 1.5 FTE to support this program along with targeting dollars to develop and support RPAs, with the potential to contract with other entities to address wildfire issues on unprotected or under-protected lands, contributing to sage-grouse protection and rural community viability.

Sufficient and efficient use of funds and resources enables the Department to protect natural resources, enhance public safety, protect jobs and businesses related to the forest and tourism sectors, and reduce carbon and other emissions that affect air quality. Aggressive wildfire suppression by the Department has significantly contributed to these key outcomes.

#### **Legislation**

##### **HB 2454**

This bill, coordinated with the Oregon Forest Land Protection Fund (OFLPF), removes administrative expense and insurance premium categories from the expenditure limit, and sets the limit for remaining expenses at \$13 million annually. This would allow the fund to continue to meet its large-fire and insurance premium obligations in the most severe fire seasons. The Legislature would continue, through its agency budgeting process, to set suitable limits on administrative expenses.

The key driver for this legislation was the increase in fire insurance premiums following the 2013 fire season. Fundamentally, the passage of the Wildfire Protection Act (HB 2050A) set the state on a path toward 50:50 sharing of costs. HB 2050A included increasing the OFLPF annual spending limitation from \$10 million to \$13.5 million, allowing for \$10 million in large-fire suppression costs, a new \$3 million contribution to the state's "severity program," which provides aircraft and other resources that can be moved around the state according to fire danger and need, continued sharing with the state on premium costs for Oregon's unique large-fire insurance policy, and administrative expenses. Any surplus is potentially available for strategic investments to improve the protection system.

Following the very costly 2013 fire season, annual fire insurance premiums increased in 2014, and likely will remain elevated for several years. The OFLPF's 50 percent share increased from approximately \$450,000 in recent years to just over \$1 million.

## Fire Protection

### F. 2015-17 Governor's Budget (Cont.)

#### Policy Option Packages

The Division's funding increase requests for 2015-2017 focus on severity resources with POP 110 – Fire Season Severity Program, and two Rangeland Protection Association POPs: 119 – Rangeland Protection Associations Support and 120 – Rangeland Wildfire Threat Reduction.

POP 110 - Fire Season Severity Program: This \$5.1 million General Fund policy package has been placed in a Special Purpose Appropriation within the Emergency Fund. Statewide resources funded through this source are used to suppress fires while small, most often during and after multiple lightning events, and at times of severe fire conditions. This effectively limits large-fire expenses, protects natural resources, enhances public safety, and reduces smoke emissions. Of this total amount, \$4 million (\$2 million per fire year) is for severity resources, and \$1.1 million is an estimate of the state's portion of the fire insurance premium for fiscal year 2017.

POP 119 - Rangeland Protection Associations Support: This package provides support to Rangeland Fire Protection Associations by establishing positions dedicated to their support. To accomplish this the Department is requesting 1.5 FTE and \$459,130 in General Fund. Specifically the positions would provide:

- Mapping support
- Basic and annual refresher firefighter training
- Fire equipment acquisition through the Federal Excess Property Program and Department of Defense Fire Fighter Program
- Acquisition of funding through various grants
- Reimbursement of insurance and administrative costs
- Technical support for the operation of the Rangeland Protection Associations, administrative support and coordination of association budgets
- Coordination with federal partners, technical support and liaison during large fire operations

POP 120 - Rangeland Wildfire Threat Reduction: Requests \$1.2 million of General fund for services, supplies and equipment in support of Rangeland Protection Associations as well as the ability to contract with other entities to address rangeland wildfire management, prevention and suppression of unprotected or under-protected lands. This funding will be implemented consistent with wildfire-related provisions in addressing the conservation of sage-grouse and rural community viability.

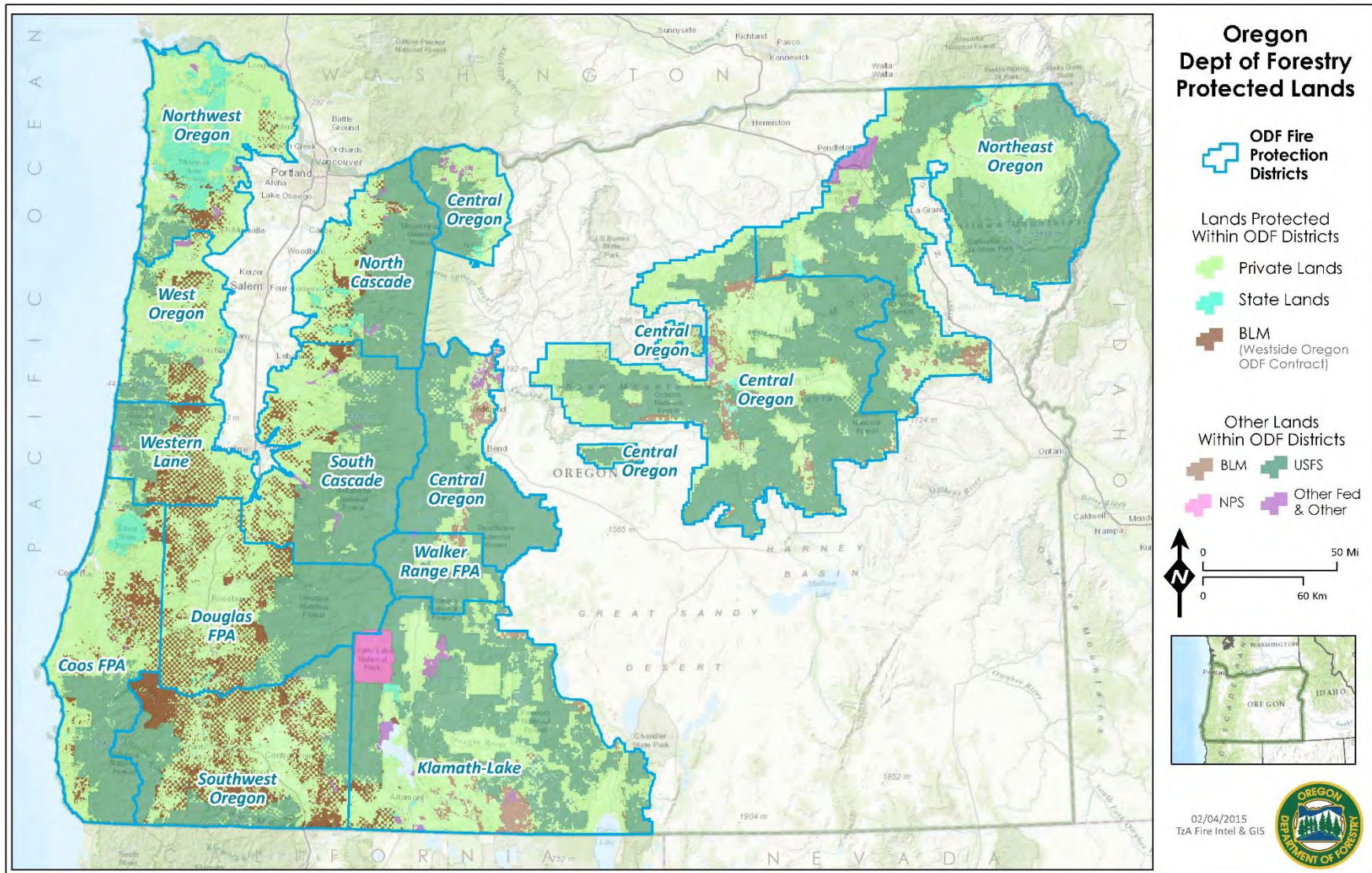
# Fire Protection

## G. Appendix

1. Oregon Department of Forestry Protected Lands Map.....	Page 2-17
2. Keeping Fires Small Means Big Savings .....	Page 2-18
3. ODF Large Fire Gross Costs .....	Page 2-19
4. Fire Season Severity .....	Page 2-20
5. ODF Aviation Resources.....	Page 2-21
6. US Drought Monitor .....	Page 2-22
7. Rangeland Protection Associations Map .....	Page 2-23
8. Annual Fire Protection Funding Structure.....	Page 2-24

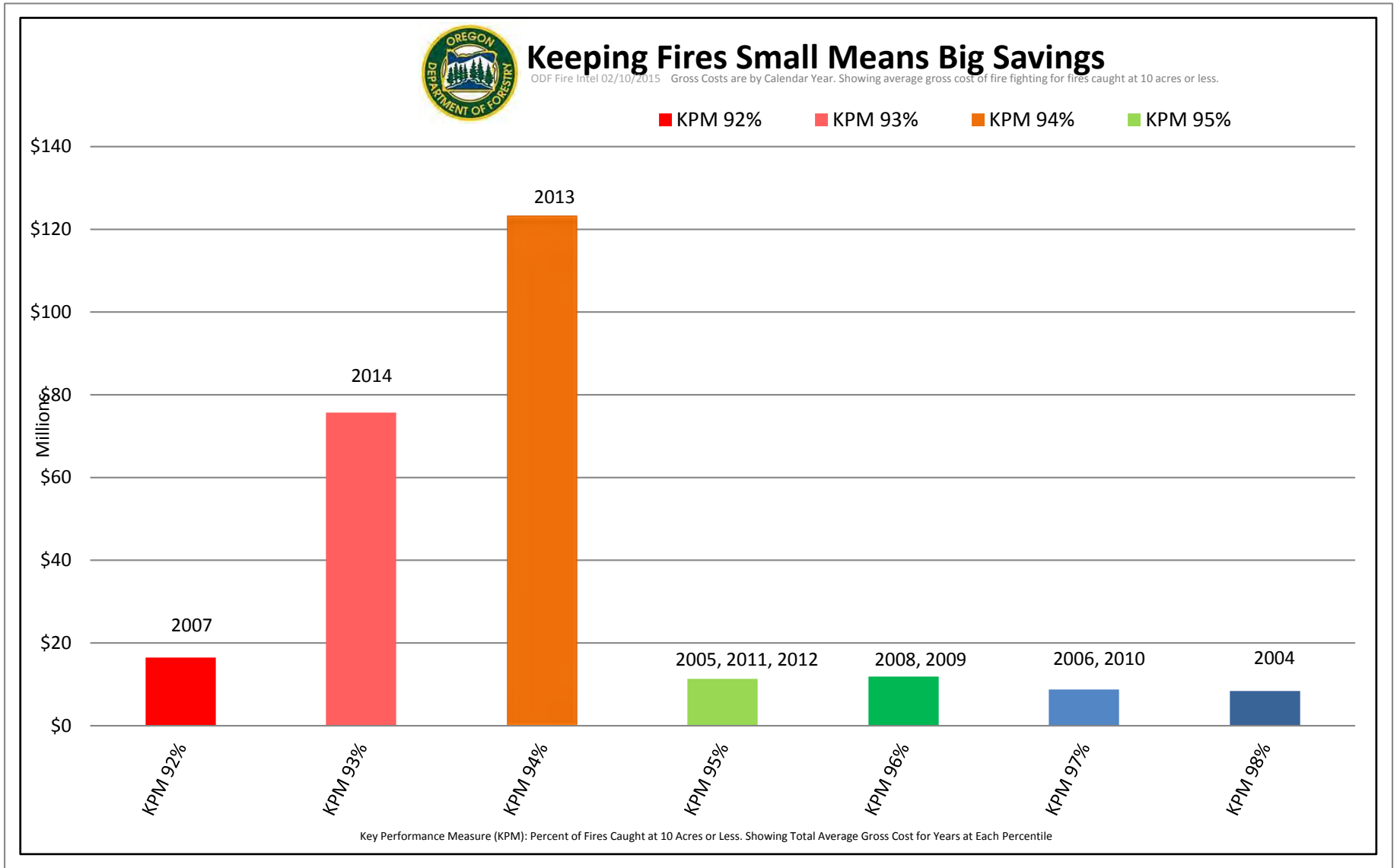
# Fire Protection

## Appendix 1



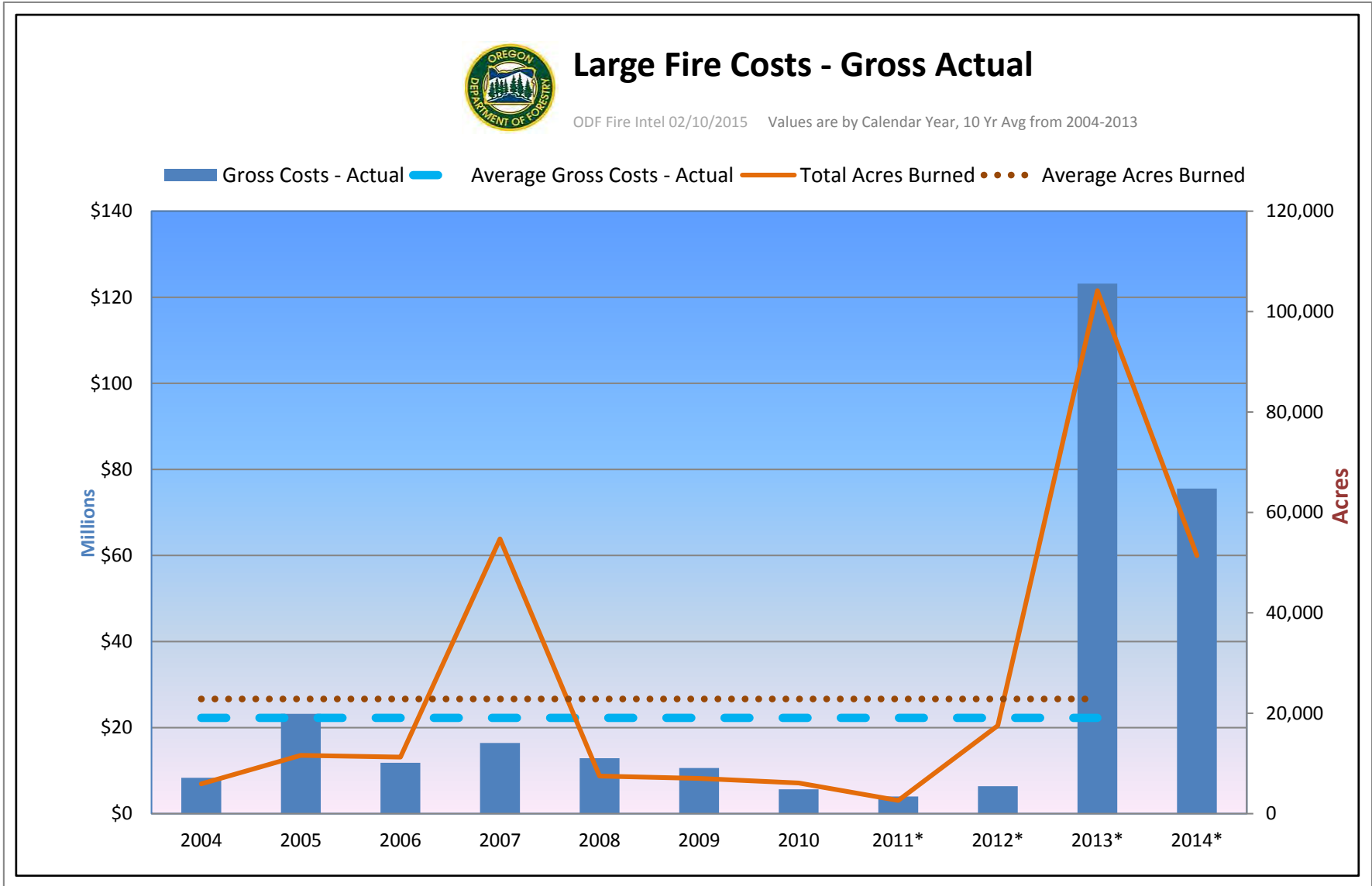
# Fire Protection

## Appendix 2



# Fire Protection

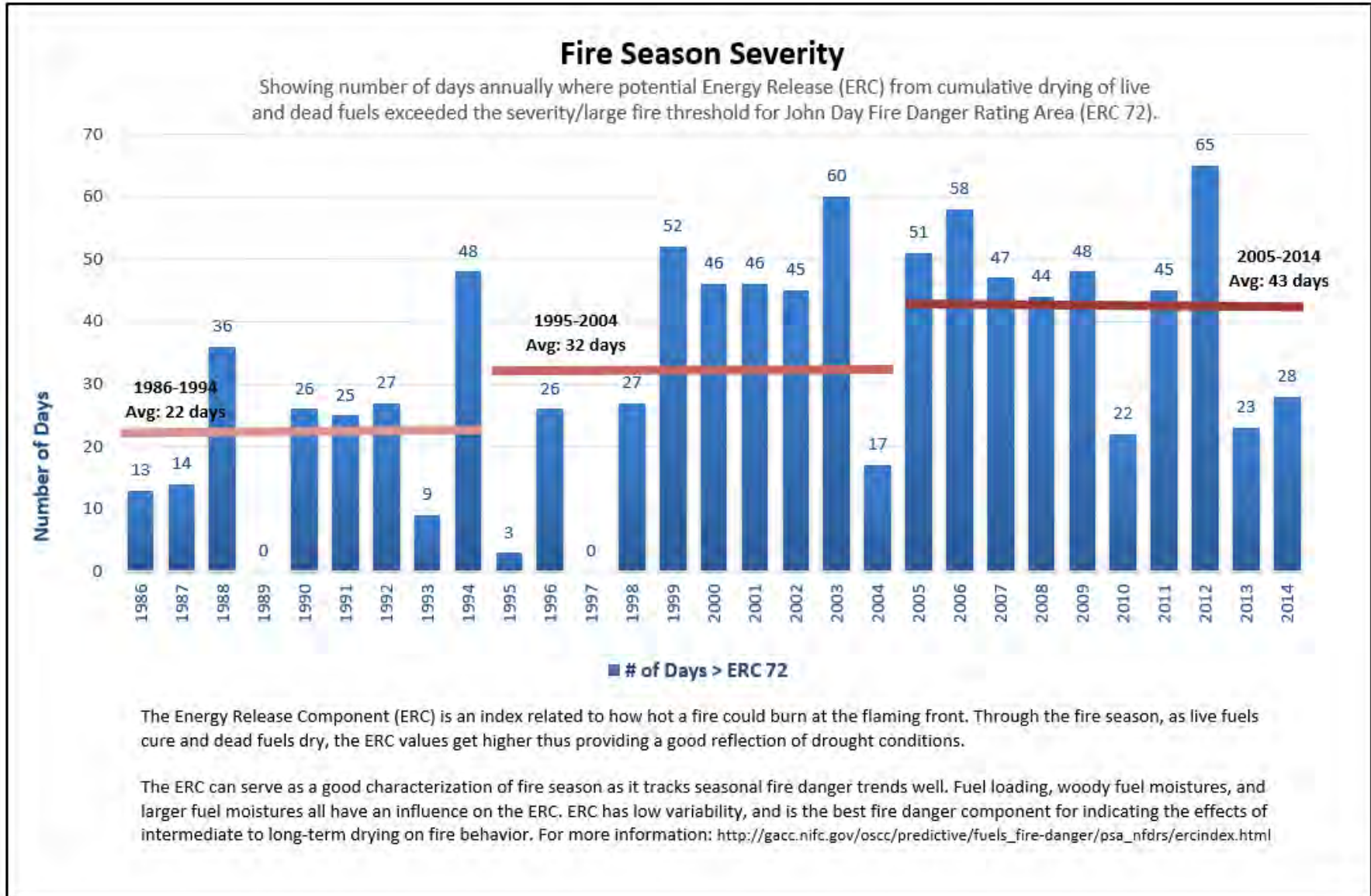
## Appendix 3





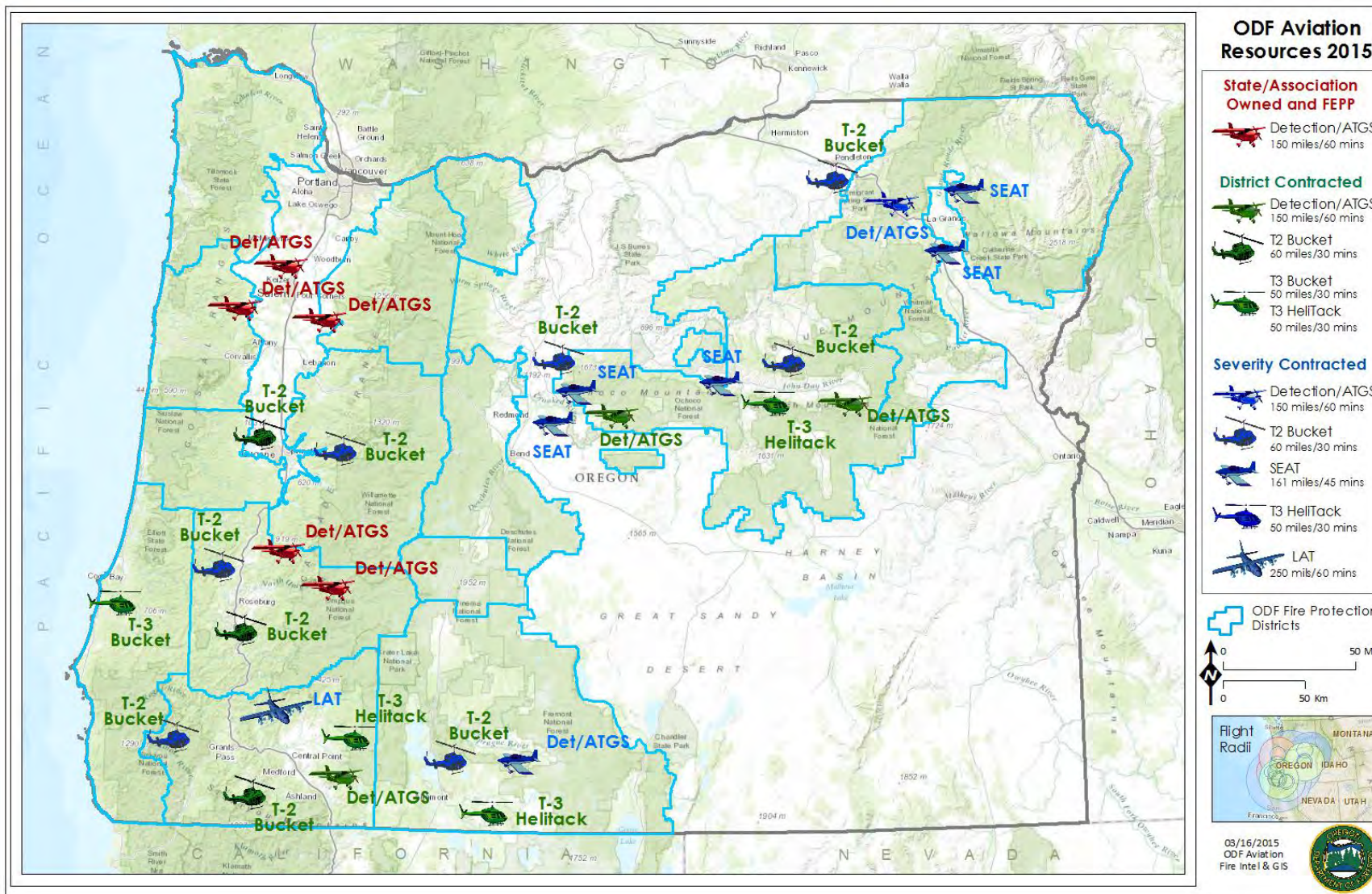
# Fire Protection

## Appendix 4



# Fire Protection

## Appendix 5



# Fire Protection

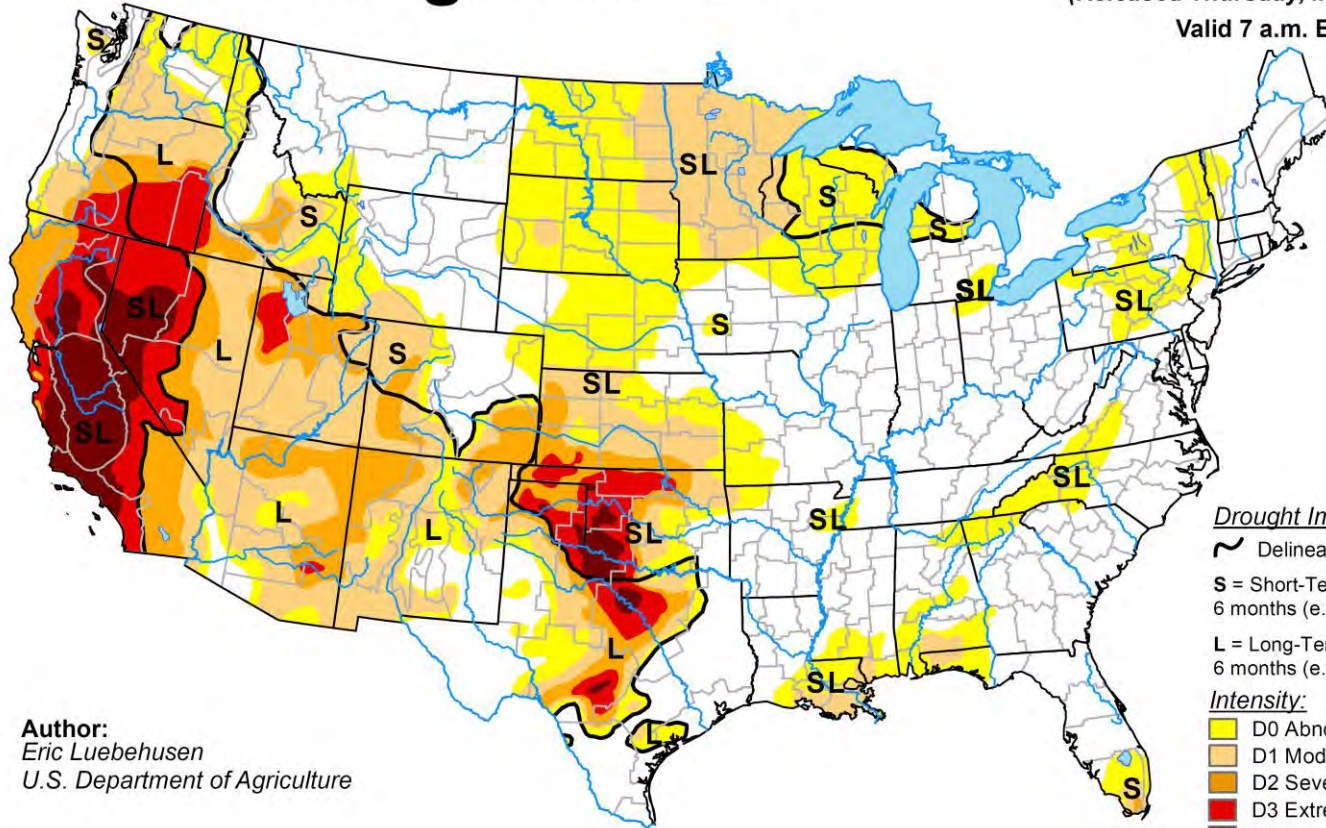
## Appendix 6

# U.S. Drought Monitor

March 24, 2015

(Released Thursday, Mar. 26, 2015)

