



# Oregon

Kate Brown, Governor

## Department of Forestry

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"STEWARDSHIP IN FORESTRY"

April 16, 2015

The Honorable Richard Devlin, Co-Chair  
The Honorable Dan Rayfield, Co-Chair  
Joint Committee on Ways and Means, Subcommittee on Natural Resources  
Room H-178, State Capitol  
Salem, OR 97310

**RE: HB 5019 – Responses to questions raised during April 15, 2015, testimony**

Dear Co-Chairs Devlin and Rayfield, and members of the subcommittee:

Thank you for the opportunity this week to provide an overview of our agency's work and our 2015-17 budget proposal. This letter contains information in response to questions posed during our April 15 testimony.

**Comparison of ODF and Washington Department of Natural Resources**

The table below compares key aspects of state forest management in Oregon and Washington. We have tried to make direct comparisons, and have provided additional comments in instances where the two systems differ significantly.

	<b>Oregon Department of Forestry</b>	<b>Washington Department of Natural Resources</b>	<b>Comments</b>
<b>Acreage</b>	~640,000 acres	2.1 million acres	Oregon's state forests are held by the Departments of Forestry and State Lands; WA DNR holds all of Washington's state forests.

	<b>Oregon Department of Forestry</b>	<b>Washington Department of Natural Resources</b>	<b>Comments</b>
<b>Forest Development Fund (FDF) / Forest Development Account (FDA) (FY 14)</b>	<ul style="list-style-type: none"> <li>• Beginning fund balance: \$12,151,926</li> <li>• Revenue: \$27,679,219</li> <li>• Expenditures: \$30,251,530</li> <li>• Ending balance: \$9,554,632</li> </ul>	<ul style="list-style-type: none"> <li>• Beginning fund balance: \$11,197,113</li> <li>• Revenue: \$19,861,509</li> <li>• Expenditures: \$22,111,221</li> <li>• Ending balance: \$8,947,401</li> </ul>	
<b>Revenue Distribution</b>	<ul style="list-style-type: none"> <li>• Counties: 63.75%</li> <li>• Forest Development Fund: 36.25%</li> <li>• FY 2014 distribution to counties: \$48,585,729</li> </ul>	<ul style="list-style-type: none"> <li>• Counties: 70.6%</li> <li>• Direct contribution to State General Fund: 2.9%</li> <li>• FDA: 26.5%</li> <li>• FY 14 distribution to counties: \$52,871,760</li> </ul>	WA DNR has multiple types of lands and multiple distribution structures, and the split is set legislatively as part of the budget process. The numbers presented here are for the general distribution of revenue from state forest lands for FY 2014.
<b>Harvest Volume, Acres (FY 14)</b>	<ul style="list-style-type: none"> <li>• 5,924 clear-cut acres</li> <li>• 4,168 partial cut acres</li> <li>• 220.4 million board feet (mmbf)</li> </ul>	<ul style="list-style-type: none"> <li>• 5,219 clear-cut acres</li> <li>• 1,915 partial cut acres</li> <li>• 193.1 mmbf</li> </ul>	

**History of the revenue distribution to the counties per ORS 530.110:**

- 1939 State Forest Acquisition Act - ODF deducted reforestation, fire protection and management costs. Remainder split 90% to counties and 10% to state.
- 1941 Amendment – ODF deducted 5 cents/acre for fire protection, remainder split 75% to counties and 25% to state.
- 1943 Amendment – 5 cent/acre deduction eliminated, 75%-25% split remained.
- 1953 Amendment – Established 67.5% to counties, 32.5% to ODF
- 1965 Amendment – Established current 63.75% to counties, 36.25% to ODF split.

### **Management costs for the Elliott State Forest**

Management costs and revenues for the Elliott State Forest for the past three fiscal years:

<b>Fiscal year</b>	<b>Management costs</b>	<b>Revenues</b>
2012	\$3,792,574	\$9,598,688
2013	\$3,441,723	\$409,509
2014	\$2,749,339	\$2,357,623

Management costs and revenues, along with other key data, can be found in the Common School Forest Land Annual Report

([http://www.oregon.gov/odf/STATE\\_FORESTS/docs/management/annual\\_reports/2014\\_CSFL\\_Annual\\_Report.pdf](http://www.oregon.gov/odf/STATE_FORESTS/docs/management/annual_reports/2014_CSFL_Annual_Report.pdf))

### **Harvest on the Elliott State Forest**

The Elliott State Forest consists of 90,624 acres in Southern Oregon. The forest grows approximately 56 million board feet (mmbf) annually forest-wide, including all lands currently occupied by species listed as threatened or endangered. The current annual harvest is 13 mmbf, or about 23% of growth.

From a Federal Endangered Species Act (ESA) regulatory perspective, there is no definitive answer as to how many acres are available for harvest. The state currently applies its own protection measures for the northern spotted owl and marbled murrelet, with the goal of ensuring compliance with the ESA. Under the state's current policies and procedures, there are more than 20,000 acres of the Elliott State Forest that are designated as "marbled murrelet management areas." The extent of these areas is subject to change.

In addition, there are approximately two dozen northern spotted owl sites where the Department applies varying levels of timber harvesting restrictions. The northern spotted owl locations have different levels of tree retention around them, with higher levels in close proximity to the sites, and lower levels of retention further away. The "encumbered" areas around these sites under ODF management vary depending on proximity and on the amount of suitable habitat in the vicinity of the sites. The number of sites is subject to change.

On lands not subject to measures under the ESA, the percent of growth that is harvested annually is likely in the range of 35–48%.

### **Measuring social and environmental values**

Board of Forestry lands are managed for Greatest Permanent Value (GPV), defined as providing a full range of economic, environmental, and social benefits. The Board of Forestry has adopted performance measures to evaluate success in achieving GPV.

A report on the performance measures is prepared biennially and contains a series of measures, indicators and accomplishments. Together, these are an important tool in the Board's adaptive management cycle, used to evaluate and continually improve forest management.

The specific performance measures are:

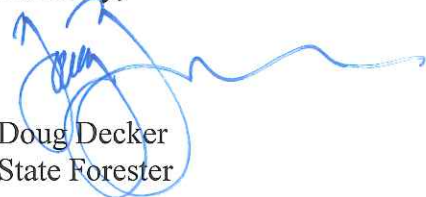
1. Financial sustainability of forest management.
2. Net return on asset value on Board of Forestry Lands and Common School Forest Lands, calculated across all of these lands.
3. State forest area affected by, or at risk of, invasive species, pests, disease, and fire.
4. Forest road risks to water quality and fish habitat.
5. Quantity of habitat by forest management plan stand structure type, habitat components, and the use of those areas by native fish and wildlife.
6. Direct and indirect financial contributions from the State Forests Division to support communities.
7. Direct and indirect State Forests Division financial contributions to local and state government services.
8. Availability, quality and public use of recreational opportunities and educational programs.
9. Degree of public support for the management of state forest lands.

The most recent performance report is available at the following link:

[http://www.oregon.gov/odf/BOARD/docs/2013\\_Nov/BOFATTCH\\_20131114\\_09\\_01.pdf](http://www.oregon.gov/odf/BOARD/docs/2013_Nov/BOFATTCH_20131114_09_01.pdf)

Again, the Department appreciates the opportunity for dialog with the subcommittee, through our prepared testimony and by answering specific questions that arise. We look forward to continuing the conversation.

Sincerely,



Doug Decker  
State Forester

c: Nancy Hirsch, Deputy State Forester  
Richard Whitman, Governor's Natural Resources Policy Director  
ODF Executive Team