Valid 7 a.m. EST



Author:  
Eric Luebehusen  
U.S. Department of Agriculture

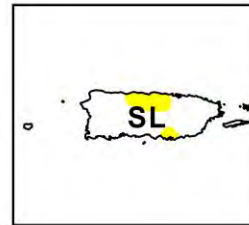
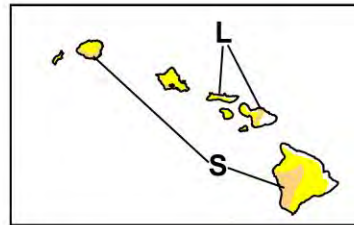
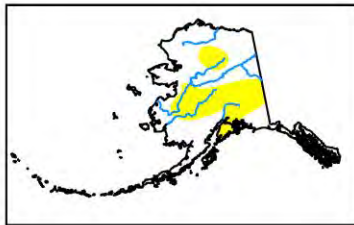
**Drought Impact Types:**

- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

**Intensity:**

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

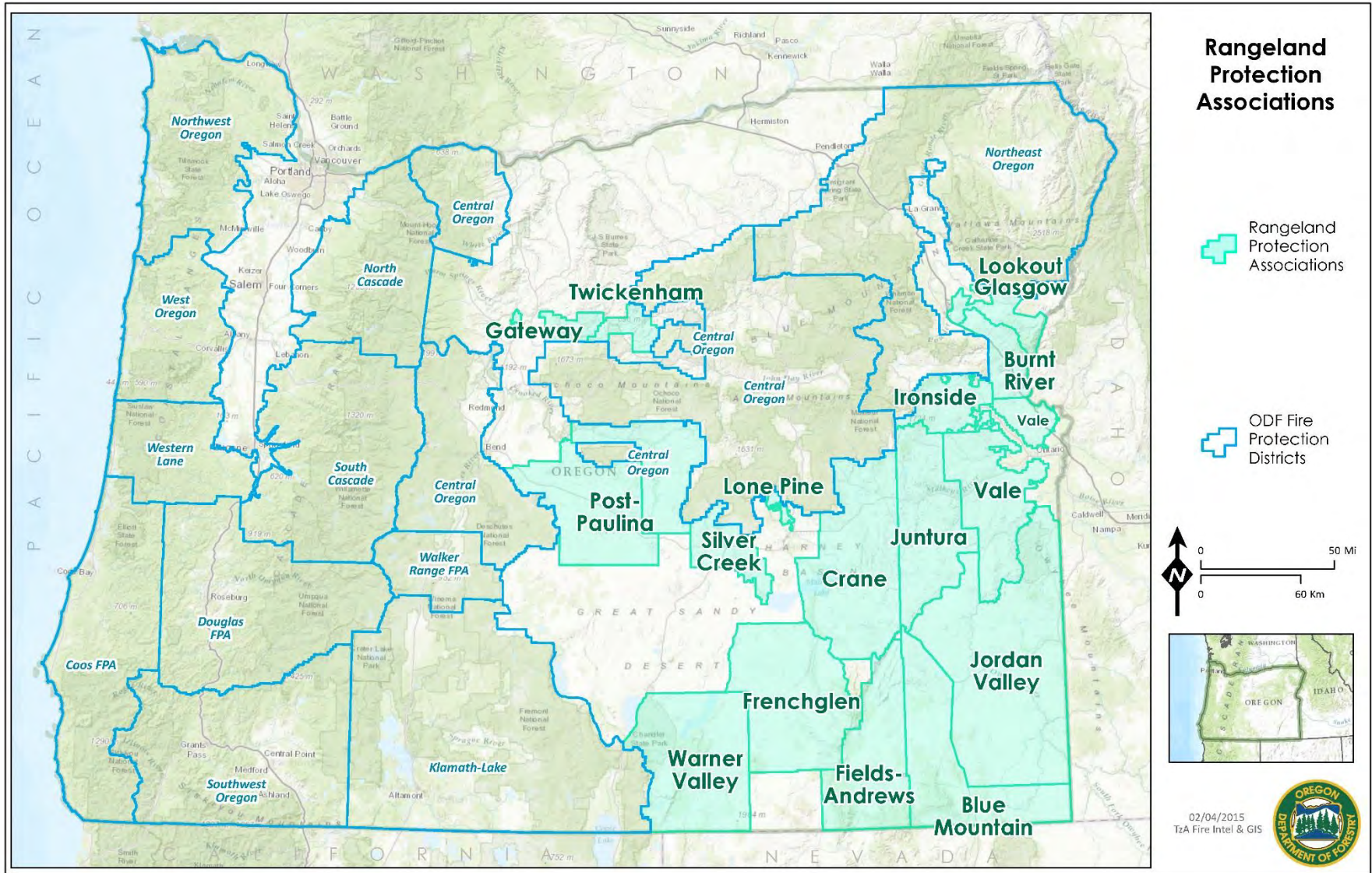
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



<http://droughtmonitor.unl.edu/>

# Fire Protection

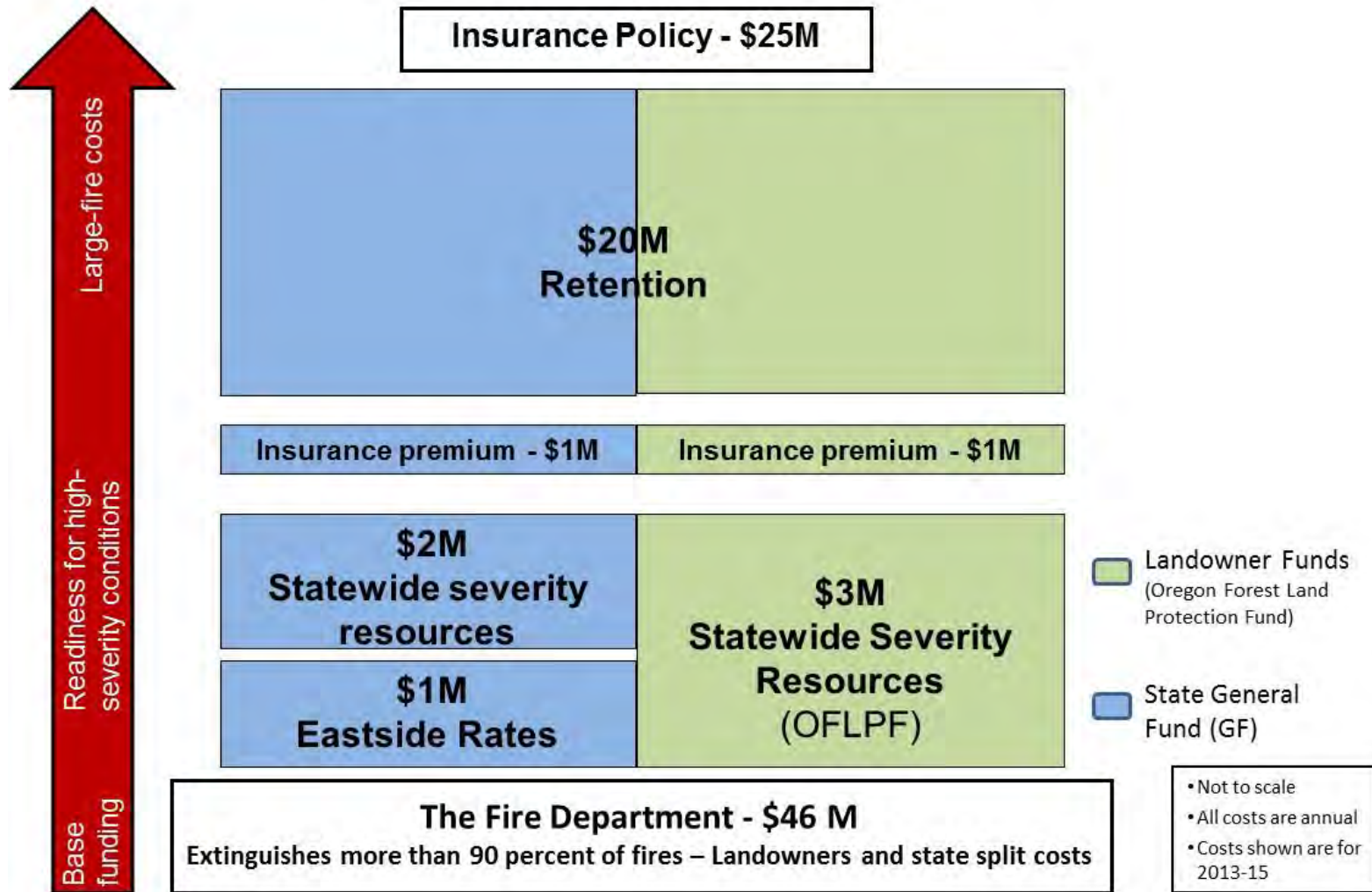
## Appendix 7



Fire Protection

*Appendix 8*

# Annual Fire Protection Funding Structure



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# 3. Administration

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**Oregon Department of Forestry  
2015-17 Ways and Means Presentation  
April 2015**

# Administration

## A. Overview

### Mission

The Agency Administration Division's mission is to provide high-quality leadership, assessment, policy development, public involvement, communications and administrative systems to support the Board and the agency, and to provide the foundation for effective implementation of the agency's core business functions.

### Purpose

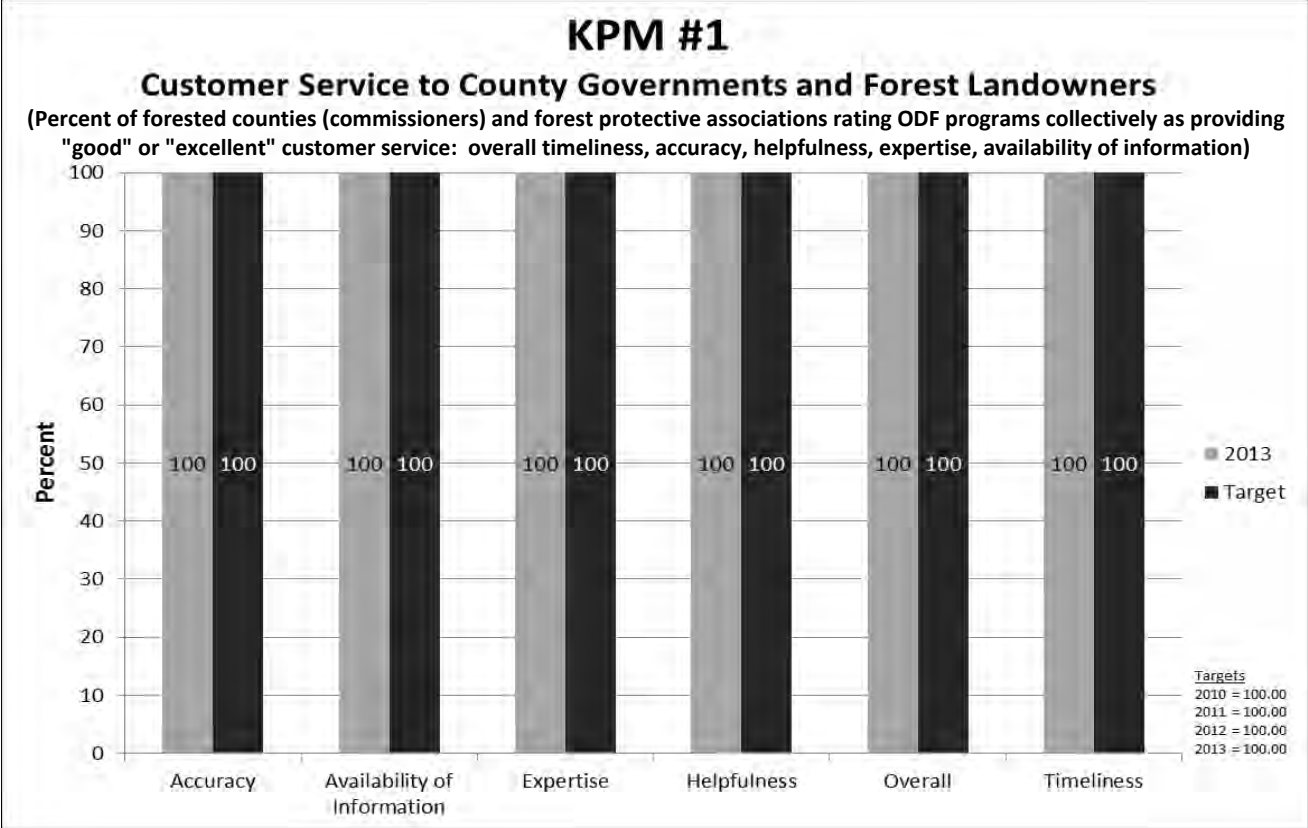
The Division achieves its purposes through:

- **Agency Leadership and Management**, which in concert with the Board of Forestry provides leadership and policy direction on all forestry matters in the state, and also includes quality assurance, legislative coordination and public affairs support.
- **Forest Resources Planning**, which furnishes technical analysis and planning, as well as a wide variety of information on forestry issues to other divisions of the Department and to other state, federal and local agencies and the public.
- **Administrative Services**, comprised of human resources, business services, information technology, facilities management and partnership development.

The Division's direct customers are the Board of Forestry and agency employees. Indirect customers include forest landowners, local, state, federal and tribal agencies and governments, non-profit natural resources organizations, academic and corporate institutions, and all Oregonians.

# Administration

## B. Key Performance Measures



KPM #1 reflects the percentage of commissioners in Oregon’s forested counties and leaders of forest protection associations that rate ODF’s customer service as “good” or “excellent” based on timeliness, accuracy, helpfulness, expertise, and availability of information. The agency has set a target of 100 percent.

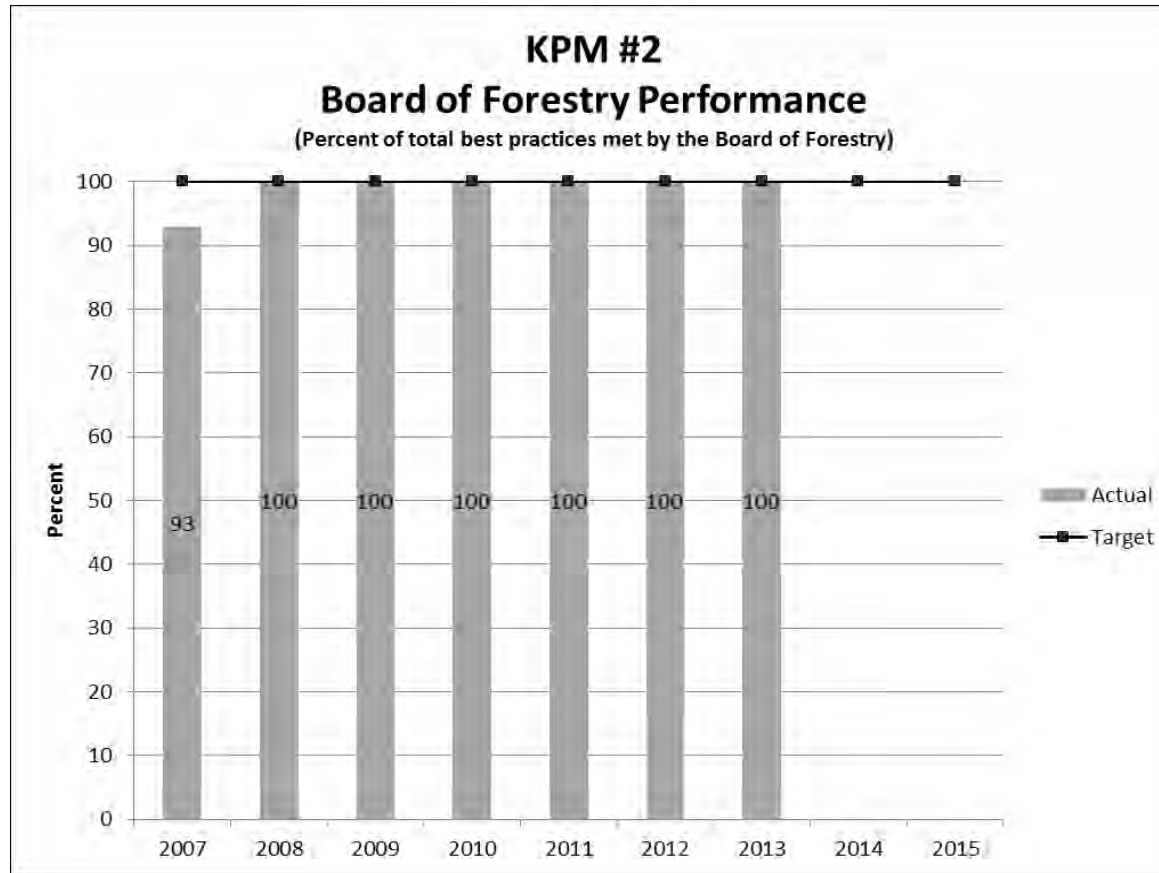
Each year, half of the commissioners in forested counties are surveyed. We also include comments from the Board of Forestry’s Forest Trust Land Advisory Committee.

The agency has met its target in all six areas. This year’s results remain constant in three categories - Expertise, Timeliness, and Overall Service. The results increase in three categories - Accuracy, Helpfulness, and Availability of Information. Some concerns raised were about reductions in staff and the ability to continue to provide the excellent service given in the past, and the increasing costs of fire protection.



## Administration

### B. Key Performance Measures (Cont.)



KPM #2 tracks the percentage of best practices met by the Board of Forestry, which focuses on 15 standard criteria for successful boards and commissions. The Board has chosen a 100 percent target for this measure.

During its last survey on this KPM, Board members expressed high satisfaction with the way the Board made difficult decisions collectively with solid engagement and support from agency staff. Board members acknowledged the complexities accompanying ongoing lawsuits challenging their authority. They also commented on the long-standing challenges of building better coordination with state and federal fish and wildlife agencies to achieve positive outcomes.

## Administration

### **C. Key Budget Drivers and Major Issues**

#### **Introduction**

Many external factors have challenged the Department's capacity to provide administrative services in recent years. For the most part, these are not unique to the Department, or even to state government, but are common to most organizations, public and private. In many ways, these "costs of doing business" are greater today than in the past. The expense and complexity of meeting administrative, financial and legal requirements and providing internal services with "best practices" have risen substantially. For the Department, this increased need for resources has occurred during a time of static allocation of these resources within our administrative and business services, which has equated to essentially no increase in capacity. The need for administrative support functions may increase during tough economic times, but the tendency is to reduce such resources in order to retain front-line functions. We embrace the need for frugality. But we also recognize insufficient administrative support compromises capacity to serve Oregonians.

In addition, the Department is dealing with an aging infrastructure, primarily in information technology, business systems and facilities statewide. The impacts include not only cost inefficiencies and less-effective service to internal and external customers, but also higher risk of loss of information and capital asset value, both near-term and longer term.

#### **Providing public information**

A number of factors combine to drive budget needs and challenge capacity in providing quality and timely public information and outreach. These include:

- Ongoing high interest in policy issues before the Board of Forestry and in forest issues generally.
- Accompanying the magnitude and complexity of issues, increased need for a range of public outreach strategies.
- Increased need to educate landowners, particularly family forestland owners, and operators in legal compliance and general forest management.
- Increasing and often complex information requests from the public, other agencies, policy makers, and from within the Department.
- Increased expectations for information available in real time and delivered through multiple channels, including publications, the web and social media.

#### **Conducting forest resources planning**

Credible, scientific information about Oregon's forests and forest conditions provides the foundation for effective policy development and decision-making. Several current issues combine to drive the budget needs of the Department's forest resources planning efforts, including:

- Forestry issues are becoming more complex. Forest management planning is a lengthy, sometimes contentious process involving many partners. Furnishing accurate and timely data about forests and forestry is an important job of the agency. Forest management issues are likely to become yet more complex during 2015-17, particularly in light of such factors as changing forest ownership patterns, changing global forest product markets, changing land use laws, climate change adaptation and mitigation, wildfire and forest health risks, rural social and economic challenges, biomass energy opportunities, and mounting concerns and new visions for federal forestland management.
- Demand is increasing for timely, accurate statewide forest assessments and geographic data among the Department's decision-makers, other agencies, stakeholders and the general public. This requires enhancement of Department information technology capabilities.

## Administration

### C. Key Budget Drivers and Major Issues (Cont.)

- Forestry issues have become more prominent in public policy discussions, increasing the need for sound information. Using a publicly accepted framework of sustainable forest management goals and indicators provides useful tools for discussing and measuring forestry issues in an understandable, integrated manner.
- The Department is working with many partners to implement a forest cluster economic development strategy. This work includes identifying new forest revenue sources to counter pressure on landowners to convert working forests to other uses, developing new markets, and advancing the use of engineered wood products. There is a continuing need for specialized policy and planning services to Oregon's forestry leadership, internal and external to the agency.
- The Department is leading state efforts to increase the pace and scale of management on federal forestlands. The health and sound stewardship of federal forestlands are critical to Oregon's current and future well-being. Our economy relies on these forests for much-needed family wage jobs – particularly in rural communities where such jobs are becoming increasingly scarce. The environmental benefits and ecosystem services derived from these lands are essential – biodiversity, critical habitat for a multitude of species, and watersheds that provide abundant, clean water for ecosystems and communities.

#### **Addressing inefficient, obsolete and failing business systems**

The Department has historically operated an extremely lean Information Technology (IT) Program, with most resources dedicated to supporting and maintaining existing applications. Complicating this situation, most of the agency's critical business systems have been developed on a limited budget. Many were developed in a "piecemeal" or "siloed" fashion 20 to 30 years ago, in the technology platform common for the day, and offer no option of reconstruction. As many of these systems continue to age, they experience difficulty operating on newer platforms such as Windows 7, and cannot be integrated or shared across the enterprise. This has created business inefficiencies and redundancy, and is introducing ever-increasing risk of failure. Consequently, the IT Program often operates in a reactive mode where projects are scheduled as a result of application failure, and not according to a planned migration or upgrade schedule. As a result, the streamlining of agency operations for internal and external customers, in most cases, is not possible without complete system replacements.

Starting in the 2007-2009 biennium the Department, with assistance and support from the Legislature and the Department of Administrative Services, embarked on a process to improve its technology platforms and business systems. However, the investment plan is long-term, and many enterprise business needs continue to experience inefficiencies and limited functionality. In 2011, the Department identified more than fifty critical business system needs and began to prioritize them.

The prioritization effort identified the following as critical business system needs that are imperative to address over the next several biennia:

- **Document management.** The Department does not have an automated record or document management system, and relies on paper documents and unstructured email. This is inefficient, and places the Department at high risk for information loss or failure to comply with federal or state records management requirements and public records requests.

## Administration

### C. Key Budget Drivers and Major Issues (Cont.)

- **Asset management.** The Department does not have a centralized database of all its assets. Individual asset classes across several domains – real property, capital assets and fleet – are tracked on spreadsheets or ledgers that make managing and reporting difficult and time-consuming. Additionally, this does not allow comprehensive long-term planning of asset maintenance, management and replacement.
- **Procurement.** The Department's current "home-grown" PowerBuilder purchase order/payment system is no longer supported and exhibits extreme instability on the operating hardware platforms in use at the State Data Center. With limited application development resources, the Department lacks in-house experience to support the application and relies on contracted IT resources. Additionally, because the current system is more of a payment than a procurement system, the Department is not able to strategically plan procurements agency-wide, a lost opportunity for overall cost containment. Collectively, due to system inefficiencies and associated lack of integration, payments to vendors during high-transaction periods such as large fires are slow and cumbersome.
- **Grants Management.** The Department uses multiple Access databases and Excel spreadsheets to track and manage grants information. Due to a lack of integration among the applications, staff must manually enter universal grants information in multiple places, which may lead to data inaccuracy and inconsistency. Additionally, the lack of integration requires a time-consuming manual reconciliation process, and there is the risk of inaccurate or untimely reimbursement tracking, which could impact overall cash flow for the agency.
- **Wildfire management.** Many critical systems, including those related to fire protection, are not integrated. This results in duplicate data entry, data inconsistencies and limited business analytic capability (workload analysis, etc.) due to ineffective data capture, sharing and reporting. Some of these systems are no longer supported, and any type of update to the existing application would require a change to a new platform.
- **Timber Revenue and accounting system replacement.** The Department will complete the migration from its outdated, mainframe legacy system to a modern, streamlined system in 2016. This application will integrate and automate new processes, ensuring better accountability for timber sales on state lands.

Further complicating these obstacles, budget constraints over time have prevented necessary routine maintenance and updates of IT applications and software. Some application versions are no longer supported by vendors or manufacturers. The results include increased downtime, reduced productivity, and potential inability to meet data reporting requirements or other mandates.

#### Providing administrative and business services

Like most organizations, the Department faces the rising challenges of compliance with federal and state laws relating to workplaces, compensation and benefits, including the Americans with Disabilities Act (ADA), Affordable Care Act (ACA), Federal and Oregon family medical leave (FMLA and OFLA), Worker's Compensation laws, Administratively Determined (AD) firefighters, and Oregon pension system (PERS) Police and Fire retirement benefits.

Another significant budget driver is the shifting of administrative workloads from the state Department of Administrative Services to agencies, particularly in human resources, contracting, routine procurement, risk management, asset management, information management, planning and assessment, and payroll.

Furthermore, the agency is actively engaged in succession management, preparing the next generation of leaders. This has a budget impact with increased workloads in recruitment, knowledge transfer, training and development, creatively identifying and removing barriers to career development and employee movement, examination of proper classifications, and assuring incentives for employee advancement.

# Administration

## **C. Key Budget Drivers and Major Issues (Cont.)**

A major budget driver for any organization today is increasing reliance on information technology, along with increasing threats and risks to information assets. While internet and web-based approaches have placed the power and functionality of information with the end-user and the individual customer, they require significant investments in application development (or modification), data management, and information security.

Changes to standards, practices and controls in fiscal accounting, budgeting, and procurement require additional resources, including personnel, and ongoing training and development. Also, Department staff currently process over 222,000 financial transactions per year (not including payroll). The need for improved internal controls for these transactions has challenged current business systems, and without modernization and system improvements, the agency cannot achieve the appropriate or desired level of control, accountability and service delivery.

Finally, the fiscal accounting aspects of employee payroll, retirement systems and personnel benefits have become increasingly complex. Changes to labor laws, collective bargaining contracts, and benefit and retirement systems require more processes, checks and balances to ensure timely and accurate payments and accounting entries. This is driven, in part, by increased restrictions and control requirements, tighter processing timelines, and an increase in the proportion of employees who receive specific benefits. The net effect is significantly greater workload, for which the Department is not adequately staffed.

### **Addressing facilities and capital investment needs**

The Department owns over 400 capital structures with a current replacement value of approximately \$115 million. Outside of the 11 Salem Headquarters Campus buildings, the facilities are located at 12 fire protection districts and within five state forests across the state. These buildings support a wide range of activities including administrative functions, fire dispatch centers, fire equipment warehouses, vehicle repair and fabrication, reforestation and road maintenance, radio communication facilities and fire lookouts. These facilities span decades of building design, acquisition, construction, and workplace technologies. Many buildings need major improvements or replacement due to decades of hard use, and functional obsolescence resulting from modern business needs or workplace health and safety concerns.

Over the past several biennia the Department has made addressing the condition and obsolescence of many of its older facilities an institutional priority. This has prompted the Department to initiate a longer-range, more comprehensive capital planning focus that provides for all our facilities needs, including future and deferred maintenance, capital improvement and capital construction planning and funding. The first phase of this process, an initiative currently underway, is the development of a strategic capital planning framework that identifies current and future service delivery planning issues, key priorities, and decision-making processes to lead the Department's effort to achieve a comprehensive and strategically aligned capital plan. This plan will provide the basis for future capital funding requests.

To support this strategic capital planning effort the agency is collecting current building condition information utilizing industry best management practice standards assessment and software services. The objective is to compile consistent and reliable assessment data that allows for informed decision-making through the ability to quantify, track, analyze, and prioritize facilities needs and costs.

## Administration

### **C. Key Budget Drivers and Major Issues (Cont.)**

The second phase of the capital planning process, also underway, is linking the strategic capital plan with the Department's broader strategic planning priorities. This will produce a comprehensive long-term capital plan with prioritized projects and funding solutions.

The Department has also been working side by side with the Department of Administrative Services Facilities Capital Planning Program to develop enterprise-wide solutions for facilities assessments and data management. The Department is currently participating on the selection committee for a statewide centralized assessment and data management service.

#### **Grants and additional funding**

Grant funding is available to help forest landowners implement forest management strategies that improve the resilience of their trees to fire, insects and diseases. These actions also influence air and water quality downwind and downstream. The Department's Partnership Development Program works to connect forest enhancement and grant funding sources, bringing in dollars to increase landowner knowledge and help support forest improvement work, especially on smaller family forestlands.

## Administration

### **D. Measures to Contain Costs, Improve Program Delivery**

As outlined earlier in this document, the Department has experienced constraints in resources to support critical business functions, along with rising demand for these resources, and continued challenges with connectivity of systems, deterioration of key assets, and systems that lack capacity to meet today's complex needs. While the agency has begun to prioritize and seek funds to meet needs in this area, partnerships and process improvements are also important parts of the solution.

#### A. Partnerships with Other Agencies

##### **Administrative Services**

- Partnerships with other agencies on the procurement of contract fire crews have produced overall savings on fire costs.
- Ongoing partnerships with the Department of Administrative Services and the Department of Justice have streamlined the procurement process for goods and services that the agency has independent statutory authority to obtain. This process has helped to reduce the time needed to complete contracts for fire prevention and protection of forestland.
- Continued use of statewide price agreements to the greatest extent possible has helped to contain costs.
- Close cooperation with the Governor's Office of Economic and Business Equity has increased opportunities for Oregon Minority, Women & Emerging Small Businesses to contract with the agency.
- Partnerships with other state natural resource agencies have saved money for services that would certainly cost more if we were to contract the work independently.
- Participation in the SPOTS Card Program has reduced the number of purchase orders and warrants. The Department also receives a rebate based on the amount spent in a month and the timeliness of payment.
- We have continued to maximize return on investment at our facilities where possible through co-locating with other agencies at Department facilities. The Department currently is co-locating with the Oregon Department of Transportation (ODOT) and the Oregon Department of Fish and Wildlife (ODFW) at several locations.
- In planning for the development of a new procurement system, the agency is partnering with eight other agencies to develop requirements for a system that will meet state-wide needs. The other agencies in this project are: Secretary of State, Department of Fish and Wildlife, Employment Department, State Treasurer, ODOT, Oregon Youth Authority, Oregon Public Employees Retirement System, and Department of Revenue.

##### **Forest Resource Planning Program**

- Leveraging of Federal Funds secured through an agreement with the U.S. Forest Service Pacific Northwest Research Station has allowed for completion of a five-year update of a study tracking development trends on Oregon forest, agriculture, and range lands. In addition to the Research Station, this work was done in coordination with the Oregon Department of Land Conservation and Development, Oregon Department of Agriculture, and volunteers. The study results inform two Oregon Benchmarks and an Oregon Indicator of Sustainable Forest Management. Building on this work, the program is creating models for predicting future development trends and also working with the Research Station to expand Oregon's study protocol to other states.

## Administration

### **D. Measures to Contain Costs, Improve Program Delivery (Cont.)**

- Leveraging of funds also helped to conduct a study of the economic impacts of increasing federal management (e.g., timber harvest and restoration activities) in eastern Oregon federal forests.
- Close work with the Pacific Northwest Research Station maximized the value of federally funded Forest Inventory and Analysis Program information for assessing Oregon forest resource conditions and trends.
- Data submitted by the Forest Service, Bureau of Land Management, Indian Tribes, counties and others helps in producing the Department's widely used annual Timber Harvest Reports.
- Ongoing coordination with Oregon State University, Oregon Business Development Department, Oregon Forests Resource Institute, Oregon Department of Energy and private stakeholders helped to sustain a comprehensive forest cluster economic development strategy for the state.
- A partnership with Oregon State University and stakeholders produced an evaluation of whether green building rating systems adequately recognize the environmental, social, and economic benefits of products made from Oregon-grown wood.
- A joint research project with Oregon State University and the Forest Service evaluated the relationship between climate and large wildfire occurrence.

#### **Public Affairs**

- Ongoing work with other information / education organizations such as the Oregon Forest Resources Institute continues to provide shared content for publications and other communication platforms. Example: ODF provided input into a widely used OFRI forest facts book, and participated in a partnership to educate family forestland owners on various aspects of forest management.
- An ongoing transition from printed materials to electronic formats has reduced printing costs.

#### **Information Technology Program**

- Continued improvement on large project oversight by adopting an agency IT governance model, improving project management depth within the organization and aligning project processes with the State CIO's stage gate model.
- Continued participation in the Light Detection and Ranging (LiDAR) Consortium allowed for purchase of LiDAR data at a reduced cost through partnerships with other federal, state and local governments.
- Participation continued in the definition and development of statewide framework geospatial data, in cooperation with other state agencies. We have provided staff to work on this effort and have developed geospatial data layers that have contributed to the statewide framework effort. These efforts have reduced the cost of geospatial data.
- Partnership with 11 other agencies as part of the State Data Center has provided additional technical resources for the agency and improved information systems infrastructure.
- Centralized management has improved delivery of Geographic Information Services for mapping, imagery, and spatial data.
- Partnership with nine other agencies has led to development of a procurement RFP for the purchase and adoption of a statewide system.



# Administration

## **D. Measures to Contain Costs, Improve Program Delivery (Cont.)**

### **Human Resources**

- Continued ODF/ODOT Interagency agreement – ODOT uses ODF personnel to accomplish highway maintenance activities during periods of low fire danger. This saves in recruitment costs and invests in employees. ODF partners with other agencies to share costs associated with attendance at recruitment events. For example, through the Governor’s Diversity and Inclusion group, we have begun to partner with other agencies in career fairs.
- Partnered with DAS Training to provide training related to the iLearn training system.
- Partnering with ODFW, ODOT and OPRD to explore shared services for payroll.

### **Partnership Development Program**

- Oregon Emergency Management (OEM) has the responsibility for state administration of Federal Emergency Management Agency grants. ODF is working toward a partnership with OEM to use its expertise in fire hazard reduction and the creation of home defensible space to provide federally required monitoring of fire-related grants.
- Direct work with local governments and state agencies helps to more effectively recover costs of suppressing large fires.
- Collaboration with federal agencies helps to identify and prioritize areas of grant administration that can reduce the effort needed to meet federal project cost documentation and justification needs.

## **B. Partnerships with the Private Sector**

### **Administrative Services Program**

- Use of Qualified Rehabilitation Facilities has reduced costs for custodial and security services at several major agency administrative sites.
- Centralizing collection of trash and recycled materials at the Salem Headquarters has reduced the cost of custodial services.

### **Forest Resource Planning Program**

- Partnerships with private consultants have assisted in conducting forest economic analyses.
- Partnerships with the forest industry have helped to identify market opportunities for wood products.

### **Partnership Development Program**

- Partnerships with private non-profits have expanded forest planning and carbon credit opportunities.
- Partnerships with a private non-profit have helped fund forest restoration projects. Recent projects have provided tree seedlings for state and county lands to replace trees burned in large wildfires in southwest Oregon.

## Administration

### **D. Measures to Contain Costs, Improve Program Delivery (Cont.)**

#### **C. Process Improvements**

- Creation of a risk assessment document has helped to accurately determine appropriate insurance levels for contracts. This document is based on a DAS form that was modified to include potential lost business opportunities if the insurance requirements are not in line with the industry.
- Procurement within ODF has been working on evaluating enterprise-wide needs in order to identify areas of overall cost savings by combining purchasing power.
- Increased delegated authority for procurements from \$150,000 up to \$1 million through the Department of Administrative Services.
- Movement to electronic reports for the Oregon State Payroll System has saved paper costs.
- Increased usage of the SPOTS card for procurement of small purchases has decreased the number of expenditure transactions for the Department by approximately 3%. We will continue to work on and encourage the use of SPOTS to decrease transactions in the future.
- Purchase of a new Procurement system will reduce the overall workload and costs to the agency.
- The Department has begun the process of standardizing its building and structure portfolio data and has aligned itself with DAS's building assessment software platform to establish data consistency.
- Many hard-copy documents that traditionally have been centrally purchased, stored and distributed have been moved to digital formats.
- LEAN business process modeling, primarily through input from front-line workers, has examined work flows and work processes to identify areas or systems for improvement.
- Developed workflow tracking systems to help meet the accomplishment reporting and financial reporting requirements of federal grants. This improves the processes needed for tracking work on 90 grants.

## Administration

### **E. Revenue Sources and Relationships**

Agency Administration is funded by the Other Funds and Federal Funds assessed against agency programs on a pro-rated basis by funding source, such as the State Forests Account (timber receipts) and Forest Products Harvest Tax. The Division also receives a small amount of revenue from fees charged for services and map sales.

Expenditures for the Equipment Pool program are financed entirely from internal service fees charged to users. Facilities Maintenance and Development is currently funded through the facility operation and maintenance budgets of each program. Revenue to pay debt service comes from the General Fund (40%), Other Funds (23%), and Lottery Funds (37%). Capital construction projects are funded through Certificates of Participation and Other Funds generated from the State Forests Division.

## Administration

### **F. 2015-17 Governor's Budget**

The Governor's Budget includes the following policy packages for Administration:

- Procurement/Purchase Order System: Provides general obligation bond proceeds and two limited duration positions for an integrated enterprise purchasing and procurement system. \$0.2 million General Fund (Debt Service), \$2.2 million Other Funds, 2 full-time equivalent, limited duration positions.
- Services & Supplies Shortfall: Restores services and supplies funding. \$0.27 million General Fund (Admin Prorate), \$0.58 million Other Funds.
- Agency Administration Technical Adjustments: Addresses technical budget issues that have accumulated over several biennia. \$0.16 million General Fund (Admin Prorate), \$0.21 million Other Funds, \$0.22 million Federal Funds decrease.
- Administrative Capacity: Restores administrative capacity to manage increasing workload. \$0.41 million General Fund (Admin Prorate), 0.88 million Other Funds, 5 full-time equivalent positions.
- IT Restructure: Aligns the Information technology staff structure to best meet agency needs. \$0.01 million General Fund (Admin Prorate), \$0.03 million Other Funds.
- ODF Federal Forest Restoration: Provides funding to assist the state in seeking solutions to forest health and economic issues related to management of federally owned forestlands. \$6.05 million Lottery Funds.
- Working Lands Coordination: Provides funding for contract work relating to working lands coordination. \$0.3 million General Fund.
- Capital Construction: State Forester's Office Building Restoration Project – Provides general obligation bond proceeds to rehabilitate and restore an aging administrative office building with historical significance located at the Department's Salem Headquarters Campus. \$0.3 million General Fund (Debt Service), \$7.0 million Other Funds (bond sale proceeds).

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# 4. Private Forests

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**Oregon Department of Forestry  
2015-17 Ways and Means Presentation  
April 2015**

# Private Forests

## A. Overview

### Mission

The Oregon Department of Forestry (ODF) Private Forests Division works to protect natural resources and help maintain working forests—and their social, economic and environmental viability—into the future. This mission rests on the premise that healthy, diverse private forestlands provide value for all Oregonians, including watershed protection, economic activity, fish and wildlife habitat, recreation, green infrastructure and other ecosystem services. The Division carries out its work through effective administration, educational assistance, and enforcement of the Oregon Forest Practices Act; monitoring and improving forest health; delivering state and federal incentive programs to family forestland owners; and providing urban forestry services.

The program also contributes to the ODF “militia” approach to its top mission—fire protection—which relies on participation by employees with specialized skills from across the agency.

### Background

Oregon has some of the world’s most productive forestlands. Oregon’s forests, including the 10.7 million privately owned acres (34 percent of Oregon’s 30 million-acre forestland base), provide the foundation for the state’s wellbeing and success.

One of Oregon’s most valuable assets, private forestlands produce about 79 percent of Oregon’s timber harvest, supporting a key industry that provides almost 59,000 jobs. The program helps ensure that private forests’ health, ongoing management, resiliency, and productivity provide private and public benefits to best serve all Oregonians.

The Division’s four main businesses are:

### **Effective administration, educational assistance, and enforcement of the Oregon Forest Practices Act (FPA)**

A resource protection cornerstone, the FPA requires post-harvest reforestation, and scientifically supported measures like streamside buffer rules and forestry best management practices. The FPA encourages private forestland investment through a consistent regulatory environment. It underwrites a social contract, assuring responsibly managed private forests.

The Private Forests program, landowners, and loggers work together to protect natural resources. To achieve this goal, the Division:

- Educates and gives technical advice to customers proactively to prevent damage to resources.
- Enforces civil and other penalties when necessary.
- Inspects before, during, and after priority operations.
- Conducts compliance audits and research to measure the FPA’s effectiveness.

## Private Forests

### A. Overview (Cont.)

The FPA creates a partnership between the Department, landowners, and operators to achieve efficient and effective resource protection. Department policy, carried out on the ground by Stewardship Foresters, ensures compliance through an effective balance of science-based rules, incentives, educational and technical assistance and uniform enforcement.

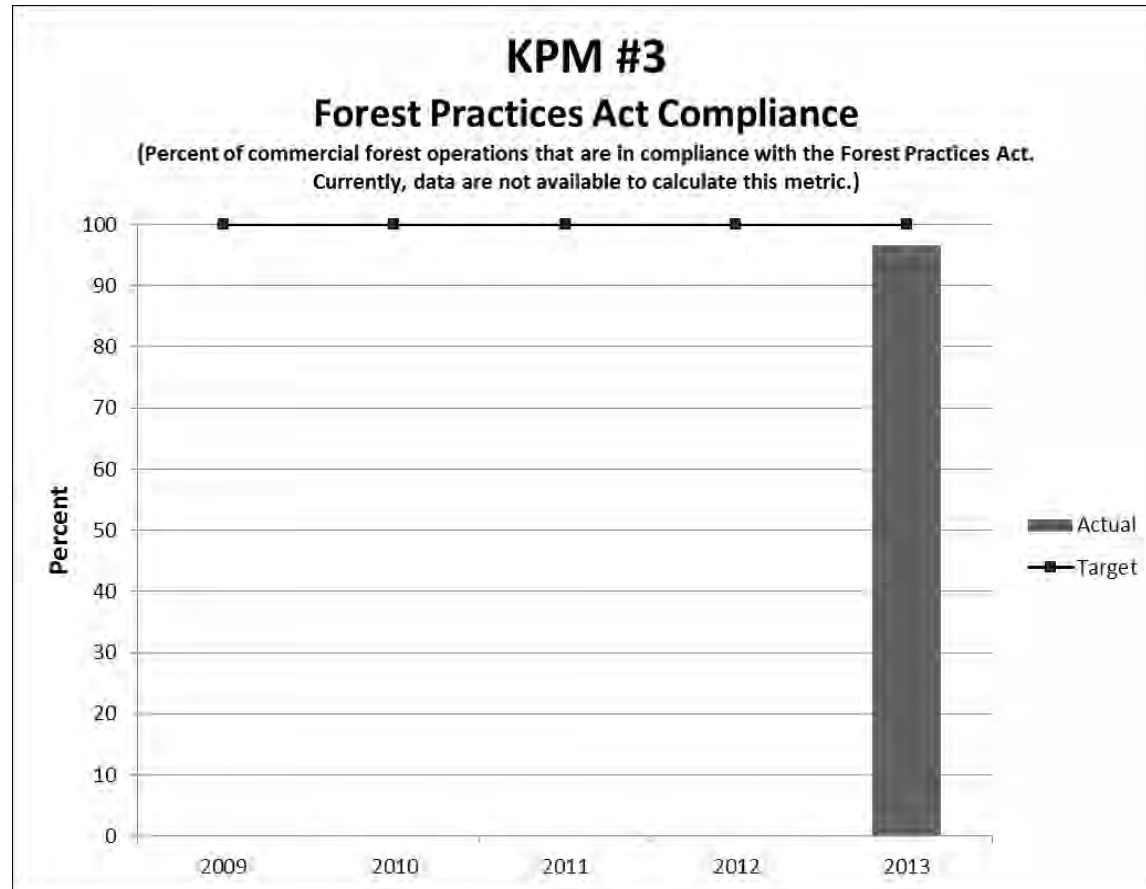
**Monitoring and improving forest health.** The Division's forest health professionals survey and monitor forest insects and tree diseases to help maintain the health of Oregon's non-federal forests. They provide technical advice and training in the use of integrated pest management to help professional foresters and landowners meet their management goals and objectives. The program collaborates with universities and federal agencies to conduct aerial forest health surveys on 28 million acres yearly. This work, combined with specialized surveys, provides data that helps create resiliency to natural disturbances, and that reduces environmental impacts and loss of forest resources caused by wildfire, insects, diseases and invasive species.

**Family forestland technical assistance.** About 60,000 family owners manage 10- to 500-acre forests, covering 2.2 million acres. Often near population centers, these are the most visible to Oregonians. Family-owned forestlands provide contributions exceeding their size. They diversify landscapes and local economies by connecting forestry benefits to urban populations. However, these forests are at risk of conversion to non-forest uses if they lose economic viability. By helping these family forestland owners follow the FPA, protect against invasive plants, enhance streams, and generally protect natural resources, the Department helps keep these lands in forest use. Stewardship foresters provide on-the-ground assistance in matters including FPA compliance, invasive species, insects and disease identification, use of improved tree seed and seedlings, and voluntary measures to enhance streams and wildlife habitat. The Department helps landowners leverage federal cost-share programs to support forest improvement.

**Urban forestry.** This work helps communities identify, maintain, and enhance urban treescapes and their benefits. These benefits include shade, storm water filtration and retention, healthy streams, and enhanced neighborhoods and property values. The program serves Oregon's 242 incorporated cities, as well as other local governments and community organizations, with resource management, hazard tree identification, climate change mitigation, and other issues. The Department's urban foresters deal with wide-ranging natural resource challenges that include eradicating invasive species, climate change mitigation and helping residents make their homes safer from wildfire.

## Private Forests

### B. Key Performance Measures

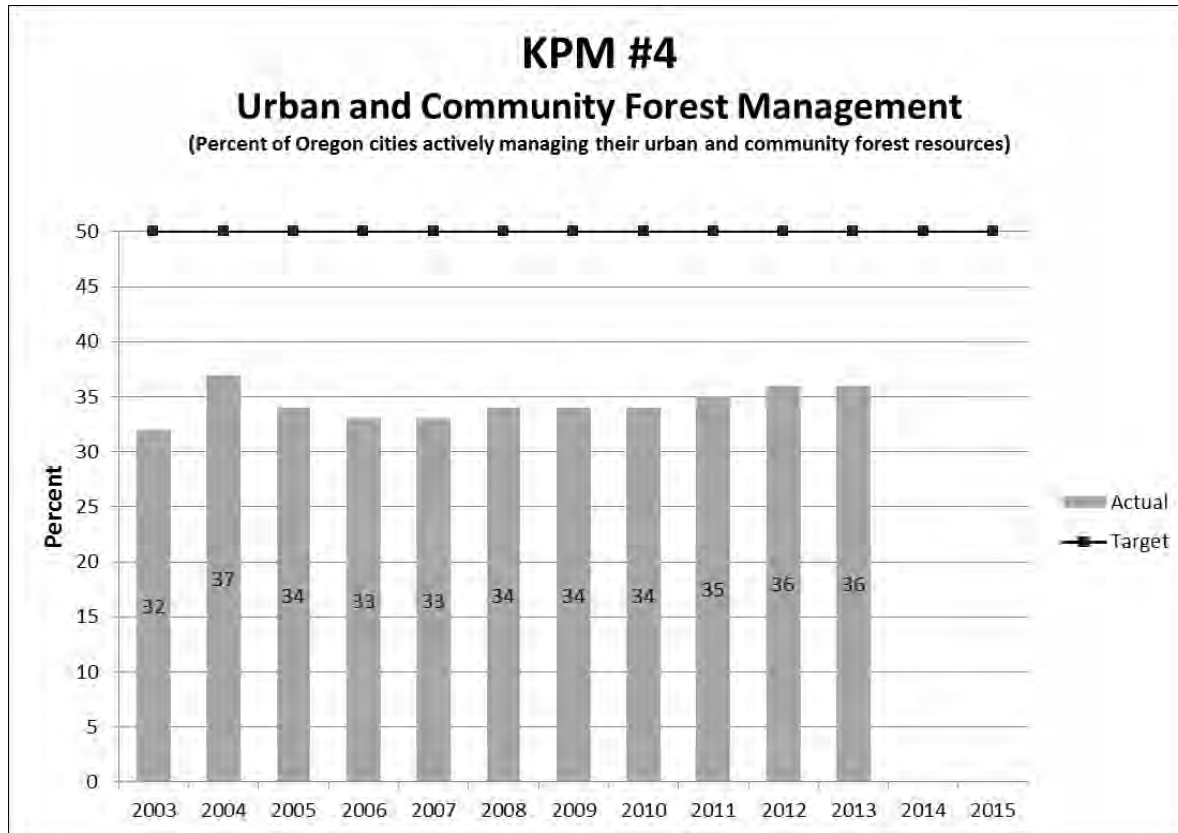


The Oregon Forest Practices Act (FPA) contains a set of best management practices and rules designed to protect forest resources and maintain the economic outputs of forests. This performance measure demonstrates the effectiveness of the program by measuring how well forest operations comply with the rules. Ideally, forest operations would achieve 100% compliance with the Forest Practices Act. The Department has designed a statically valid audit and developed a Request for Proposal for contracting a compliance audit of forests practices annually. The most recent compliance audit found that operators comply with key FPA rules 96.5% of the time. (The 95% confidence interval is 95.8%-97%.) While these figures indicate high overall compliance, the audit identified specific focus areas to bring compliance nearer to the desired 100% target.



# Private Forests

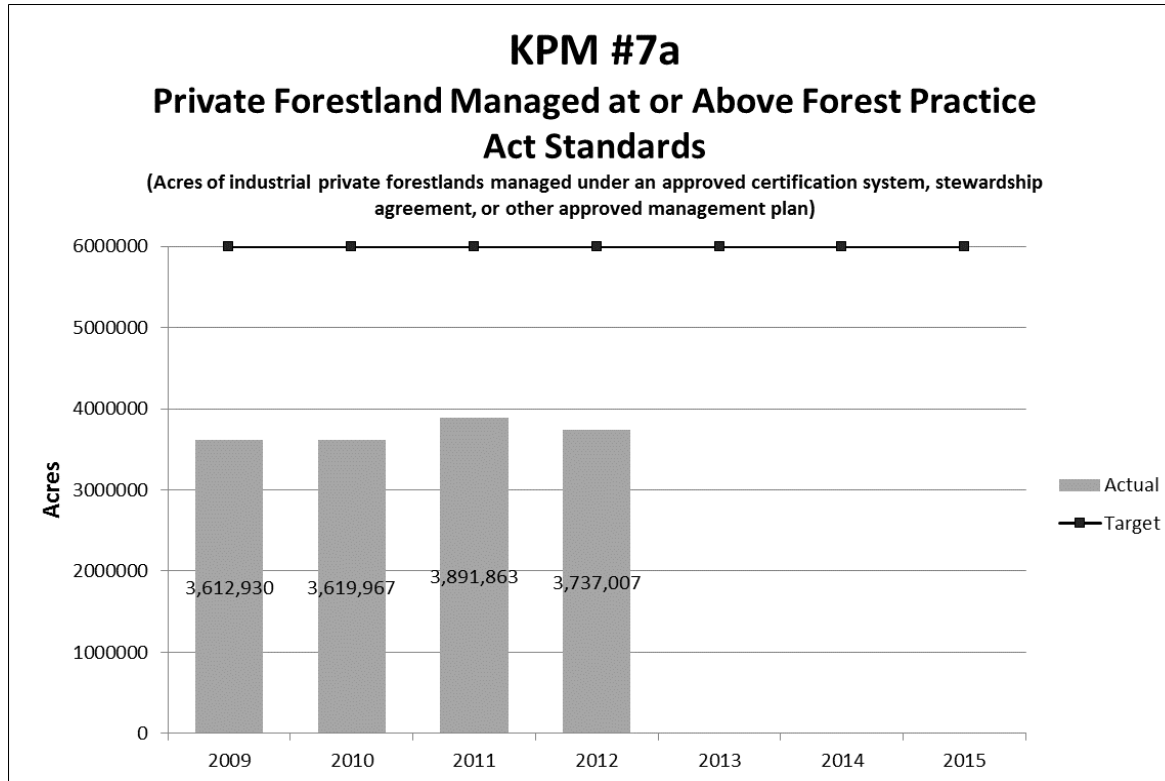
## B. Key Performance Measures (Cont.)



Currently, 36 percent of Oregon cities are actively managing their urban forests. The target for this performance measure is that 50% of Oregon’s cities will take an active role as indicated by meeting requirements of the Tree City USA program. Over the past five years, the number of cities recognized as Tree City USA communities has remained flat. Not all of Oregon’s 242 incorporated cities have the interest, ability or resources to manage their urban forests. Interest in urban forest management is variable. For example, winter storms raise awareness about hazard trees. Declining Federal Funds over the past biennium have limited the Urban and Community Forestry program’s efforts to assist with outreach in education and technical assistance for cities desiring to manage their urban forests.

# Private Forests

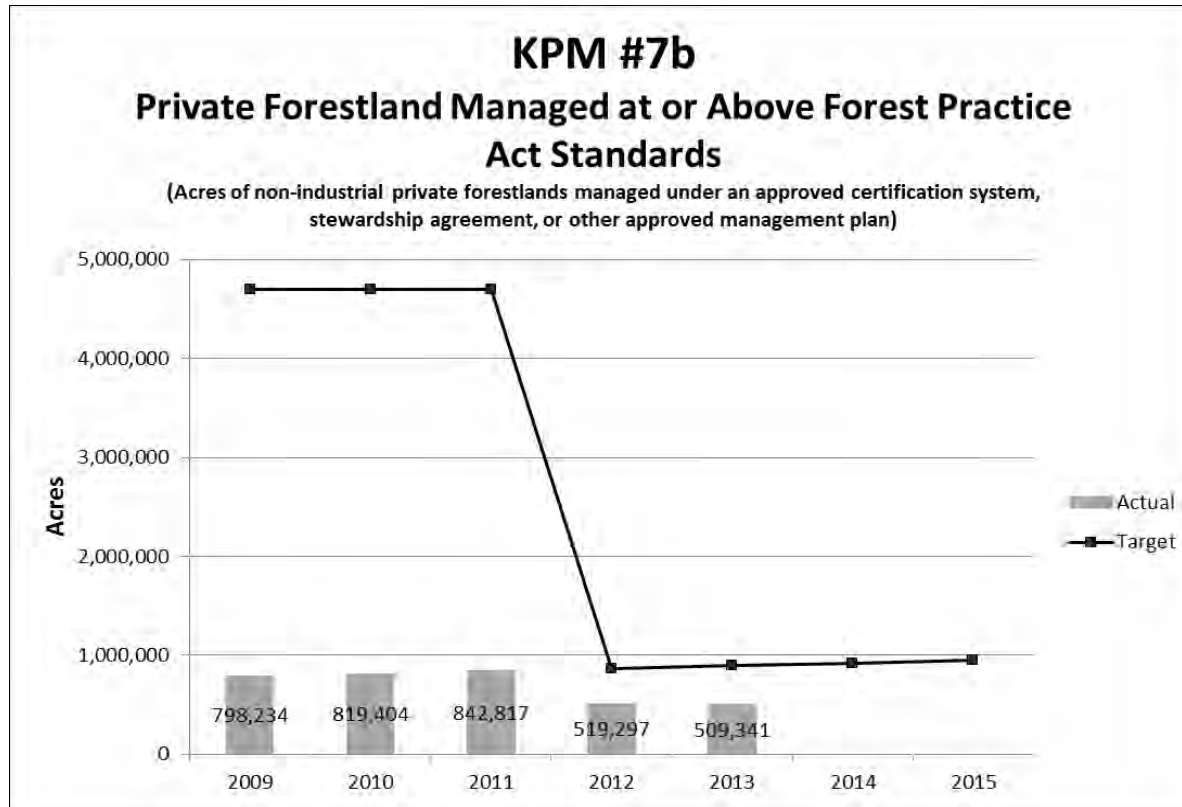
## B. Key Performance Measures (Cont.)



There is no data reported for 2013, as this KPM is proposed for deletion.

# Private Forests

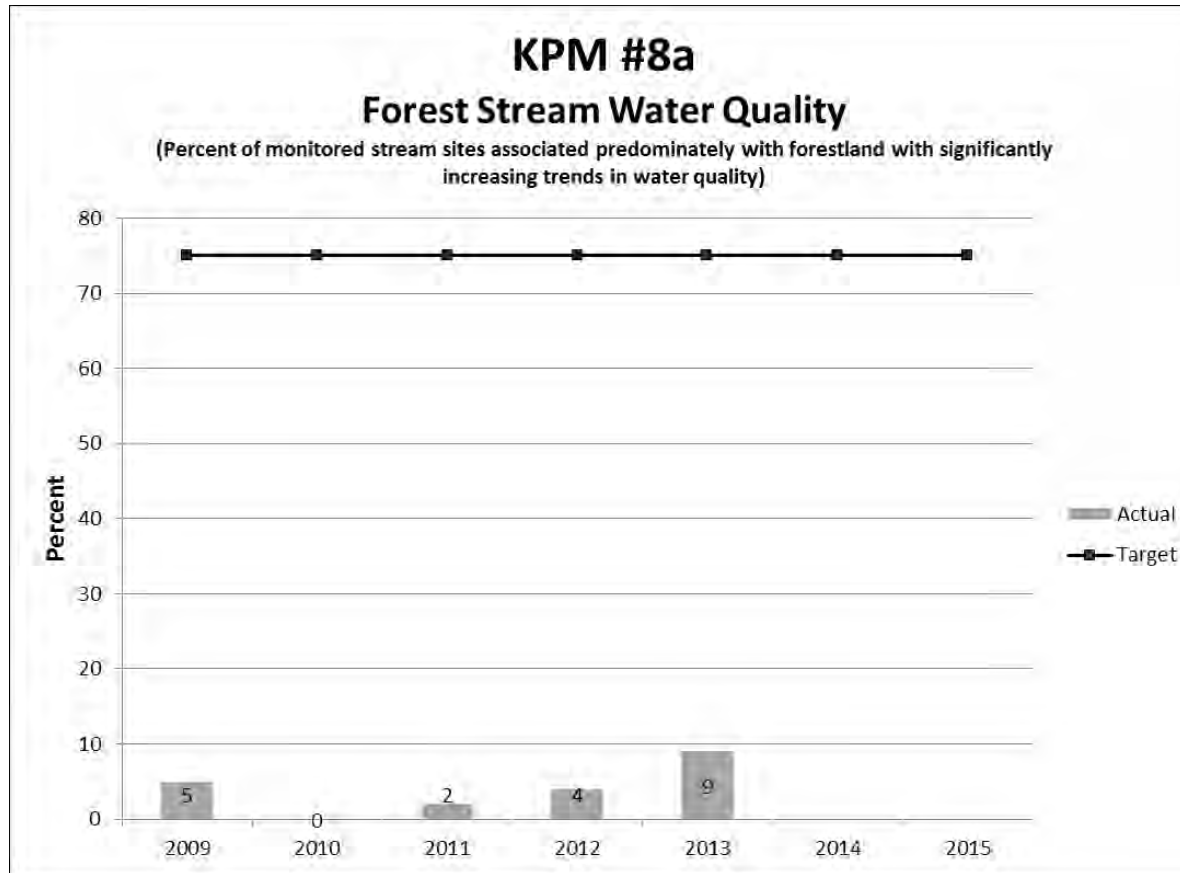
## B. Key Performance Measures (Cont.)



As 7a and 7b are proposed for deletion, the information shown here has been updated to reflect the new **KPM 7 - FAMILY FORESTLAND FULLY ENGAGED IN SUSTAINABLE FORESTRY**. The acreage managed by family forestland owners fully engaged in sustainable forestry (i.e., under a certification system and/or approved management plan) indicates the amount of well-managed forestland, with external review processes. A large number of certified forests should also correlate with public assurances that, overall, forest are well managed. Ideally, all family forestland owners should have an approved management plan. There are 10.7 million acres of private forestland; 6.0 million are classified as industrial and 4.7 million as nonindustrial. The targets were originally set at the ideal level (i.e., 4.7 million acres for non-industrial forestland) and subsequently adjusted to reflect historic levels and agency capacity. Approximately 509,341 acres, 11% of non-industrial private forestlands, are managed under an approved certification system, stewardship agreement, or other approved management plan.

# Private Forests

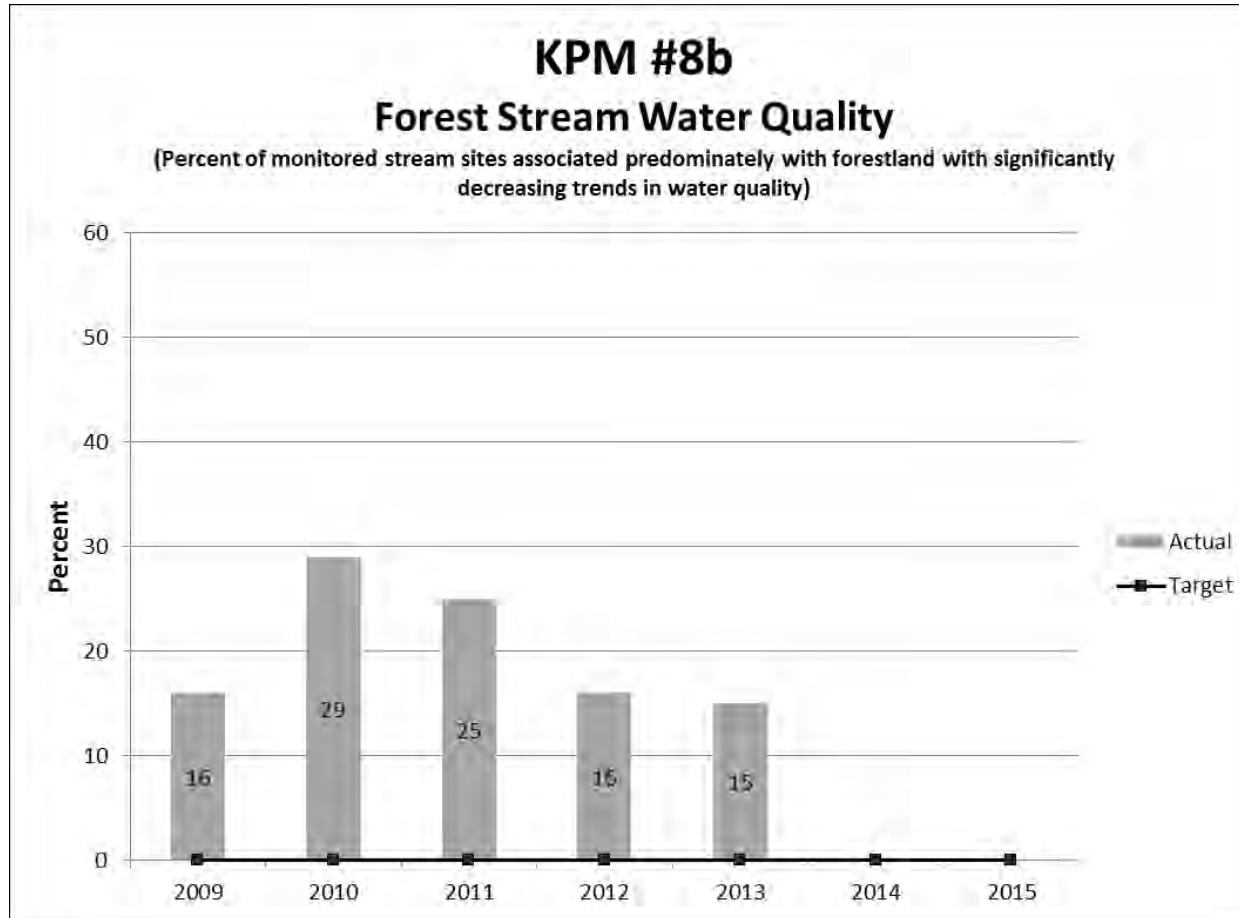
## B. Key Performance Measures (Cont.)



Statewide water quality targets covering all land uses were established by the Department of Environmental Quality in cooperation with the Oregon Progress Board. Greater numbers of streams with increasing water quality compared to streams with declining water quality indicate progress towards the goal of protecting Oregon's water, as does maintaining or increasing the percentage of stream sites with good to excellent water quality. Roughly 9% of monitored forest stream sites showed increasing trends in water quality in 2013. However, about 64 percent of forest sites continue to have good to excellent water quality, and that has remained consistent over the last 10 years. It may be unrealistic to expect continued increasing water quality trends on stream sites where quality is currently good or excellent. No increasing or decreasing trend was observed on 75 percent of the monitored forest stream sites.

# Private Forests

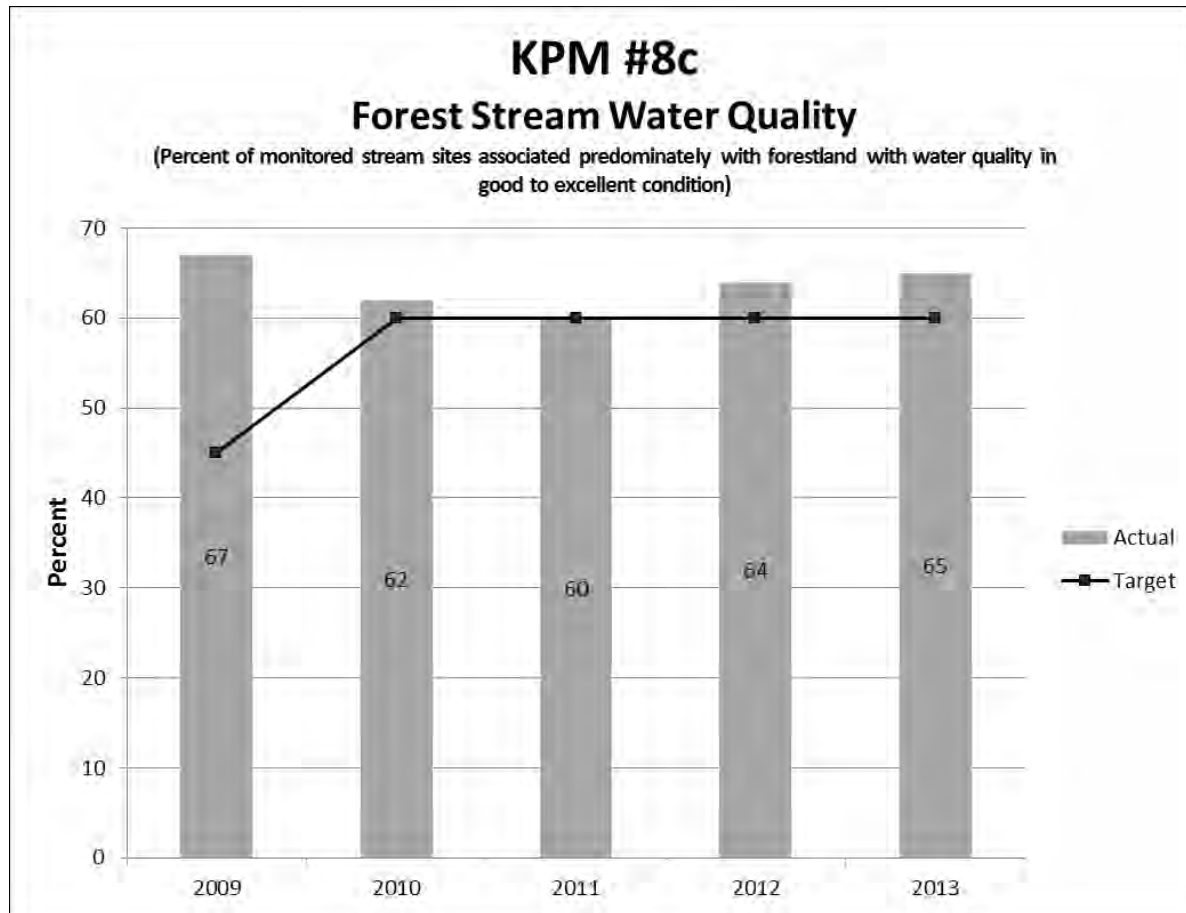
## B. Key Performance Measures (Cont.)



Statewide targets covering all land uses were established by the Department of Environmental Quality in cooperation with the Oregon Progress Board. Of the eight (15%) monitored sample points with significantly decreasing trends in water quality, 7 (88%) remain in good or excellent condition, and one site is in poor or very poor condition. It is important to note that about half of the ambient sites statewide, and a higher percentage of forest sites (65%), continue to have good or excellent water quality, and that has remained consistent over the last 10 years. No increasing or decreasing trend was observed on about 75 percent of the monitored forest streams.

## Private Forests

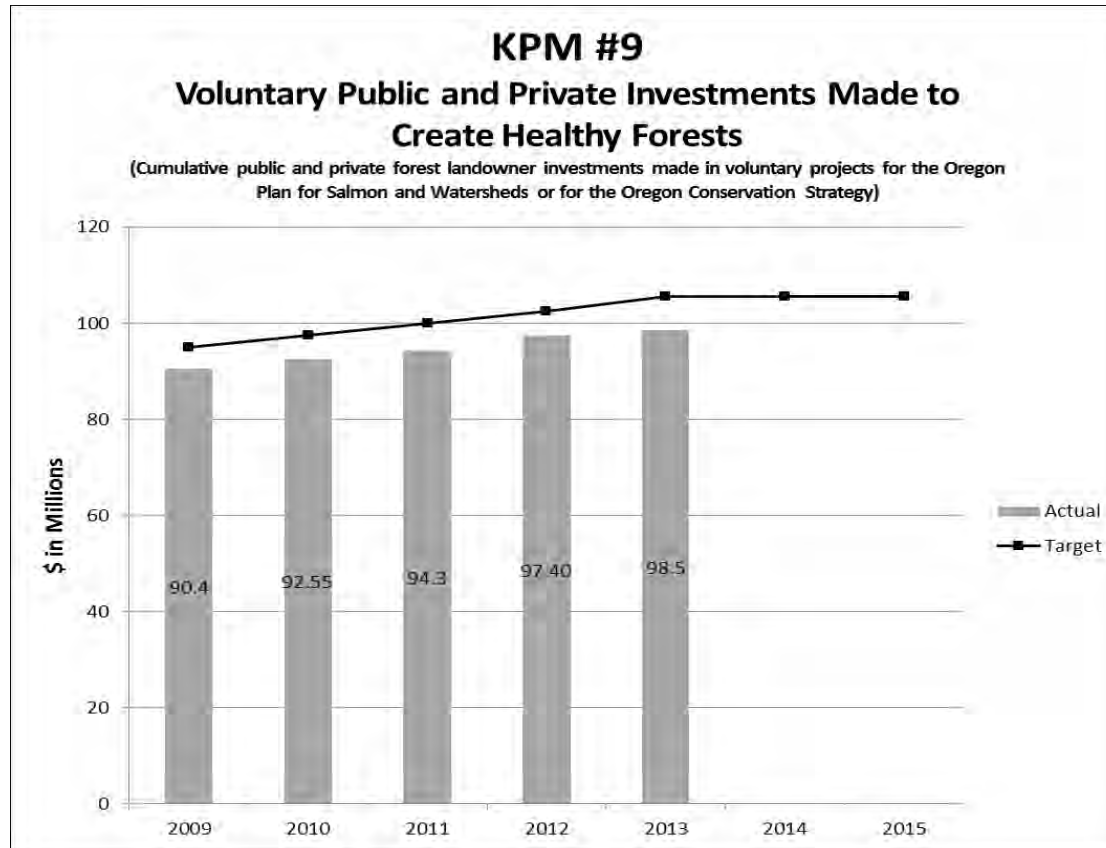
### B. Key Performance Measures (Cont.)



ODF and the Department of Agriculture have established a target of 60% for their respective land uses. Greater numbers of streams with increasing water quality compared to streams with declining water quality indicate progress towards the goal of protecting Oregon's water. About half of the ambient sites statewide, and a much higher percentage of forest sites, continue to have "good" to "excellent" water quality, and that has remained consistent over the last 10 years. In 2013, about 46% of all ambient water quality monitoring sites were in the good to excellent water quality category. On monitored forestland sites, that number increases to about 65% in the good to excellent category for the same time period, surpassing the benchmark of 60%.

# Private Forests

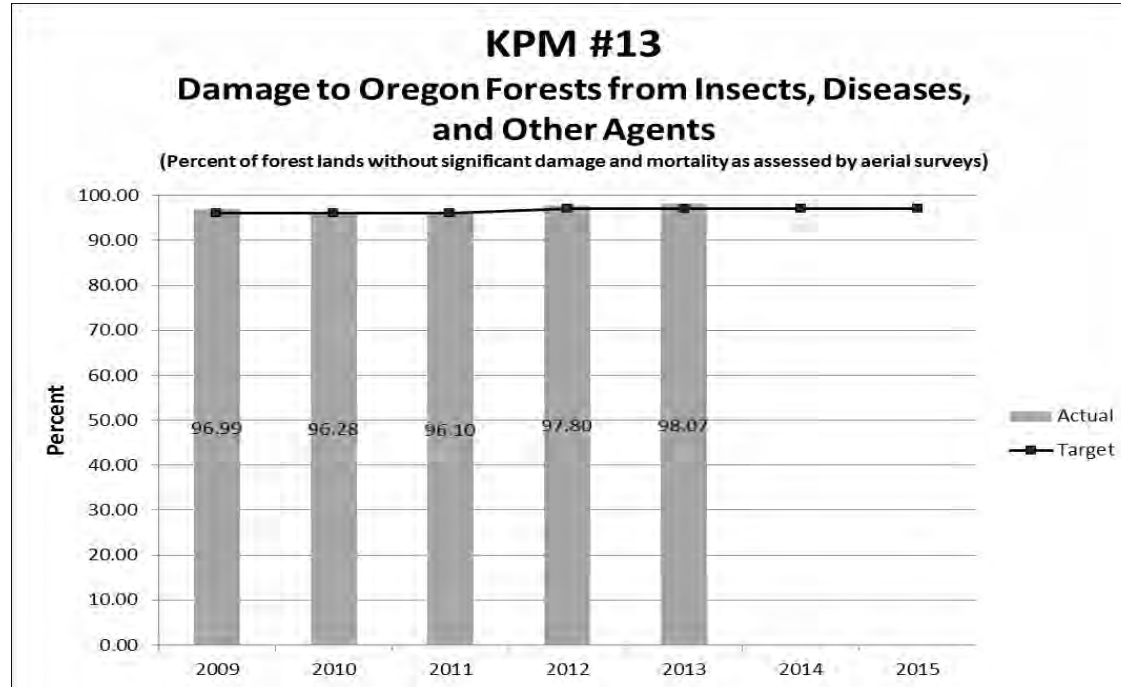
## B. Key Performance Measures (Cont.)



Voluntary restoration action on privately owned lands is the essence of the Oregon Plan for Salmon and Watersheds and the Conservation Strategy. The Oregon Watershed Enhancement Board (OWEB) established the Oregon Watershed Restoration Inventory in 1995 to track restoration work. Except for projects funded by OWEB, all reporting is voluntary. The Conservation Registry is an online, centralized database that records, tracks and maps conservation projects. It seeks to help users understand the context, distribution, and effectiveness of collective efforts to protect and restore ecosystems. The Department is a registry partner and is working with the Registry to establish reporting to produce data analogous to that received from the Oregon Watershed Restoration Inventory. Currently, data and targets are only available for Oregon Plan investments. The target amounts are predicted cumulative expenditures by private forestland owners. Private forestland owners have made significant investments in improving water quality and fish habitat. All Department field districts have funding to support and provide technical assistance for voluntary measures under the Oregon Plan.

# Private Forests

## B. Key Performance Measures (Cont.)



The percentage of forestland without significant damage and death from insects, diseases, and other agents provides one measure of the overall health of Oregon’s forests. The target of 96% of Oregon forests being free of significant damage has been established from analysis of over 60 years of aerial survey data. Since 1994, Oregon forests have met or exceeded the KPM target. The current year value is largely attributable to overall declines in areas impacted by bark beetles and insect defoliators. The majority of tree death detected during statewide aerial surveys over the last decade has been due to the mountain pine beetle. While ongoing outbreaks of this insect are largely on the decline statewide, a few areas of increased activity drove damage this year to the highest level since 2010. The most significant forest diseases observed in statewide aerial surveys this year included foliage diseases of Pacific madrone and Western larch, canker-related dieback of moisture-stressed Douglas fir, and Port Orford cedar root disease. Bear damage within conifer plantations in western Oregon increased in 2013, but remained below the long-term average. Note: The above does not include two major diseases that affect forests in western Oregon, Swiss needle cast and sudden oak death, as these agents are the subject of separate surveying, data processing, and reporting efforts.



## Private Forests

### **C. Key Budget Drivers and Major Issues**

The success of the Private Forests Division depends on shared responsibility and partnerships among stakeholders, forestland owners/operators, other state agencies, and the Department. The Division gains compliance with the Forest Practices Act through a balance of science-based rules, incentives, technical assistance, and uniform enforcement. The Division's Stewardship Foresters provide critical on-the-ground implementation of this approach. The Division promotes high levels of stewardship through a range of voluntary methods including cost-share, stewardship planning, Oregon Plan support, and management planning assistance. The Division monitors and responds to forest health threats, including invasive species. The Division supports sustainable forestry from the urban core to rural wildland forests. The Division historically has been funded with a mix of General Fund, landowner dollars, and Federal Funds, an acknowledgement of the public benefits derived from healthy, working private forestlands.

#### **Effectiveness and efficiency of the Forest Practices Act**

The Forest Practices Act (FPA) is a cornerstone of resource protection on private forestlands in Oregon. It requires adequate staffing to provide education and technical assistance, perform site inspections, and conduct effectiveness and compliance monitoring. ORS 527.710(1) requires ODF to administer the FPA and associated rules adopted by the Board of Forestry. The Division measures success using outcomes that demonstrate a high level of voluntary compliance with forest practices rules. Maintaining a stable complement of field foresters and technical experts ensures that forest operations implement best management practices and that these practices are effective at protecting resources on private forestlands.

Improving, maintaining, and further automating the forest activity notification (E-Notification) submission, review, and approval processes remains a program focus to better harness technology and efficiently administer the FPA. E-Notification meets the legal forestry notification requirements, sets consistent data entry and reports; and reduces technical support needs. The E-Notification system requires continued investment to maintain and improve the basic services to gather, store, and report forestry activity. E-Notification enhances both employees' administrative capacity and customers' efficiency in submitting, managing, and communicating about forest operations.

The Division's third-party FPA compliance audit reports on annual compliance rates for different geographic areas, forest ownership types, and FPA rule divisions and specific rules for agency Key Performance Measure 3 (Forest Practices Act Compliance). The 2013 audit showed an overall rule-level compliance rate of 96.5%, and identified specific areas of focus for additional education, training and outreach. Continuous audits will help ensure staff consistently apply the FPA rules; examine implementation and ease of use; support third party certification efforts; and target training opportunities.

#### **Water Quality**

Forestlands supply abundant, clean water for Oregonians. The Private Forests Division serves a critical role in ensuring high water quality by enforcing rules that protect drinking water and fish habitat from unnecessary human-caused impacts. As the law requires, the Division also conducts research and monitoring to verify that current forest management practices are indeed protective. New rules or policies are established where needed to maintain water quality and fish habitat.

After reductions prompted by the recession, the Division has reestablished its monitoring program and can once again meet its core monitoring functions. The Department has resumed work on its riparian functions (RipStream) monitoring project, which directly tests the efficacy of protection standards for small and medium fish-bearing streams. Although the monitoring program has rebuilt quickly, its current capacity is not sufficient to keep pace with the Department's overall monitoring needs.

## Private Forests

### **C. Key Budget Drivers and Major Issues (Cont.)**

The Department continues to participate in the joint Oregon Department of Environmental Quality (DEQ) – U.S. Environmental Protection Agency (EPA) development of the Mid-Coast Implementation Ready Total Maximum Daily Load (IR-TMDL) process. The IR-TMDL process is working to identify pollutant sources. The TMDL process would benefit from interfacing with the Department's parallel efforts on riparian protection rule analysis; a restoration of resources would aid in ensuring full Department participation. The Department is working closely with other state natural resource agencies to address concerns from the EPA and the National Oceanic and Atmospheric Administration in response to the Coastal Zone Act Reauthorization Amendment (CZARA).

The Division needs additional technical staff to interact with other agencies with regard to landslide-prone areas and legacy road concerns. The additional capacity will also support continued participation in the Watershed Research Cooperative, a collaborative effort among Oregon State University and federal and state researchers. The cooperative was developed specifically to examine forest management effects on water quality and stream organisms. Fully restoring monitoring program resources will enable the Department to meet statutory requirements for forest practices research and monitoring and for integrated monitoring at the watershed scale to determine the effectiveness of contemporary forest practices for achieving aquatic conservation goals.

The Department's Stewardship Foresters play a significant role in implementing the Oregon Plan for Salmon and Watersheds, which seeks to restore salmon runs to a sustainable level and improve water quality. Resources are needed to support collaborative monitoring on voluntary measures implemented under the Oregon Plan and to gather information for addressing the Board of Forestry's indicators of sustainable forests. Oregon Plan voluntary restoration measures are Oregon's home-grown response to listings of some salmonid species under the federal Endangered Species Act. Stewardship Foresters help forestland owners identify opportunities for improving riparian function and stream habitat (e.g., large wood placement) and work with watershed councils to implement restoration projects (e.g., culvert replacement for fish passage). Restoring Stewardship Foresters in urban and wildland-urban interface areas will provide added capacity to implement Oregon Plan goals.

#### **Family Forestland Technical Assistance**

Oregon's 4.7 million acres of family forestlands provide key functions for rural landscapes, societies, and economies. These lands dominate the urban and wildland-urban interface areas, comprising 80 percent (1.7 million acres) of these areas' private forests. Family forestlands, with exceptions, often occupy ecologically important, lower elevation settings, near residential areas. Family forestlands comprise smaller, diverse parcels, and landowners' objectives and uses vary. The family forestland incentives program's delivery and development has been limited due to decreasing federal and absent state support. Statewide, only four Stewardship Foresters, funded by the U.S. Department of Agriculture, support family forestland stewardship planning.

Family forestland owners often face great pressure to convert forestland to non-forest uses, because the land value often exceeds the timber value. Larger industrial forest owners managing land primarily to grow and harvest timber do not usually face this pressure. As many family forestlands shift ownership to the family's next generation, the new owners often lack the knowledge to achieve their goals. Estate planning can keep family forests in family ownership; and forest management plans incorporating sound technical advice can keep them forested.

## Private Forests

### **C. Key Budget Drivers and Major Issues (Cont.)**

The Division seeks to help enhance these family forestland values. It requires increased capacity, including:

- One-on-one technical assistance.
- Fuel reduction and forest health projects.
- Developing and delivering incentives.
- Implementing the Oregon plan.
- Administering the Forest Practices Act.

#### **Urban Forestry**

This unit innovatively leads and manages programs to meet the 242 incorporated cities', other public agencies', and non-profit organizations' urban forestry needs. Three full-time staff assist about half of Oregon's cities annually.

Oregon cities trying to retain their forests face great complexity when balancing competing demands and preserving the forests' many benefits. Most cities lack forestry technical expertise to address issues such as developing tree risk management plans, stream protection, and public safety. Most forestry funding incentives target forests outside urban growth boundaries. However, most salmon-bearing streams pass through cities. Cities often react to hazardous tree issues rather than prevent the public safety risk.

Cities need technical assistance to help use urban forestry solutions to mitigate storm-water runoff, pollution, degraded salmon-bearing streams, wildland-urban interface fires, urban temperature increases, and noise pollution. Addressing climate change challenges in communities helps citizens connect local actions to global concerns.

Oregonians are largely disconnected from forest benefits and ecosystem services that enhance the quality of life. Consequently, they may not understand the trees' and forests' important roles in creating economic, environmental, and social well-being. Converting urban forests to developed land can negatively impact water quality, wildlife habitat, and community livability.

Program experts provide technical and educational assistance about tree risk assessment, ordinances, inventories, tree care, planting, tree selection, and urban forest management planning. These objectives can be best obtained by adding staff to:

- Develop and distribute information to encourage active forest management.
- Facilitate a comprehensive community forestry program through tools like Tree City USA, ordinances, and risk management plans.
- Develop and teach urban forestry courses.
- Implement cooperative projects with the U.S. Forest Service, OSU Extension, companies, and non-profit groups.
- Help cities address wildland-urban interface issues such as forest practices, growth management, and wildland fire.

## Private Forests

### **C. Key Budget Drivers and Major Issues (Cont.)**

- Help communities solve natural resource management problems such as hazardous trees and tree risk management.
- Motivate communities to develop sustainable, comprehensive community forestry programs.
- Educate communities about green infrastructure and urban forestry ecosystem challenges and benefits.
- Coordinate statewide Arbor Week activities and promote the Tree City USA program.

#### **Forest Health Management**

Insects, diseases, invasive plants, and other agents cause significant tree death, growth loss, and other damage each year. These impacts affect landowners' management strategies and may contribute to hazardous forest fire conditions. Annually, the Department works with the U.S. Forest Service and other organizations to assess the state's forest health. Through integrated pest management principles, ODF can help maintain or improve non-federal forest health by minimizing insects, diseases, and other agents.

The Department's forest health professionals survey, evaluate, and monitor native and non-native insects, diseases and invasive plants. They provide integrated pest management technical advice and training. They detect, monitor, and eradicate invasive, non-native species. They help prevent bark beetle infestations and restore private forestland affected by them. To meet these forest health goals the program:

- Aerially surveys the state annually to identify damage from insects, disease and other agents. Trained observers record observation data as they fly a grid pattern over 28 million forest acres. Oregon leads the nation with the most complete insect and disease activity data compiled from 66 years of annual surveys.
- Conducts special surveys to detect damage from Swiss needle cast, bears, sudden oak death, emerald ash borer, gorse, root disease, and other organisms.
- Analyzes the state's insect and disease trends. Annually, the state loses about 1.4 billion board feet of timber to insects and diseases. While insect and disease damage changes from year to year, increases can indicate poor forest health.
- Applies for and administers federal forest health grants that help landowners manage forests for improved health.
- Detects sudden oak death and slows its spread. This effort significantly benefits the nursery and forest industries. Slowing the spread delays damage to tanoak forests and prevents: 1) operating expense increases due to changed cultural or harvesting practices, 2) increased quarantine inspection and testing costs, and 3) lost profits due to lost market shares and consumer confidence.
- Provides technical assistance to foresters, agencies, and forest owners about forest health and integrated pest management.
- Trains resource managers, foresters, landowners, and others on native and non-native forest insects, diseases, invasive plants, hazard trees, animal damage, and forest health.
- Cooperates on applied research projects on specific forest health topics such as Swiss needle cast, pine butterfly, Ips bark beetles, scotch broom bio-control, sudden oak death, bigleaf maple decline, and aspen decline.

## Private Forests

### **C. Key Budget Drivers and Major Issues (Cont.)**

#### **Invasive Species**

Nonnative plants and animals increasingly threaten forests. They degrade habitats, displace desirable species, and cost Oregonians millions of dollars. For example, Scotch broom causes lost timber revenue and requires control measures costing \$47 million annually, more than all other Oregon weeds combined. Established and new invasive species threats will continue. As trade and worldwide travel and shipping increase, so do the invasive species threats. Managing these threats requires integrated and coordinated efforts. The Department implements this approach by closely cooperating with regulatory agencies, research institutions, and the U.S. Forest Service.

#### **Biomass**

Effective woody biomass markets benefit all Oregonians through: rural economic development, improved forest health, reduced fire risk and cost, and homegrown low-carbon energy. Biomass outlets offer private landowners new revenue streams needed to keep forests healthy and productive. For federal landowners, biomass outlets could increase the pace and scale of forest restoration. ODF will build on successful partnerships, such the Cohesive Wildfire Strategy, to integrate biomass use with federal forest restoration.

Developing robust biomass markets supports long-term goals by:

- Increasing federal timberland harvest levels while preserving wildlife and key habitat.
- Coordinating access to capital, markets, and support for small businesses.
- Developing home-grown renewable energy resources.
- Reducing air pollution from wildfires, open burning, and other activities.
- Creating incentives to build the energy production market.

Oregon has already invested in biomass project development, construction and operation. Increased funding would support early project identification, feasibility assessment, and business planning, areas not currently funded. These early-stage funds would help projects leverage existing state tax incentives, loans, and federal grants. They would also open access to other flexible low-cost funding sources to complete project development options and provide a comprehensive incentive, assistance, and resource package to develop woody biomass markets.

## Private Forests

### **D. Measures to Contain Costs, Improve Program Delivery**

The Private Forests Division's purpose is to protect natural resources on private forestlands, and to help keep them healthy, intact and working. Private working forests are a vital part of Oregon's natural resources infrastructure, contributing significantly to Oregonians' quality of life. Sustaining and enhancing these forests is critical to meeting key Oregon needs, including consumer products, renewable energy, clean water, healthy watersheds, and jobs in rural communities. Innovation and collaboration have been hallmarks throughout ODF's 104-year history.

#### **Forest Practices Act compliance audit**

The development of an annual audit and contracting it out is an innovative approach. The audit is needed to inform our Key Performance Measure 3 (Forest Practices Act Compliance); identify opportunities for landowner/operator training; ensure consistent rule application in the field; support third-party certification reporting needs; and inform our adaptive management process. By using a third-party contractor to collect the field data, the program has freed up staffing resources to focus on analysis of audit results and how to best use the findings to design an effective education and outreach program for landowners, operators and ODF foresters.

#### **Web-based Notification of Operations system**

The development of a web-based system in which customers can submit Notifications of Operations electronically was identified as a key business improvement need. The first release of the electronic notification system was launched on October 1, 2014. This first release included:

- Ability to submit Notifications of Operations and receive Permits to Use Fire and Operate Power Driven Machinery on forest land, electronically.
- Electronic communication between ODF and customers.
- Integrated Geographic Information System capability.
- Ability for ODF to capture Forest Practices Inspections in the system and send inspection reports to the notifier.

Release 2 was operational on December 15, 2014, and included:

- Ability to continue a notification from one calendar year to the next
- Development of industrial fire inspection capacity in the online system.

Mobile capability will be released for field personnel in February 2015. This application will allow ODF field personnel to conduct both forest practices and industrial fire inspections on their mobile devices in the field. The resulting inspection will then be uploaded to the main program when the device is in cellular or wireless range. This fully eliminates the need for paper inspection forms.

#### **Technical Assistance to Family Forestland owners**

Recently, the Farm Bill incorporated forestry components to create a new funding opportunity to improve family forestland management. The Department and the U.S. Natural Resource Conservation Service (NRCS) continue cooperating and strengthening their relationship to address issues affecting family forestlands' sustainability. To better serve this goal, additional Stewardship Foresters are needed to match the NRCS cooperative agreement funding. With this increased capacity, assistance to family forestland owners would double.

## Private Forests

### **D. Measures to Contain Costs, Improve Program Delivery (Cont.)**

Depending on fund availability, the Department could help family forestland owners:

- Coordinate technical and financial assistance.
- Develop management plans; and certify their forests as responsibly managed.
- Learn young-stand forest management activities, like replanting trees, pre-commercial thinning, fuel reduction, and salvaging damaged trees.
- Understand federal programs designed to encourage family forestland management.
- Form cooperatives or aggregates to more efficiently carry out young-forest management activities.

#### **Developing Focused Investment Priorities**

Eighty-one percent of the area in Coho salmon buffers is privately owned, with the majority being in nonindustrial private ownership. Habitat improvement activities on family forestland could significantly affect the future of Coho conservation. While family forestlands have significant participation in the Oregon Plan for Salmon and Watersheds, Oregon Watershed Enhancement Board (OWEB) numbers suggest there is ample opportunity for stream enhancement and road improvements. The Board of Forestry, Committee for Family Forestlands, Oregon Small Woodlands Association, and Oregon Tree Farm have expressed an interest in this type of effort and submitted an OWEB Focused Investment Priority. This focused investment partnership could leverage the new Natural Resource Conservation Service (NRCS) Regional Conservation Partnership Program. ODF is just beginning development and communication of these concepts with partners and stakeholders. An innovative outcome could be riparian lease payments to family forestlands, analogous to the Conservation Reserve Enhancement Program (CREP) program for agricultural buffers.

#### **ODF/Agency rule review meetings**

The Department meets annually with other state agencies with an interest in the forest environment and forest practices rules. These meetings are set in rule to ensure proper coordination amongst the agencies (OAR 629-605-0110). Invited agencies include: Columbia Gorge Commission, Department of Environmental Quality, Department of Fish and Wildlife, Department of Geology and Mineral Industries, Department of Land Conservation and Development, Department of Transportation, Oregon Emergency Management, Office of Environmental Public Health, Oregon Forest Resources Institute, Oregon Parks and Recreation Department/State Historic Preservation Office, Department of State Lands, Oregon Watershed Enhancement Board, Water Resources Department, OSU Extension Service, and Department of Agriculture.

## Private Forests

### **E. Revenue Sources and Relationships**

Multiple funding sources in the Private Forests Division contribute to maintaining working forests and the social, economic and ecological viability of those forests into the future. The Private Forests Division makes use of multiple funding sources, including:

- Forest Practices – To fund the Forest Practices Act administration the General Fund typically contributes 60 percent and 40 percent comes from the Oregon Forest Products Harvest Tax.
- Federal Funds – The Private Forests program receives funds from the U.S. Forest Service, Bureau of Land Management, and Environmental Protection Agency. Estimated Federal Funds for the 2015-2017 biennium are based on previous year averages and the potential to receive one or more Western Competitive Grants. Most Federal Funds have historically been from the U.S. Forest Service. About half of these come from consolidated grant programs. The remaining Federal Funds are matched at a 1:1 ratio with General Fund and with non-federal partners.
- Other Funds include: cooperative projects, private donations, and other receipts. This estimated revenue is based on previous history.
  - Cooperative project partners include Oregon State University, Department of Agriculture, Department of Fish and Wildlife, Department of Environmental Quality, Oregon Watershed Enhancement Board, Oregon Forest Industries Council, Natural Resource Conservation Service, and U.S. Forest Service.
  - Private Donations – Forest Resource Trust and Urban and Community Forest Program:
    - Forest Resource Trust provides financial, technical and related assistance funding to qualified private and local government forestland owners to improve forestlands for timber production, wildlife, water quality and other environmental purposes.
    - The Urban and Community Forestry program receives and disburses money and labor, material, seedlings, trees and equipment donations from public and private sources.
  - Other Receipts and fees – Nursery rent, seed sales for family forestland owners, and document request fees.



## Private Forests

### **F. 2015-17 Governor's Budget**

The Private Forests Division full budget proposal ensures continued service delivery and enhancements that advance the guiding purpose of maintaining working forests and the social, economic, and ecological viability of those forests into the future. The Private Forests program requests \$42,040,384 (\$18,241,754 in General Fund, \$11,061,195 in Other Funds, and \$12,737,435 in Federal Funds).

This investment allows the Private Forests program to most effectively:

- Educate forestry professionals and the public to achieve sustainable forestry while protecting the environment.
- Inspect and monitor forests to ensure compliance with best management practices and rules to protect natural resources.
- Improve efficiencies in delivering services to customers.
- Improve and monitor forest health by: detecting harmful insects and diseases early; preventing, suppressing, and eradicating them; and proactively and cooperatively researching forest health strategies.
- Leverage federal and other outside funding sources to maximize Oregonians' investments.
- Develop partnerships with federal agencies and local communities to: provide technical assistance, particularly on family forestlands; serve urban and community forestry needs; develop biomass solutions to reduce carbon emissions; and protect natural resources.

#### **Electronic Notification System Maintenance and Enhancement – Policy Package 151**

This package would continue implementing the agency's Continuous Business Improvements strategic initiative for administering and enforcing the Forest Practices Act (FPA). The current project focuses on improving and maintaining the online E-Notification submission and automated review, approval, and reporting requirements to efficiently administer and enforce the FPA. This directly executes the agency's mission: "*To serve the people of Oregon by protecting, managing, and promoting stewardship of Oregon's forests to enhance environmental, economic, and community sustainability.*"

This package will provide needed funding not only to maintain the system but to improve service delivery, increase resource protection, and improve data quality. These system enhancements will become integrated into a continuous improvement cycle.

This project's ongoing core workflow improvements will benefit those customers submitting notifications and ODF Stewardship Foresters in their review of protected resources and accomplishment of operation inspections. This streamlined system, which includes a mobile application, will allow stewardship foresters to invest more one-on-one time helping landowners with forestry assistance, rather than processing paperwork. This application means more direct contact between these landowners and Stewardship Foresters, resulting in better implementation of best management practices and protection of natural resources.

The proposal includes one limited duration Project Manager, who will manage this large, complex enterprise-wide information technology and business process improvement project. This position will provide leadership, standards, and methodologies for this initiative that address the agency's and its partners' interests. This person will develop technical specifications, detailed project plans and budgets, execute work plans and project management systems, overseeing and coordinating both technical and non-technical program activities, staff, and interagency efforts.

# Private Forests

## F. 2015-17 Governor's Budget (Cont.)

### Leadership & Facilitation for Biomass Use – Policy Package 152

This package seeks to continue implementing the agency's Forest Biomass and Bioenergy strategic initiative. The package restores agency capacity to advance biomass use; market development; and develop monitoring and information resources. The proposal aims to improve forest health, create rural jobs; develop low-carbon energy opportunities; and support working forests. To achieve these objectives this package would provide leadership to:

- Increase entrepreneurial capacity to develop biomass businesses by delivering targeted technical assistance and project support.
- Foster new and emerging woody biomass uses by providing grant funds for biomass project development.
- Identify biomass use opportunities associated with increased pace and scale of federal forest restoration.
- Inform market participants and the public about biomass use by creating technical feedstock and use information about economic impacts, market considerations, and opportunities.

Effective woody biomass markets benefit all Oregonians through rural economic development, improved forest health, reduced fire risk and cost, and homegrown low-carbon energy. ODF will build on successful partnerships, such the Cohesive Wildfire Strategy, to integrate biomass use with federal forest restoration. The following initiative elements are core to the implementation of this package.

- **Advancing new and emerging woody biomass uses by providing grant funds to support project development statewide.** Oregon has made available biomass project development, construction, and operation incentives and resources. This package would support early project identification, feasibility assessment, and business planning, areas currently not funded. These early stage funds would help leverage existing state tax incentives, loans, and federal grants. The ODF grant funds would provide assistance to support woody biomass use projects and build on its proven biomass program results.
- **Informing market participants and decision makers about the impacts of biomass use, the potential for growth, and statewide biomass resource availability.** The biomass industry provides important energy, employment, and social impacts. However, the story needs to be told, to encourage ongoing, informed policy dialog. ODF, OSU College of Forestry, and other experts would gather and analyze biomass data and tell the biomass story - its impacts, feedstock availability, new market opportunities, jobs, production, environmental impacts, and emerging issues like carbon neutrality.
- **Identifying biomass use opportunities and addressing barriers caused by the increased pace and scale of federal forest restoration.** National forests' accelerating forest restoration pace and scale will increase biomass volumes. Without sufficient markets for the restoration plan by-products, the plan may face challenges. ODF staff, information, and funding will support project development on and biomass use from federal lands. ODF staff will build on successful partnerships to help achieve this.
- **Increasing rural communities', entrepreneurs', and biomass users' capacity to develop successful biomass businesses by delivering targeted technical and project development support.** Building the biomass use market involves innovation and risk. High quality technical assistance can increase both the number and likely success for potential projects to become viable biomass enterprises and increase biomass use. ODF Field Representatives would provide information about biomass supply, business models, incentives, financing, technology, permitting, and market opportunities as well as access to partner agencies.

## Private Forests

### **F. 2015-17 Governor's Budget (Cont.)**

#### **Forest Roads FPA Effectiveness – Policy Package 153**

This package seeks to continue implementing the agency's Water Quality Monitoring strategic initiative. The Department provides a one-stop forest practices regulatory approach. It implements: the federal Clean Water Act, fill and removal, forest road construction and maintenance, water quality protection, and some landslide-public safety standards and laws. The Department relies on a three-pronged approach to ensure the FPA is properly implemented: education, engineering (providing technical assistance), and enforcement, when needed. To provide these services, the Department needs specialists available to focus on these critical areas, particularly forest roads and landslides.

The FPA specifically highlights monitoring water quality, fulfilling its statutory resource requirements and addressing scientific and policy issues related to water quality, forest roads, and landslide prone terrain. Gathering and analyzing information gained from monitoring the FPA statutes and rules implementation and effectiveness drive and inform the need for new policies and regulations. The program currently lacks technical specialists to monitor and help guide policy development related to forest roads and landslide prone terrain.

On January 30, 2015, the National Oceanic and Atmospheric Administration and the U.S. Environmental Protection Agency disapproved Oregon's coastal nonpoint pollution control program. Areas where additional work is needed to improve water quality and fisheries protections have been identified.

This budget package creates Forest Practices Act (FPA) field support capacity to monitor, encourage, and enforce the rules and best management practices that protect water quality, especially related to forest roads and landslide-prone terrain.

The package enhances capacity to implement the FPA and track its effectiveness through field and policy support and monitoring. These positions will provide road engineering and geotechnical expertise and leadership for the Department, forestry professionals, and the public. They will provide technical and policy information about forest harvesting, road construction and maintenance, hydrology, hydraulics, forest engineering, geotechnical issues, and landslides and public safety.

This proposal provides capacity for the program to collaborate with the proposed Innovations in Water Quality and Watershed Restoration effort. The program will lead technical and policy discussions related to pollutant source identification, quantifying existing water quality and watershed improvements, and identifying actions needed to achieve water quality and watershed goals.

The funding would enable the Department to:

- Analyze, develop, and revise the FPA's administrative rules, technical guidance, policies, and procedures for harvesting, road construction and maintenance, treatment of slash, other forest engineering and geotechnical issues, landslides and public safety, and water quality.
- Develop programs to implement and monitor effectiveness under the agency's monitoring priorities by projects and areas of expertise.

## Private Forests

### F. 2015-17 Governor's Budget (Cont.)

#### Water Quality, Forest Roads FPA Effectiveness (Cont.)

These positions will provide forest engineering and geotechnical expertise by:

- Conducting technical assessments.
- Investigating landslides, roads construction and maintenance, harvest plans, erosion, sediment, and hydrology.
- Monitoring related field administration of rules and practices for proper and consistent application.
- Develop research and monitoring strategies for roads, ground-disturbing practices, and landslides by reviewing methodologies, data collection processes, data analysis, and report development.

#### Proposed legislation

House Bill 2455, a routine part of the budgeting process, establishes the rate for the segments of the Forest Products Harvest Tax for calendar years 2015 and 2016 that support the OSU Forest Research Laboratory, OSU professional forestry education, and ODF's administration of the Oregon Forest Practices Act. The tax is levied on a per-thousand-board-feet basis when timber is harvested on public and private lands. The rate to support FPA administration is calculated considering three factors: the current biennium's ending balance, forecasted harvest levels for the coming two years, and projected requirements for the coming biennium. Historically, the legislation has been passed toward the end of the budget development process. Once General Fund and other budget requirements are determined, the harvest tax rate per thousand board feet can be set, and the bill moved forward.

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# 5. State Forests

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**Oregon Department of Forestry  
2015-17 Ways and Means Presentation  
April 2015**

# State Forests

## A. Overview

### Mission

The State Forests Division's mission is to manage Board of Forestry lands to achieve greatest permanent value—healthy, productive, and sustainable forest ecosystems that over time, and across the landscape, provide a full range of social, economic and environmental benefits for Oregonians—and to manage Common School Fund (CSF) forestlands to maximize revenues over the long term, consistent with sound, science-based land management strategies.

The Division manages nearly 821,000 acres of Oregon forestland, which accounts for 3% of Oregon's forestland base. In total, these acres comprise six state forests: the Tillamook, Clatsop, Santiam, Sun Pass, Elliott and Gilchrist, plus scattered tracts. Approximately 85% of state forestlands are owned by the Board of Forestry; the remaining 15% are Common School Forest Lands (CSFL) owned by the State Land Board.

### Purpose

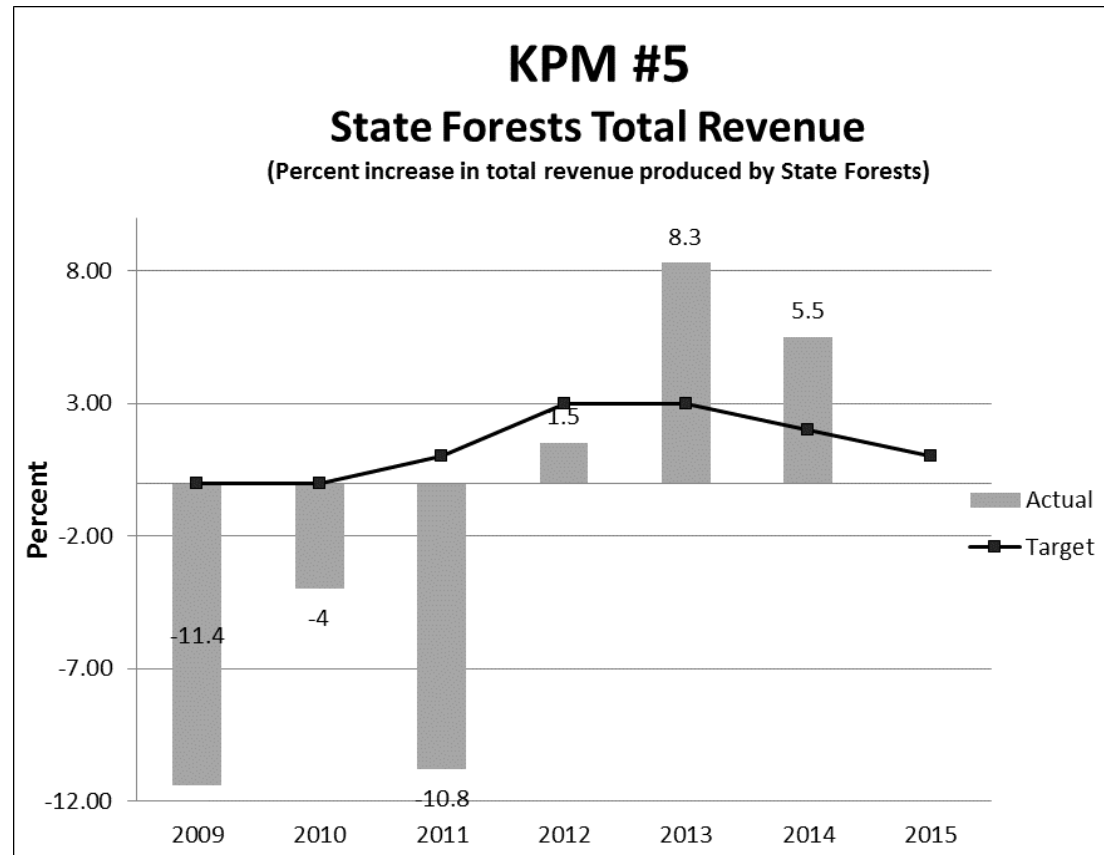
State-owned forests are a valuable asset for Oregon, providing many benefits, including jobs, revenue for public services, clean air and water, diverse wildlife habitat, a range of recreation opportunities, and forest and outdoor education opportunities. Several state forests, including the Tillamook State Forest, an hour west of Portland, are adjacent to major population areas.

The State Forests Division achieves its mission through three sub-programs focused on stewardship and sustainable management:

- **Management of Board of Forestry Lands:** Board of Forestry lands are actively managed in a sound environmental manner to provide for sustainable timber harvest and revenue to the state and local taxing districts per Oregon law. Revenue derived from these lands is distributed to counties (63.75% of total revenue) who deeded these forestlands to the state in the last century. Counties in turn share these funds with local taxing districts, including K-12 schools and other community services. The remaining revenue supports operation costs – the State Forests Division – for managing, monitoring and regulating Board of Forestry land management.
- **Management of Common School Forest Lands:** Management seeks to maximize income to the Common School Fund (CSF) over the long-term, consistent with conservation of this resource through balanced land management strategies. The Department manages Common School Forest Lands through the CSFL Management Agreement with the State Land Board and the Department of State Lands. Revenues from these lands pay for the management costs associated with forest management with the remainder dedicated to the State of Oregon's CSF.
- **Seed Orchard:** Conserves the genetic quality of trees on state and private lands, and increases the yield and quality of forest products by developing and producing genetically improved seed for reforestation. Emphasis is on providing diverse sources of seed at the J.E. Schroeder Cooperative Seed Orchard. This cooperative seed orchard, a public-private partnership established in 1973, has produced ample supplies of high-quality seed for growing nearly a million trees annually on state forestland, and for private and family forest landowners.

## State Forests

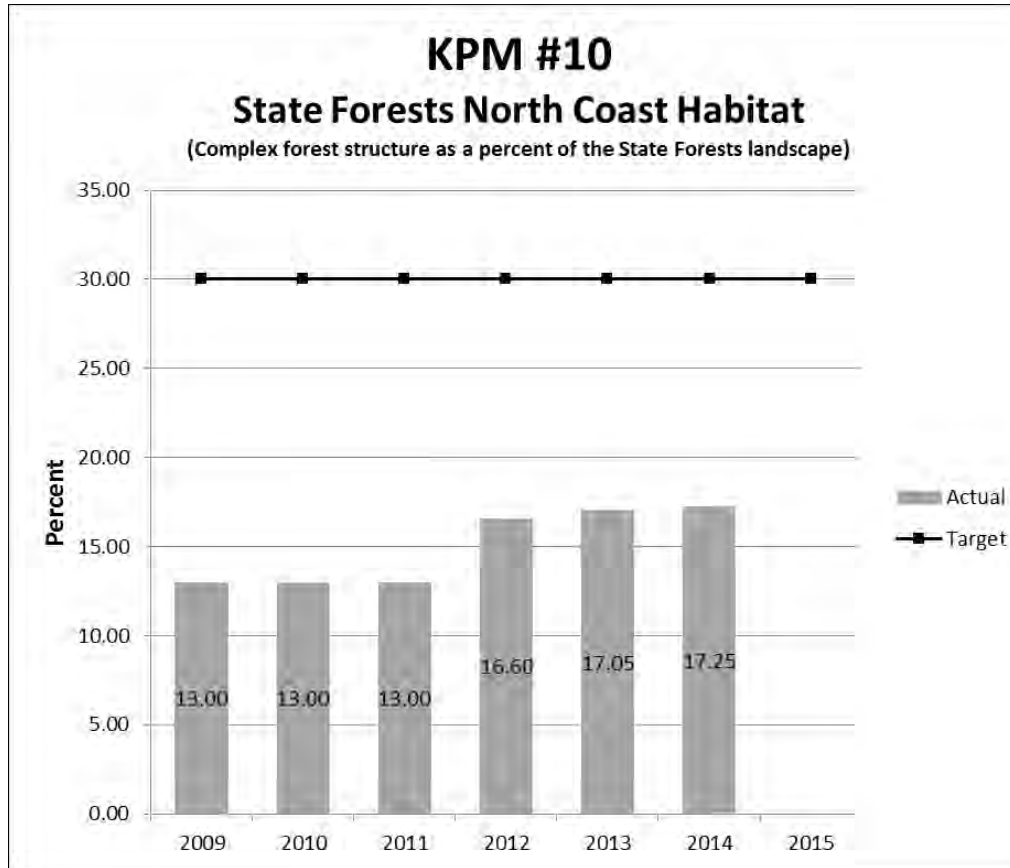
### B. Key Performance Measures (KPM)



The goal of the *Forestry Program for Oregon Strategy B* includes ensuring that Oregon's forests provide diverse social and economic benefits. The goal for Key Performance Measure (KPM) #5 for the State Forests Division includes increasing total revenue generated from Oregon state forestlands. Revenue is generated primarily from timber harvest, with some contributions from recreation and minor forest products. Data presented above demonstrates that the State Forests Division is achieving revenue targets, and reported a 5.5 % increase from the previous year (to \$79,821,333). The major factor affecting revenue is the economy, resulting in lower rates of home construction, which directly decreases demand for wood products, equating to low log prices. While timber values have increased recently, annual Division expenses continue to exceed revenue. The State Forests Division is evaluating financial viability and exploring opportunities to increase revenue while continuing to provide for a balanced range of social and environmental values.

# State Forests

## B. Key Performance Measures (Cont.)



The goal of KPM #10 is to contribute to the conservation of diverse native plant and animal populations, and their habitats, in Oregon’s forests. The Board of Forestry adopted an administrative rule (OAR 629-035-105) for long-term forest management plans which describe the percent of Clatsop and Tillamook State Forests managed to achieve complex forest structure. Complex forest structure provides a diversity of forest species and conditions, with large and older trees, and ample down wood and snags for wildlife. The data provided in the graph above demonstrate that 17% of the Clatsop and Tillamook State Forests are achieving complex forest structure. Complex forest structure develops slowly and is anticipated to take decades to achieve the KPM’s 30% target.



## State Forests

### **C. Key Budget Drivers and Major Issues**

#### **Generating sufficient revenues from sustainable forest management to provide a balance of social, economic and environmental benefits**

The majority of revenues supporting operations on state forestland are generated from timber sales. The program currently does not receive General Fund dollars. There has been a gradual increase in demand for forest products as housing construction has recently increased. The increase in construction, coupled with a strong but declining export market has helped to push domestic log prices upward. This upward trend should continue during 2015-17. Prices are then predicted to decline starting in 2018. This is driven by projected consumer confidence, interest rates for home purchases and changes in demographics. Providing stable funding for the Division has been challenging during times when the market price for logs is low.

While the current log price trend is encouraging, it will take several years for higher prices to influence revenues. In the meantime, generating sufficient revenues to fund management activities is a key policy issue for the Board of Forestry and the State Land Board. Cost and revenue analysis, even with higher log prices factored in, suggest that the current Forest Management Plan for Northwest Oregon is not self sustaining over time, given the current set of forest management goals and the current funding structure, where 98% of revenue is generated from timber sales.

Insufficient revenue from the previous seven years has severely curtailed the State Forests Division's investments in recreation, research and monitoring, forest inventory, silvicultural activities such as pre-commercial thinning, and other key aspects of forest stewardship. Continued lack of investment in these activities challenges the Division's ability to manage a range of forest characteristics across the landscape, accurately model forest conditions and associated harvest volumes, and implement adaptive management with monitoring that informs decision-making in a timely way.

Revenue projections are a critical component of financial planning for state forestlands. There are limitations to such projections. For example, timber sale prices are difficult to predict. Currently, sale prices, and the revenues they produce, are expected to remain stable during 2015-2017 and begin a downward trend in the following years. While state forestlands are experiencing increasing prices, the full impact of these increases won't be realized for a couple of years. In addition to these limitations, projections on Common School Forest Lands are further complicated due to legal uncertainties associated with threatened and endangered species issues. These outcomes consistently have direct influence on annual harvest levels.

#### **Developing alternative management plans and improving the State Forests business model**

The largest management plan for state forests is the Northwest Oregon Forest Management Plan (FMP), which includes 650,000 acres, about 75% of the total state forestland base, and generates more than 90% of the revenue from Board of Forestry lands. The original FMP was approved in January 2001 by the Board of Forestry as the first integrated resource management plan for the state. Analysis of the forest management plan outputs, at the time of approval, suggested a high level of timber harvest and a corresponding contribution to a diverse array of fish and wildlife habitat across the landscape. Once implemented, timber harvest levels and corresponding revenue distribution to counties, local taxing districts and the agency have fallen short of expectations. As a result, the Board of Forestry revised the plan in 2010 with a performance measure for increasing revenues by 5-15% and to remain financially viable. It is now apparent that the Northwest FMP will not likely meet revenue expectations.

In November of 2011, the Board of Forestry directed the agency to begin work on alternative management plans to potentially meet Board-approved performance measures, ensure financial viability for State Forests and meet the Board's standards for "greatest permanent value." This Board of Forestry direction followed the Governor's address in November 2011 where a range of social, environmental, and economic challenges for forestry in Oregon were

## State Forests

### **C. Key Budget Drivers and Major Issues (Cont.)**

outlined and five specific goals for the Board of Forestry were recommended. These included developing and using performance measures, considering a land allocation—or zoned—approach for forest management, clarifying conservation areas, using an adaptive management approach, and reviewing the State Forests Division’s business model. The exploration of alternative management plans will be informed by a rigorous science review and transparent stakeholder and outreach processes. This work incorporates an exploration of a change in the business model that could diversify the existing revenue stream toward non-timber values such as recreation, clean water, conservation areas, and stream restoration.

The Board of Forestry directed the Department to consider additional revisions to the Northwest Oregon Forest Management Plan to meet two goals: achieve financial viability of the State Forests Division, and improve conservation outcomes on state forestlands over time. On November 5, 2014, the Board reached a unanimous decision to pursue a “land allocation” forest management approach, with specific areas designated for management with specific emphases, such as conservation or timber production. The Division has begun writing and modeling the future management plan. The process will include development and refinement, with continuing public outreach, and final Board of Forestry decisions on the new plan late this year. Implementation is scheduled for summer 2016, with an expected increase in generated revenue in 2017. Given that the majority of revenue for the State Forests Division is generated from timber sales, the Division must find the appropriate balance between conservation and production-area emphasis to become financially viable.

#### **Reduced workforce**

Revenue from operations on Board of Forestry lands flows to the Forest Development Fund (FDF). The FDF supports operations and investments on Board of Forestry lands. Several factors cause cost to far exceed revenue generated, which has resulted in a major decline in the FDF balance over the previous several years. In 2008, a major funding shortfall was identified. The Division responded with a 30% reduction in expenditures and the workforce in 2010. Since that time capacity, and program services have not increased. However, inflation has continued to drive up the cost of personnel and supplies. At this current reduced operating level, the Division strives to complete harvest objectives, assist in fire suppression efforts, and provide expected benefits from state forests at minimal levels. The Division will continue to provide as many services as possible within these revenue and workforce constraints, but several important investments, such as monitoring, young stand management, and forest inventory, remain underfunded.

#### **Conserving working forests**

The 2009 Oregon Legislature authorized the Department of Forestry to use \$15 million in Lottery Bond funds toward acquisitions of forestlands owned by Fidelity National Timber Resources Inc., located in the Gilchrist area of Central Oregon. The purchase of 43,389 acres was completed in early 2010. Acquisition of these lands was supported by the Governor’s Office, legislative leadership, and the Klamath County Commission. In June 2010, the forest was dedicated as the Gilchrist State Forest, the first new state-owned forest in nearly 70 years. The Conservation Fund, a conservancy group, acquired an additional 25,754 acres adjacent to the state forest, and ODF is working to complete purchasing agreements for managing these lands as part of the Gilchrist State Forest. The 2011 legislature approved \$1.98 million in lottery bonds, and the 2013 legislature approved an additional \$5.8 million of general obligation bonds. The Forest Legacy Program provided an additional \$3 million of funding through a grant. Forest Legacy is a U.S. Forest Service program to protect “working forests,” those that protect water quality, provide habitat, forest products, opportunities for recreation and other public benefits. The sale of the bonds will occur this spring. The federal funds will be available in July, resulting in an August 2015 completion of the entire forest land acquisition.

## State Forests

### **C. Key Budget Drivers and Major Issues (Cont.)**

The primary driver for this acquisition is to conserve working forests. Today, they are at risk of being parcelized and divided into minimum lots and sold for development. When large blocks of forestland are fragmented into smaller ownerships, especially when low-density homes are introduced, major challenges emerge, and forest values are lost. There is more potential for human-caused fires, compounded by more costly and complex fire protection needs. It is less likely the land will be managed for timber production. Public access is commonly reduced or lost, and wildlife habitat can be fragmented. The Department has a tradition of restoring healthy forests on lands that have been devastated due to fires and intensive harvest activity. Managed like a similar state forest just 50 miles to the south, the Sun Pass State Forest, these lands will one day provide revenue to the county, excellent wildlife habitat, recreation for locals and visitors, and many other important forest values.

#### **Management of Common School Forest Lands**

In 2006, the State Land Board adopted an updated 10-year Asset Management Plan that includes performance measures for annual revenue, net operating income, return on asset value, and land value appreciation. The State Forests Division manages 119,248 acres of Common School Forest Lands and reports annual revenue and net operating income to the State Land Board. Approximately \$3.5 million was transferred from Common School Forest Lands in 2014 for an associated net operating deficit of \$170, 000. Uncertainties involving Threatened and Endangered species are resulting in below-average economic performance. A Forest Management Plan for the Elliott State Forest (93,000 acres) was approved in 2011. The new plan uses a “Take Avoidance” approach to meet requirements of the Endangered Species Act and uses surveys for endangered species, which will be protected as individual resources. The Department of State Lands, at the direction of the State Land Board, is investigating alternative management strategies for the Elliott State Forest. During this time of uncertainty, and possible transition to a new approach, we continue to manage the Elliott State Forest under the current management plan with take avoidance strategies. ODF’s stewardship role in Elliott State Forest management involves significant work, professionalism, and long-term commitment to wildlife and habitat. The Elliott State Forest management also requires quick responses to policy shifts that have occurred in recent years.

#### **State Forest management as a potential model for federal forestlands**

Board of Forestry lands are actively managed in a sound environmental manner to provide sustainable timber harvest and revenues to the state, counties, and local taxing districts. This is achieved within a broader context that provides for other forest resources, including properly functioning aquatic habitats for salmon, native wildlife, water quality, and diverse recreation. While comprising nearly 3% of Oregon’s forestlands, compared to 60% in federal ownership, state-owned forestlands have produced 75% of the timber volume harvested from federal forestlands in recent years. At the federal level, debate continues over how to manage forestlands. The continued success of the active management of state-owned forestlands, consistent with statutory mandates, can serve as an example for balanced forest management and active management on portions of the federal forestland base in the future.

## State Forests

### **D. Measures to Contain Costs, Improve Program Delivery**

Beginning in 2010, the State Forests Division reduced spending and staff by nearly 30% to respond to severely depressed timber prices. This adjustment slowed the rate of erosion of the Forest Development Fund (FDF) account. The State Forests Division has continued to tightly control investments in order to remain solvent. Current revenue projections suggest that the FDF will remain at untenably low levels over the next five years unless steps are taken to increase revenues or further reduce costs. The State Forests Division has under-invested in forest inventory, recreation, education and interpretation, staff support for policy development, pre-commercial thinning and fertilization of forest stands, and research and monitoring. The magnitude of this reduced investment is nearly \$6 million per year. The agency is actively pursuing operational and policy changes to address the financial situation. Continued lack of investment in these activities will challenge the Division's ability to create a range of forest characteristics across the landscape, accurately model forest conditions and associated harvest volumes, and implement adaptive management with monitoring that informs decision-making in a timely way.

To achieve financial viability, the Division is taking a three-pronged approach that involves improving business practices, pursuing other sources of revenue, and developing a new forest management plan. There are several business practice improvements underway to modernize log accounting and increase efficiencies in timber sale contracting. This system addresses Wood Accounting and Log Tracking (WALT). The Division is also testing new methods for marketing by selling logs directly through sort sales, and changing how procurement contracts for seedlings are established with nurseries. These changes aim to improve business practices, create efficiencies and ultimately save money. Additional projects to modernize and improve operations will occur in future years. It cannot be assumed that these projects will significantly reduce cost or generate the revenue to achieve a financially viable Division. The Department has also begun pursuing other revenue sources in the form of Policy Option Packages (POPs) for General Fund from the legislature.

During the economic recession ODF partnered with the Oregon Parks and Recreation Department (OPRD) to fund the popular off-highway recreation program on the Tillamook State Forest through All-Terrain Vehicle (ATV) fees. In addition, the Division works closely with watershed councils and the Oregon Watershed Enhancement Board (OWEB) for cost-sharing opportunities on stream restoration projects.

Proposed new laws will help contain cost, increase revenue and improve overall program delivery.

***HB 2453: Prohibiting unauthorized commercial events on state forestlands.***

Large, unpermitted, commercial social events, such as overnight "rave" parties drawing hundreds of people and vehicles, have raised serious public health, safety, law enforcement, fire danger and resource damage concerns in state forests, particularly the Clatsop and Tillamook. This bill would make conducting large, commercial events on state forests without proper permitting a Class A misdemeanor. Criminalizing these activities would allow law enforcement to make arrests, and would require event organizers to organize and take extra steps towards safety and health and risk management, reducing the frequency and associated cost of raves on state forestlands.

***SB 248: Clarifying authority for log sort sales.***

The State Forests program sells timber through contracts under which bidders purchase all timber in a harvest unit and perform all work associated with the harvest. This bill would clarify ODF's authority to pursue a different approach in some instances: auctioning delivered logs, sorted by grade or species. This could maximize revenue received for this public resource.

## State Forests

### **E. Revenue Sources and Relationships**

The State Forests Division is self-financed. Operational and administrative costs for managing state-owned forests are supported almost entirely by timber sale revenue. The Department retains 36.25% of timber sale revenues for management of state-owned county trust lands. The remaining 63.75% is distributed to the counties where harvest occurs. The funds are then shared with schools and local taxing districts. The state's projected share of timber sales for 2015-17 is \$74 million. The agency is reimbursed for Common School Fund land management costs, and the remaining revenue goes to the Common School Fund. These management costs are approved by both the Board of Forestry and the State Land Board.

State-owned lands are expected to generate \$127 million for counties and local taxing districts during the 2015-17 biennium. Timber sales from Common School Fund lands are forecasted to generate approximately \$5.8 million in revenue during Fiscal Year 2016 and \$5.9 million in Fiscal Year 2017. Management costs on the Common School Fund lands are proposed in the budget at slightly over \$9.9 million for the 2015-17 biennium. The Oregon Parks and Recreation District provides a revenue transfer to offset the cost for management of off-highway vehicle recreation facilities. In addition to revenue from sales of timber, limited revenues are derived from recreation activities and the sale of minor forest products.

## State Forests

### **F. 2015-17 Governor's Budget**

The Governor's Budget maintains the current level of services for State Forests, and includes three General Fund policy packages characterized as "bridge funding."

#### **Recreation, Education and Interpretation Enhancements – Policy Package 131**

This policy package requests \$1.4 million in General Fund dollars to maintain investments in the State Forests Division's Recreation, Education and Interpretive activities, which are a State Forests Division strategic initiative. An integral piece of the multi-faceted mission of the State Forests Division includes providing popular recreational and educational opportunities to improve the public's understanding of and engagement with Oregon state forests. The funding is requested as bridge funding while a revised forest management plan and new business strategies related to achieving financial viability are pursued. This would result in a fund shift from sale revenue to General Fund dollars, and would broaden the Division's revenue base.

#### **Increasing Capacity for the State Forests Division Research and Monitoring Program – Policy Package 132**

This policy package seeks \$650,000 in General Fund dollars for implementing a strategic initiative in the State Forests Division's business model and business practices work, while diversifying the Division's revenue base. This proposal increases capacity in the Division's research and monitoring program to ensure adequate resources to meet statutory requirements for research and monitoring, to ensure science-based state forest management, and for measuring future management success.

#### **South Fork Camp Improvements – Policy Package 133**

This policy package seeks \$750,000 in General Fund investment for implementing a strategic initiative in the State Forests Division's business model and business practices work. It also diversifies the Division's revenue base and connects programs with broad public benefit to appropriate funding sources. The South Fork Inmate Forest Camp was created to provide a cost-effective source of labor for reforestation of state-owned forestlands and forest fire suppression in adjacent forests in northwest Oregon and across the state. In partnership with the Oregon Department of Corrections, and through important reforestation and recreation management projects, the camp provides a base for inmates to gain professional skills while working to provide tangible services for communities.

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# 6. Appendices

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**Oregon Department of Forestry  
2015-17 Ways and Means Presentation  
April 2015**

## Appendices

### Appendix A – HB 4131 Report

The agency's current ratio of total employees to supervisory employees is 1 to 7 as reflected in the 2013-15 Legislatively Adopted budget.

The sum of the agency's policy package requests and the Governor's packages is a net of 10 new positions, none of which are in management. If these positions are authorized by the Legislature there will be no effect on the agency's overall ratio of 1 to 7.

	Mgmt Supv	Mgmt Non-Supv	Public Employees	Total	Supervisory Ratio
<b>2013-15 Legislative Adopted Budget</b>	<b>157</b>	<b>6</b>	<b>1036</b>	<b>1199</b>	<b>1 to 7</b>
2015-17 Policy Packages:					
Administration - 11 Permanent positions		1	10	11	
Fire - 2 Permanent positions			2	2	
State Forests – (9) Permanent positions	(1)		(8)	(9)	
Private Forests - 4 Permanent, 1 Limited Duration positions	1		4	5	
<b>2015-17 Adjusted for GB Policy packages</b>	<b>157</b>	<b>7</b>	<b>1044</b>	<b>1208</b>	<b>1 to 7</b>



# Appendices

## Appendix A – HB 4131 Report (Cont.)



Oregon

John A. Kitzhaber, MD, Governor

Department of Administrative Services  
Chief Human Resource Office  
155 Cottage Street NE, U30  
Salem, OR 97301  
FAX: (503) 373-7684

December 11, 2013

### Via Email Only

Doug Decker, State Forester  
Oregon Department of Forestry  
2600 State Street  
Salem, OR 97310

Re: HB 3165 Exception

Dear Director Decker:

On November 22, 2013, the Department of Administrative Services received an application for agency exception pursuant to HB 3165, Section 1(4)(c). The exception indicates the agency qualifies for an exception due to the large number of non-agency and seasonal personnel the agency employees to maintain the state's forest lands and its unique structure. The agency's current ratio is 1 to 7.

DAS's Director, Michael Jordan, reviewed the application, information from the U.S. Forest Service indicating the industry's acceptable ratio standard is 1 to 5, and the agency's structure. Please accept this letter as notice DAS is granting the exception.

This letter serves as notification for the reporting period ending October 31, 2013; ODF is no longer subject to the application process for exceptions to hire budgeted supervisory positions so long as it maintains at least a 1 to 7 ratio. On November 1, 2014, the agency's baseline ratio will reset and as long as the agency continues to maintain at least a 1 to 7 ratio, it will not be subject to the supervisory hiring restrictions. This exception will expire on June 30, 2015. DAS will contact the agency prior to the exception's expiration.

If you have any questions, please do not hesitate to contact me or Susan Hoeye at 503-378-8301.

Sincerely,

Sarah Miller  
Interim Chief Human Resource Officer  
Deputy Chief Operating Officer

C: Krista Pegley, ODF HR Manager  
Ken Rocco, LFO  
Daron Hill, LFO  
Brian DeForest, DAS BAM

# Appendices

## Appendix B – 2013 Audit Report

### Office of the Secretary of State

Kate Brown  
Secretary of State

Brian Shipley  
Deputy Secretary of State



### Audits Division

Gary Blackmer  
Director

255 Capitol St. NE, Suite 500  
Salem, OR 97310

(503) 986-2255  
fax (503) 378-6767

January 9, 2013

Doug Decker, State Forester  
Oregon Department of Forestry  
2600 State Street  
Salem, Oregon 97301

Dear Mr. Decker:

We have completed audit work of selected financial accounts at the Oregon Department of Forestry (department) for the year ended June 30, 2012.

This audit work was not a comprehensive audit of the department. We performed this audit work as part of our annual statewide financial audit. The objective of the statewide audit was to express an opinion on whether the financial statements contained in the State of Oregon's Comprehensive Annual Financial Report were fairly presented, in all material respects, in conformity with generally accepted accounting principles.

In planning and performing our audit of the selected financial accounts at the department as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the department's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

We audited the following accounts at the department and determined their fair presentation in accordance with generally accepted accounting principles in relation to the statewide financial statements.

<u>SFMA Account</u>	<u>Description</u>	<u>Audit Amount</u>
<u>GAAP Fund 1107 – Environmental Management Fund</u>		
0542	Accounts Receivable- Federal Unbilled	\$ 9,742,100
0543	Accounts Receivable- Federal Billed	5,948,041
0300	Federal Revenue	17,403,010
0703	State Forest Lands - Sales	64,205,277

Management Letter No. 629-2013-01-01

# Appendices

## Appendix B – 2013 Audit Report (Cont.)

Doug Decker, State Forester  
Oregon Department of Forestry  
Page 2

SFMA Account	Description	Audit Amount
1405	Transfers to Counties	\$ 37,377,039
14xx, 18xx	Transfers Out	11,949,992
3111	Regular Employees	22,020,809
3210	Public Employees Retirement Contribution	4,330,906
3212	Pension Bond Assessment	1,531,320
3221	Social Security Taxes	2,147,956
3263	Medical, Dental, Life Insurance	8,105,821
4xxx	Services and Supplies	36,786,427

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, others within the organization, and the Board of Forestry and is not intended to be and should not be used by anyone other than the specified parties.

We would like to express our appreciation to Mark Hubbard and department staff for their assistance and cooperation during the audit. Should you have any questions, please contact Alan Bell or me at (503) 986-2255.

Sincerely,  
OREGON AUDITS DIVISION

Julianne Kennedy, CPA  
Audit Manager

JK:AJB:nmj

cc: Tom Imeson, Board of Forestry, Chair  
Satish Upadhyay, Administrative Services Division Chief  
Mark Hubbard, Finance Director  
Michael J. Jordan, Director, Department of Administrative Services

# Appendices

## Appendix C – 2014 Audit Report

### Office of the Secretary of State

Kate Brown  
Secretary of State



### Audits Division

Gary Blackmer  
Director

255 Capitol St. NE, Suite 500  
Salem, OR 97310

(503) 986-2255  
fax (503) 378-6767

January 21, 2014

Doug Decker, State Forester  
Oregon Department of Forestry  
2600 State Street  
Salem, Oregon 97310

Dear Mr. Decker

We have completed audit work of selected financial accounts at your department for the year ended June 30, 2013. This audit work was not a comprehensive financial audit of the department, but was performed as part of our annual audit of the State of Oregon's financial statements. We audited accounts that we determined to be material to the State of Oregon's financial statements.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the State of Oregon as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the department's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses and therefore, material weaknesses may exist that have not been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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Management Letter No. 629-2014-01-01

# Appendices

## **Appendix C – 2014 Audit Report (Cont.)**

Doug Decker, State Forester  
Oregon Department of Forestry  
Page 2

### Material Weakness

#### **Long-Term Accounts Receivable Accruals**

The state's accounting policy directs that revenue, within governmental funds, be recognized using the modified accrual basis of accounting. Under this basis of accounting, revenue recorded in the current year must be both measurable and available to finance current period expenditures. For the state, revenue is considered "available" if it is collected within 90 days of the fiscal year end. The receivable associated with revenue that is collected after the 90 day accrual period is recorded as a long-term receivable.

Department management records all receivables at fiscal year end as current receivables. Management has not developed a methodology to estimate and accrue, as long-term, the portion of its receivable balance that is expected to be received after the state's 90-day accrual period. Consequently, current accounts receivable, and related revenue, were overstated by nearly \$6.4 million.

**We recommend** management develop a methodology to estimate and accrue, as long-term, the portion of its receivable balance it expects to receive after the state's 90-day accrual period.

The above material weakness, along with your response to the finding, will be included in our Statewide Single Audit Report for the fiscal year ended June 30, 2013. Please prepare a response to the finding and include the following information as part of your corrective action plan:

- 1) Your agreement or disagreement with the finding. If you do not agree with the audit finding or believe corrective action is not required, include in your response an explanation and specific reasons for your position.
- 2) The corrective action planned.
- 3) The anticipated completion date.
- 4) The name(s) of the contact person(s) responsible for corrective action.

Please respond by January 31, 2014.

The purpose of this letter is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the department's internal control. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control. Accordingly, this letter is not suitable for any other purpose.

## Appendices

### **Appendix C – 2014 Audit Report (Cont.)**

Doug Decker, State Forester  
Oregon Department of Forestry  
Page 3

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Alan Bell or me at (503) 986-2255.

Sincerely,  
OREGON AUDITS DIVISION

Julianne Kennedy, CPA  
Audit Manager

JK:AJB:nmj

cc: Paul Bell, Deputy State Forester  
Satish Upadhyay, Administrative Services Division Chief  
Mark Hubbard, Fiscal Services Unit Manager  
Antonia Allen, Internal Auditor  
Tom Imeson, Chair, Board of Forestry  
Michael J. Jordan, Director, Department of Administrative Services

## Appendices

### **Appendix D – Agency Responses to Audit Findings**

#### Audits Activity

**Department of Forestry's Response to the FY2013 Statewide Single Audit of Oregon Department of Forestry transmitted in Management Letter No. 629-2014-01-01**

#### **Findings and Recommendations**

##### Long-Term Accounts Receivable Accruals

The state's accounting policy directs that revenue, within governmental funds, be recognized using the modified accrual basis of accounting. Under this basis of accounting, revenue recorded in the current year must be both measurable and available to finance current period expenditures. For the state, revenue is considered "available" if it is collected within 90 days of the fiscal year end. The receivable associated with revenue that is collected after the 90 day accrual period is recorded as a long-term receivable.

Department management records all receivables at fiscal year-end as current receivables. Management has not developed a methodology to estimate and accrue, as long-term, the portion of its receivable balance that is expected to be received after the state's 90-day accrual period. Consequently, current accounts receivable, and related revenue, were overstated by nearly \$6.4 million.

**We recommend** management develop a methodology to estimate and accrue, as long-term, the portion of its receivable balance it expects to receive after the state's 90-day accrual period.

The above material weakness, along with your response to the finding, will be included in our Statewide Single Audit Report for the fiscal year ended June 30, 2013. Please prepare a response to the finding and include the following information as part of your corrective action plan:

- 1) Your agreement or disagreement with the finding. If you do not agree with the audit finding or believe corrective action is not required, include in your response an explanation and specific reasons for your position.
- 2) The corrective action planned.
- 3) The anticipated completion date.
- 4) The name(s) of the contact person(s) responsible for corrective action.

**The Department** agrees with this finding. As part of our year-end process we will develop a methodology to project the estimated receivables that will realistically be collected in the 90 days following the end of the fiscal year. The methodology will include reviewing collection history as well as reviewing receivables to determine the normal payment of that type of receivable. Receivable balances deemed not to be realizable within 90 days after year-end shall be reclassified to Long-Term Receivables for financial statement purposes. The exact methodology will be refined and enhanced as we go through each year-end close in the future.

We anticipate the completion of this correction to be August 2014 for the current fiscal year end close.

# Appendices

## Appendix D – Agency Responses to Audit Findings (cont'd)

### Audits Activity (Cont.)

#### Department of Forestry's Response to the Information Technology Controls Audit Report Number 2013-8

#### Findings and Recommendations

**Audit Finding 1:** Strategic plans do not provide a clear vision for optimizing use of information technology.

**Audit Recommendation:** Ensure effective strategic planning occurs for information technology at regular intervals, including development of tactical plans to allocate resources and prioritize efforts.

**Agency's Response:** Management agrees with this recommendation. The Oregon Department of Forestry (ODF) is currently developing an agency-wide strategic plan, with annual operating plans for each of its divisions. In alignment with these plans, the Information Technology Program will develop strategic and tactical plans by the fall of 2013. These plans will set clear direction for the program on how it supports and provides services to the agency, including specific tactical actions one to two years out.

**Audit Finding 2:** Information technology efforts are not well organized.

**Audit Recommendations:** Provide information technology policies, procedures, and/or standards to guide staff as they perform important tasks such as strategic planning, system maintenance, quality assurance, or security.

Ensure sufficient numbers of competent staff are available and formally assigned to perform critical information technology tasks.

**Agency's Response:** Management agrees with these recommendations. Taken together, this finding's components point clearly to the need for an information technology governance model to coordinate responses to all of the concerns raised. This will be a major undertaking, given ODF's unique mission which requires 24-7 fire response, geographic spread and remoteness of offices and operations, and its diverse and complex funding model.

The department has started to develop an information technology governance model and to build internal understanding of the need for such a model. We expect to implement the model, with the full support of the executive team, in the fall of 2013. The model will be applied immediately to addressing the specific items identified in the audit report.

The oversight committee will need to carefully evaluate the organization and funding of information technology services throughout the agency. Although addressing the audit report findings will require considerable effort, we believe that a governance model with full executive team support will position ODF for dramatic improvements in short- and long-range IT planning and execution.

The Governor's Balanced Budget for the agency for 2013-15 recommends additional IT staffing. The Legislature is currently considering this budget proposal. Approval of the proposal would provide the capacity to help address the audit report's specific recommendation regarding staffing.



## Appendices

### Appendix D – Agency Responses to Audit Findings (cont'd)

#### Audits Activity (Cont.)

**Audit Finding 3:** Processes for acquiring, implementing, and maintaining technology solutions are inadequate.

**Audit Recommendation:** Formally adopt system development lifecycle methodologies to better govern processes for selecting, acquiring, developing, and implementing computer systems.

**Agency's Response:** Management agrees with this recommendation. The agency needs documented standards and lifecycle approaches for developing, acquiring, implementing and maintaining computer systems and applications. ODF has lacked sufficient IT staff to achieve these goals. While development standards have already been set, documentation and processes still need to be completed. With our limited IT resources, there currently is no timeline for this.

Once formed, the IT governance committee will be tasked with fully understanding the importance of a lifecycle methodology for systems and applications, and will work on a plan to obtain the necessary resources.

**Audit Finding 4:** Security of information systems and data needs improvement.

**Audit Recommendation:** Resolve the security weaknesses we identified in our confidential management letter and work with the Department of Administrative Services' Enterprise Technology Services to ensure the department's security expectations are clearly established and fulfilled.

**Agency's Response:** Please refer to the confidential response letter hand-delivered to the Audits Division.

## Appendices

### **Appendix E – Proposed I.T. and Capital Construction Projects**

#### **Major I.T. Projects**

The Department is proposing policy option packages (POPs) for two major information technology initiatives for the 2015-17 biennium: A replacement of the agency procurement system and enhancing the Forest Electronic Reporting and Notification System (FERNS). These two packages align with the mission of the agency; “To serve the people of Oregon by protecting, managing, and promoting stewardship of Oregon's forests to enhance environmental, economic, and community sustainability.”

Both POPs are necessary for the agency to continue on its path of being efficient and having systems in place that meet business needs, are supportable and flexible and align with the Department of Administrative Services (DAS), state, and federal requirements. Additionally, the 2011-2013 Legislatively Approved Budget (House Bill 5023) contained a budget note directing the Department to contract with an independent third party to assess and make recommendations on cost savings, efficiencies, and cost avoidance strategies that could prove effective for administration of the Forest Practices Act. The FERNS application was developed with a focus on streamlining processes and automating transactions where appropriate. The initial rollout of FERNS is complete and went live in October 2014.

#### **Forest Activity Electronic Reporting and Notification System**

This POP would ensure the resources needed for ongoing maintenance of the new system, as well as one-time funding for system enhancements to the basic capabilities that will become integrated into a continuous improvement cycle. This proposed investment will improve how ODF gathers, stores, maintains, and reports information related to notifications. The customer's efficiency in submitting and managing notifications and communication from ODF will also improve.

This project supports strategy 5 of the 10-Year Plan, and provides a stable base for addressing existing and emerging resource challenges. This POP also directly supports the Board of Forestry's *Forestry Program for Oregon* goals to promote a fair legal system, effective and adequately funded government, leading-edge research and education, and publicly-supported environmental, economic, and social policies.

Detailed benefits and costs can reviewed in the Private Forests program narrative, package 151.

#### **Procurement Purchase Order System**

The POP will be used to acquire a fully functional procurement-to-payment system that will accommodate all rules and controls necessary to manage procurements from start to finish. The system will put the proper controls in place to help manage the risks associated with the management of contracts, procurements, and payables. Currently, ODF is working through the Office of the State CIO to partner with other agencies interested in a similar system.

The current system functions as an accounts payable system, allowing entry of purchases for payment, but does not have the capability to track purchases from requisition to receipt of goods and/or services. It also does not integrate with the current Oregon Procurement Information Network (ORPIN), the state-wide system for contract reporting and management. Additionally, the program has not been enhanced over time, and the agency has experienced challenges in the areas of system operability (process, data and reporting), security, integration, support and maintenance.

## Appendices

### **Appendix E – Proposed I.T. and Capital Construction Projects (Cont.)**

The aging of this system raises concerns about its ongoing operability, given that the system has exceeded its life cycle expectancy. The current system was written in the PowerBuilder programming language, which is no longer part of mainstream technology, and the ODF Information Technology are not knowledgeable in its use, ODF struggles with keeping the system operational and no longer recommends making enhancements to the existing system.

Detailed benefits and costs can reviewed in the Administrative program narrative package 180.

## Appendices

### Appendix F – 2013-15 Reclassifications

Reclass #	PsnNo	Before Classification	After Classification	Before Budgeted Rate <sup>1</sup>	After Budgeted Rate <sup>1</sup>
13-15-01	0003611	OA C0108 AA	OA C0212 AA	3,838	3,838
13-15-02	0000381 / 0005398	OA C8264 AA	OA C0108 AA	3,225	3,896

<sup>1</sup>All positions are based on Budgeted Top Step, not on actual salaries

## Appendices

### Appendix G – 2013-15 New Hires

#### ODF Hires During 13-15 Biennium Step 3 and above

NAME	JUSTIFICATION	REPR	CLASS	TITLE	BASE	STP	POSNO	CODE	EFF DTE
ANGCO, BONNIE J	Skill Set & Salary	OA	C0104	OS 2	\$ 3,032	8	0000896	141	07/22/2013
BRAY, SHAWN M	Student pay based on college	OB	C8235	STUD/PROF WKR	\$ 2,314	5	0003616	151	06/18/2014
BURNS, JEFFREY D	Salary	OA	C0862	PROG ANALYST 3	\$ 4,628	3	0005177	141	08/19/2013
CARMODY, CHARLES J	Salary	OA	C1486	ISS 6	\$ 6,379	9	0000106	141	06/16/2014
CHAFIN, JUSTIN O	Skill Set & Salary	OA	C4419	AUTO TECH 2	\$ 3,225	3	0001107	141	03/17/2014
CLARK, JOSHUA A	Hard to fill	OA	C8504	NRS 4	\$ 5,098	4	0000105	181	11/05/2013
CLINE, CHRISTOPHER L	Hard to fill & Skill set	MMS	X8260	FM 2	\$ 5,927	6	0000894	141	05/26/2014
DELEGAN, JOANNA C	Salary	OA	C8501	NRS 1	\$ 3,536	5	0002165	141	06/16/2014
FARNER, DEWAIN B	Salary	OA	C4422	EQUIP OPERATOR	\$ 3,177	3	0000664	141	08/12/2013
GISLER, BONNIE L	Student pay based on college	OB	C8235	STUD/PROF WKR	\$ 2,145	3	0003615	151	06/18/2014
GRIMSRUD, BRENT A	Salary & from out of State	MMS	X7006	PEM-D	\$ 8,329	9	0000277	141	01/27/2014
HENNEMANN, NICHOLAS J	Salary	OA	C0865	PAS 2	\$ 6,163	9	0003875	141	09/23/2013
HURLEY, CLINTON M	Salary	OA	C1486	ISS 6	\$ 4,837	3	0005392	141	01/29/2014
JANSEN, ERIK W	Hard to fill & Salary	OA	C8503	NRS 3	\$ 5,174	7	0003874	141	05/12/2014
KACZMAREK, DONALD J	Salary	OA	C8504	NRS 4	\$ 6,691	9	0003610	141	01/20/2015
LARSEN, STEVE JEROME	Salary	OA	C8222	PILOT	\$ 5,802	9	0000351	141	11/07/2014
MARTENS, JUSTIN A	Salary & Skill Set	OA	C8503	NRS 3	\$ 4,413	4	0003887	141	07/29/2013
MCREYNOLDS, FRANCES A	Salary & from out of State	MMS	X7006	PEM-D	\$ 6,351	6	0004673	141	02/16/2015
MOYER, CHARLES A	Salary	MMS	X8259	FM 1	\$ 5,231	6	0000545	141	01/05/2015

## Appendices

### Appendix G – 2013-15 New Hires (Cont.)

#### ODF Hires During 13-15 Biennium Step 3 and above

NAME	JUSTIFICATION	REPR	CLASS	TITLE	BASE	STP	POSNO	CODE	EFF DTE
NORLANDER, DANIEL W	Skill Set & Salary	OA	C8502	NRS 2	\$ 3,896	4	0003713	141	03/03/2014
OLSON, DANIEL D	Skill Set	OA	C8502	NRS 2	\$ 3,707	3	0005324	141	06/23/2014
PENTZER, ROB S	Salary	MMS	X8260	FM 2	\$ 5,052	3	0003207	141	07/09/2013
SANDEFUR, PAULA R	Salary	OA	C0104	OS 2	\$ 3,077	8	0003187	141	04/14/2014
SCALES, JAMES R	Salary	OA	C4422	EQUIP OPERATOR	\$ 3,838	7	0000515	141	08/06/2013
SCHULTZ, ELIZABETH H	Salary	OA	C1216	ACCT 2	\$ 4,273	7	0003925	181	02/10/2014
SHIPPEY, RENAE	Salary	OA	C0103	OS 1	\$ 2,268	3	0000492	141	02/10/2015
SOLIS, DANI R	Salary	OA	C0212	ACTG TECH 3	\$ 3,382	6	0003611	141	04/21/2014
TIMBROOK, STEVEN M	Salary & from out of State	OA	C1486	ISS 6	\$ 6,001	8	0000275	141	07/01/2013
WALKER, BRAD A	Hard to fill & Salary	E	C2167	COMM SYS AN 1	\$ 3,914	4	0000246	141	06/02/2014
WALTERS, KENNETH J	Skill set & Salary	OA	C8502	NRS 2	\$ 4,413	7	0002079	141	10/28/2013
WILBURN, JOHN D	Salary & from out of State	OA	C8501	NRS 1	\$ 3,484	5	0002165	141	09/03/2013
WOLFORD, MATTHEW T	Salary	OA	C8501	NRS 1	\$ 4,358	9	0003878	141	03/02/2015

## Appendices

### Appendix H – Estimated Other Funds Ending Balances

Program Area (SCR)	Description	Treasury Fund	Constitutional and/or Statutory reference	2013-15 Ending Balance		2015-17 Ending Balance	
				In LAB	Revised	In CSL	Revised
008-00-00-00000 Agency Administration	Operations	00579	526.111, 526.06 Chapter 754, (2),(1) (Operating Cash)	405,285	49,472	4,324,305	0
010-00-00-00000 Fire Protection	Operations	00579	477.270(2) (Operating Cash)	5,204,044	(9,372,752)	5,041,818	(4,172,557)
010-00-00-00000 Fire Protection	Emergency Fire Cost	00461	ORS 477	0	20,466,975	0	15,000,000
020-00-00-00000 Equipment Pool	Operations	00579	526.144, 146 (Operating Cash)	1,682,741	7,779,334	1,023,543	8,807,639
030-00-00-00000 State Owned Forests	Operations	00579	530.110, 530.520, 526.470 (Operating Cash)	750,895	7,056,000	9,455,819	9,781,000
050-00-00-00000 Private Forests	Operations	00579	321.005 to 321.185, 526.515 and 469.634 (Operating Cash)	4,125,557	2,107,122	2,013,041	1,532,187
050-00-00-00000 Private Forests	Loans	00658	526.72 (Trust Account)	11,515	857,291	0	857,291
050-00-00-00000 Private (Urban) Forests	Donations	00805	526.515 and 469.634 (Donations)	2,757	28,291	0	28,291
080-00-00-00000 - Facilities Maintenance	FAMADA	00795	276.285(2) (Property Mgmt Acct)	243,807	1,015,354	243,807	1,259,197
				<b>12,426,601</b>	<b>29,987,087</b>	<b>22,102,333</b>	<b>33,094,374</b>

## Appendices

### Appendix I – 10% Reduction Options

Detail of 10% Reduction to 2015-17 Current Service Level (HB 3182, series 1999 amending ORS291.216)

<b>Fund-Type</b>	<b>2013-15 Legislatively Approved Budget</b>	<b>2015-17 GB Current Service Level</b>	<b>Reduction Options for 90% All Funds Budget (HB 3182)</b>
General Fund	\$97.8	\$60.3	-\$6.03
Lottery Funds	\$5.4	\$2.5	-\$0.25
Other Funds	\$343.1	\$225.7	-\$22.6
Federal Funds	\$34.1	\$32.1	-\$3.21
<b>All Funds</b>	<b>\$480.4</b>	<b>\$320.6</b>	<b>-\$32.1</b>



## Appendices

### Appendix I – 10% Reduction Options (Cont.)

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
<p><b>1. Private Forests – 5% GF</b></p>	<p>Eliminate funding for three (3) Stewardship Forester positions and four (4) Salem staff technical specialist positions that ensure reforestation, water protection and wildlife habit protection, as well as play a vital role in the fire management organization by providing firefighting field capacity at the district and statewide level. Technical specialists support field stewardship foresters, forest landowners, forest practices policy, the Board of Forestry and the legislature.</p> <p>This reduction will significantly reduce activities associated with the Oregon Plan for Salmon and Watersheds, and the agency's ability to participate in recovery planning for salmon and other aquatic species. Impacts include reduced ability of landowners to achieve forest management objectives, meet Oregon Plan goals, and contribute to production of public values of Oregon's forests (water, wildlife, timber, open spaces).</p> <p>Reducing the annual FPA compliance audit to every other year, limits our ability to determine the appropriateness, effectiveness and adequacy of current Forest Practice Act rules. Limits ability to determine rates of compliance for private forestlands from which timber was harvested.</p> <p>Eliminate funding for an additional nine (9) Stewardship Forester positions, which further compromises the ability to enforce the FPA and provide technical assistance to forestland owners, as well as provide critical support to the Protection from Fire program.</p> <p>Reduction of three (3) positions in the Effectiveness Monitoring program limits our ability to determine the appropriateness, effectiveness and adequacy of current FPA riparian and special resource protection regulations. Reduction or elimination of the funding allocated to the Watershed Research Cooperative for use on the Trask River Watershed Project further limits our ability to determine the effectiveness of contemporary best management practices.</p> <p>This reduction will eliminate an additional four (4) technical specialist positions. These critical specialist positions include the biologist, training and compliance coordinator, water quality specialist and invasive species specialist, who support field stewardship foresters, forest landowners, forest practices policy, the Board of Forestry and the legislature.</p>	<p><b>GF</b> \$3,014,924</p>	<p>This 5% General Fund reduction will significantly reduce the Department's ability to administer the Forest Practices Act (FPA), risking the credibility of the Act for protecting resources and public safety. This reduction would lead to increased resource damage, fewer public benefits from forests, and reduced ability to provide technical assistance to family forestland and industrial -investment forestland owners.</p> <p>This plan would reduce the Private Forests Division's general fund by 36%, and eliminate all restorations gained in the 2011 Legislative session. The reduction effectively rolls the program back 20 years in staffing levels, technological gains and efficiencies in customer service. This reduction would occur as Oregon's forests face unprecedented challenges such as forest fragmentation, permanent loss of forestland to other uses, and increased threats from invasive species, forest health and wildfire.</p> <p>This reduction substantially reduces the ability to administer Oregon's current regulatory approach towards resource protection on private forestlands under the FPA, and will increase reliance on voluntary compliance with best management practices.</p> <p>The reduction will add costs to landowners in maintaining third party certification of their forests, and increase the cost and risk of loss of forest resources to wildfire.</p> <p>Additionally, this reduction has significant impacts in the fire program; stewardship foresters play a vital role in the fire management organization and any reductions in this program will reduce firefighting field capacity at both the district and statewide level. Loss of these positions will affect firefighter safety and fire costs.</p>
	<p>Harvest Tax OF Match</p>	<p>OF - \$2,009,949</p>	

## Appendices

### Appendix I – 10% Reduction Options (Cont.)

ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
<b>2. Private Forests – 2.5% GF</b>	<p>Eliminate funding for an additional twelve (12) Stewardship Forester positions that ensure reforestation, water protection and wildlife habitat protection, as well as play a vital role in the fire management organization by providing firefighting field capacity at the district and statewide level. Further compromises the ability to enforce the FPA and provide technical assistance to forestland owners, as well as, critical support to the Protection from Fire program.</p> <p>Reducing funding in the Forest Health program affects the ability to control the spread of Sudden Oak Death. This loss of funding will reduce capacity to coordinate with other agencies for annual aerial insect and disease surveys and to participate in the development of a rapid response plan for new invasive species. The ability to provide technical assistance to landowners and monitoring of forest health issues will be severely limited. Reducing the General Fund will compound the difficulty to provide services with matching federal funds.</p>	GF - \$1,507,462	All the impacts described above apply to this portion of the reduction as well.
	Harvest Tax Match	OF \$1,004,975	
<b>3. Agency Administration</b>	6% reduction in ability to administratively support the agency	OF - \$3,248,892	This is a reduction in Revenue for the Agency Administration program. This reduction will reduce the revenue for the program by 5.75%. Reduction of these positions will impact the department's ability to meet payment deadlines for payroll, firefighting bills and the department's ability to provide accurate fiscal information required for FEMA reimbursements
Fire Protection	Reduces revenue for Agency Administration	GF - \$1,201,516	
Private Forests	Reduces revenue for Agency Administration	GF - \$305,948	
Private Forests-Harvest Tax	Reduces revenue for Agency Administration	OF - \$203,965	
<b>4. State Forests</b>	Reduces Harvest capacity	OF \$16,102,235	
<b>5. Agency-wide – 10% FF</b>	Reduces Federal Fund limitation	FF \$3,208,036	

## Appendices

### Appendix J – Key Performance Measures

## Agency Management Report

### KPMs for Reporting Year 2014

Finalize Date: 8/6/2014

This report provides high-level performance information which may not be sufficient to fully explain the complexities associated with some of the reported measurement results. Please reference the agency's most recent Annual Performance Progress Report to better understand a measure's intent, performance history, factors impacting performance and data gather and calculation methodology.

## Appendices

### Appendix J – Key Performance Measures (Cont.)

## Agency Management Report

### KPMs For Reporting Year 2014

Finalize Date: 8/6/2014

#### Agency: FORESTRY DEPARTMENT

	Green = Target to -5%	Yellow = Target -6% to -15%	Red = Target > -15%	Pending	Exception Can not calculate status (zero entered for either Actual or Target)
<b>Summary Stats:</b>	41.18%	5.88%	35.29%	5.88%	11.76%

#### Detailed Report:

KPMs	Actual	Target	Status	Most Recent Year	Management Comments
1 - CUSTOMER SERVICE TO COUNTY GOVERNMENTS AND FOREST LANDOWNERS – Percent of Oregon’s forested counties and forest protective associations rating that ODF programs collectively provide “good” or “excellent” customer service: overall, timeliness, accuracy, helpfulness, expertise, availability of information.	100	100	Green	2013	Survey results indicate that the Department of Forestry has been very successful in meeting or exceeding the expectations of county governments and forest landowners and generally confirms personal experience of local Department leadership around the state.
2 - BOARD OF FORESTRY PERFORMANCE – Percent of total best practices met by the Board of Forestry.	100	100	Green	2013	The Board of Forestry self-evaluates its performance based on 16 criteria, and has reached consensus that they have met those criteria.
3 - FOREST PRACTICES ACT COMPLIANCE – Percent of commercial forest operations that are in compliance with the Forest Practices Act.			Pending		The Forest Practices Act contains a set of best management practices designed to protect forest resources from damage. Rule compliance is maintained through a balance of incentives, education, technical assistance, and enforcement. ODF will engage an independent contractor to create a system for compliance auditing in 2012. Initial efforts will focus on rules suitable for numeric evaluation and expand incrementally to include all rules
4 - URBAN AND COMMUNITY FOREST MANAGEMENT – Percent of Oregon cities actively managing their urban and community forest resources.	36	50	Red	2013	Currently, about one third of Oregon cities (36) are actively managing their urban forest. Cities are responding to the need to proactively manage their urban forests, but are hampered by the economy and declining local budgets.

## Appendices

### Appendix J – Key Performance Measures (Cont.)

## Agency Management Report

### KPMs For Reporting Year 2014

Finalize Date: 8/6/2014

KPMs	Actual	Target	Status	Most Recent Year	Management Comments
5 - STATE FORESTS TOTAL REVENUE – Percent increase in total revenue produced by State Forests.	8.30	3.00	Green	2013	Revenues from State Forests have increased by 1.5% in 2012, but revenues are still below targets due to historically low log prices.
6 - AIR QUALITY PROTECTION – Total number of smoke intrusions into designated areas per total number of units burned.	0.0010	0	Exception	2013	The Smoke Management Program is doing a good job of protecting Oregon’s air quality while, at the same time, allowing forest landowners to dispose of unwanted accumulations of forest fuel. The inclusion of the entire state into the measurement target beginning in 2009 precludes any comparison with previous year’s data. However, with a total of 2,880 units burned with six intrusions is indicative of the smoke management program.
7 a - PRIVATE FORESTLAND MANAGED AT OR ABOVE FOREST PRACTICES ACT STANDARDS – a. Acres of industrial private forestlands managed under an approved certification system, stewardship agreement, or other approved management plan including wildlife habitat conservation and management plans.	3,737,007	6,000,000	Red	2012	ODF approves and audits management plans, under the USDA-Forest Service’s State and Private Forestry Program, and enters into Stewardship Agreements with forestland owners, who agree to manage beyond the FPA standards. ODF requested information on acres of industrial private forestlands certified or approved under the major systems. Of the 6 million acres of industrial private lands, 3.9 million acres are approved under one of the certification systems.
7 b - PRIVATE FORESTLAND MANAGED AT OR ABOVE FOREST PRACTICES ACT STANDARDS – b. Acres of non-industrial private forestlands managed under an approved certification system, stewardship agreement, or other approved management plan including wildlife habitat conservation and management plans.	509,341	894,145	Red	2013	To increase certification on non-industrial forestlands, the department needs to provide additional technical and financial assistance to landowners for development of management plans and procedures. The Department does not receive any state support for this effort, and relies solely on Federal funding to conduct this work. The Department works with multiple organizations to promote the development of management plans and mutual recognition of plans. Of the 4.7 million acres of industrial private lands, 0.84 million acres are approved under one of the certification systems.

# Appendices

## Appendix J – Key Performance Measures (Cont.)

### Agency Management Report

#### KPMs For Reporting Year 2014

Finalize Date: 8/6/2014

KPMs	Actual	Target	Status	Most Recent Year	Management Comments
8 a - FOREST STREAM WATER QUALITY – a. Percent of monitored stream sites associated predominately with forestland with significantly increasing trends in water quality.	9	75	Red	2013	About 64 percent of forest sites, continue to have “good” to “excellent” water quality and that has remained fairly consistent over the last 10 years. In some cases, it may be unrealistic to expect continued increasing water quality trends on streams sites with water quality already in good or excellent condition. No increasing or decreasing trend was observed on 71 percent of the monitored forest stream sites.
8 b - FOREST STREAM WATER QUALITY – b. Percent of monitored stream sites associated predominately with forestland with significantly decreasing trends in water quality.	15	30	Green	2013	Of the 9 monitored sites with decreasing trends in water quality, 8 (89%) remain in good to excellent condition, 1 (11%) in fair condition, and 0 (0%) in poor or very poor condition.
8 c - FOREST STREAM WATER QUALITY – c. Percent of monitored stream sites associated predominately with forestland with water quality in good to excellent condition.	65	60	Green	2013	About half the ambient sites statewide, and a much higher percentage on forestlands, have "good" to "excellent" water quality and that has remained fairly consistent over the last 10 years.
9 - VOLUNTARY PUBLIC AND PRIVATE INVESTMENTS MADE TO CREATE HEALTHY FORESTS – Cumulative public and private forest landowner investments made in voluntary projects for the Oregon Plan for Salmon and Watersheds or for the Oregon Conservation Strategy.	98.50	105.50	Yellow	2013	The Oregon Plan has been successful because of the strong support from the forestland owner community for voluntary measures versus regulatory mandates. In 2011, investments in fish habitat and water quality improvements were about 96 million. This is the fourth year investments did not meet the target. This drop is due to the economic downturn. Data on restoration projects completed under the Conservation Strategy are not available.
10 - STATE FORESTS NORTH COAST HABITAT – Complex forest structure as a percent of the State Forests landscape.	17.05	30.00	Red	2013	Complex forest structure develops very slowly and it is anticipated to take decades to achieve the range of 30 to 50 percent complex structure now described in the forest management plans.
11 - FIRE SUPPRESSION EFFECTIVENESS – Percent of wildland forest fires under ODF jurisdiction controlled at 10 acres or less.	93.93	97.00	Green	2013	The Department was not able to meet the target of suppressing 97 percent of all wildfires at ten acres or less in size for the 2011 fire season. Factors influencing the severity of the fire season included: increased fire danger; fires burning in light, flashy fuels that grew rapidly.

## Appendices

### Appendix J – Key Performance Measures (Cont.)

## Agency Management Report

### KPMs For Reporting Year 2014

Finalize Date: 8/6/2014

KPMs	Actual	Target	Status	Most Recent Year	Management Comments
12 - PREVENTION OF HUMAN-CAUSED WILDLAND FOREST FIRES – Number of human-caused wildland forest fires per 100,000 Oregon residents (lower is better).	17.15	14.00	Red	2013	This measure is used to account for the steady upward growth in the state's population and it provides a good balance to account for urban resident users who use forestlands for recreation, and rural resident users who live in wooded areas or use it for a livelihood. A lower number means the fire prevention program is more effective at preventing human-caused fires. The Department has consistently exceeded the target since 2000.
13 - DAMAGE TO OREGON FORESTS FROM INSECTS, DISEASES, AND OTHER AGENTS – Percent of forest lands without significant damage & mortality as assessed by aerial surveys.	98.07	97.00	Green	2013	Oregon forests have met or exceeded this target since 1994. The current value is largely attributable to the overall decline in areas affected by bark beetles and defoliators.
14 - FOREST BIOMASS UTILIZATION – Million bone-dry tons of forest biomass converted to biofuels, electricity or steam.	0.00	1.78	Exception	2013	Previous data came from Oregon Department of Energy. Currently, that data is not available and the Department of Forestry is looking for a new data source.