

ANALYSIS

Item 49: Oregon Department of Forestry Forest Legacy Program

Analyst: Matt Stayner

Request: Increase the Federal Funds expenditure limitation of the Department of Forestry by \$17,000,000 to accommodate the expenditure of available funding received by the U.S. Forest Service for land acquisitions under the Forest Legacy Program.

Analysis: The Forest Legacy program is a federal program that supports state-based efforts to protect environmentally sensitive forest lands from development. The program does this through supporting acquisition of subject lands by a conserving entity, or through the purchase of conservation easements that restrict development, require sustainable forestry practices, and protect habitat, access, and other uses. Subject lands must be currently owned by private entities. The program requires at least 25% of total project costs to be paid for by private, local, or state matching funds. The Department of Forestry acts as an agent of the Forest Service, coordinating the projects, managing the application process, and acting as the paying agent.

The requested expenditure limitation will allow the completion of three Forest Legacy projects.

Arch Cape Watershed

The Arch Cape Water District will take fee title to 1,468 acres in the Arch Cape watershed to protect the community's water supply and watershed. The project would be funded through \$3.5 million of Forest Legacy Program federal funding, \$940,000 of American Rescue Plan Act (ARPA) State Fiscal Recovery Fund monies provided by the Legislature in 2021 (an additional \$1.06 million of ARPA monies were also provided for project costs in addition to the land acquisition), and a \$250,000 grant from Clatsop County. Additional matching funds credit of \$917,000 was provided through other land tract purchases. The acres purchased are adjacent to 2,879 acres recently purchased for conservation by the North Coast Land Conservancy. The subject property is currently owned by a Timber Investment Management Company that acquired the property from Stimson Lumber in 2016. The district's plan includes the continuation of timber production from the land to support the industrial forestry sector in Clatsop County. The plan also includes formalization of public access to the land. Although the impact to property tax revenues is not tracked by the Department of Forestry, the project lists the Clatsop County board of Commissioners as one of many supporting parties.

Spence Mountain

Klamath County is proposed to take fee title to 7,589 acres of forestland, including 8 miles of the Upper Klamath Lake shoreline. The purchase will protect the land from the large-lot development as planned by the current owner, JWTR LLC. The project funding includes \$4.6 million of Forest Legacy Program federal funding, \$500,000 from private foundations and grants, and \$1.0 million of local parks grant program funding from the Oregon Parks and Recreation Department. The county plans to continue using the property to produce timber and other forest products while also formalizing public access to the land for recreational purposes, supporting ongoing economic activity in the county. The land will also be managed for habitat, species conservation, and watershed protection.

Hood River Forest and Fish Conservation

The Hood River Forest and Fish Conservation program proposes to purchase a conservation easement on 19,000 acres currently owned by Weyerhaeuser Real Estate Investment Trust using \$15.9 million in federal Forest Legacy Program funds coupled with \$5.3 million in non-federally funded purchases of conservation easements covering an additional 3,000 acres within the project area. The total 21,000 acres proposed for conservation cover 50% of the length of the West Fork and 20% of the Middle Fork of the Hood River along with 30% of the lands in those basins. The easement would restrict development on the lands, protect environmental and recreational resources, and provide public access while retaining the production of timber and other forest products under a sustainable forestry initiative plan. The conservation easement will expand riparian management zones on 27 miles of perennial and intermittent streams and ensure supportive habitat for threatened and endanger species.

Federal funding for these projects totals \$24.0 million. In addition to these projects the Department anticipates the need for an additional \$1.0 million of Federal Funds expenditure limitation for as-yet undefined program costs for projects utilizing Natural Resource Conservation Service and U.S. Forest Service, State and Private Forestry Stewardship funds that share the same expenditure authorization and the Forest Legacy Program. The Oregon Department of Forestry has existing Federal Funds expenditure limitation of \$8.1 million in this program. The shortfall of \$16.9 million is the reason for the requested increase.

Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase the Federal Funds expenditure limitation of the Department of Forestry by \$17,000,000 to accommodate the expenditure of available funding received by the U.S. Forest Service for land acquisitions under the Forest Legacy Program.

Request: Increase Federal Funds expenditure limitation by \$17.0 million for Forest Legacy Program acquisitions.

Recommendation: Approve the request.

Discussion: The Oregon Department of Forestry (ODF) participates in the Forest Legacy Program (FLP) in partnership with the United States Forest Service to protect forestlands through conservation easements or fee title acquisitions. To receive FLP funding, ODF must participate in complex negotiations with partners. Due to the timing and length of these negotiations, the Department rarely has information in time to meet biennial budget deadlines and often has to make requests to interim committees. Currently, three projects have reached an estimate and will be included in work for this biennium. The increased Federal Funds expenditure limitation will allow ODF to continue work on these projects, including a fee title acquisition in the Arch Cape Water District, a conservation easement in Hood River County, and a fee title acquisition through Spence Mountain.

Legal Reference: Increase Federal Funds expenditure limitation established by chapter 605, section 4(5), Oregon Laws 2021, for the Oregon Department of Forestry, Private Forests, by \$17.0 million for the 2021-23 biennium.



Oregon

Kate Brown, Governor

Department of Forestry

State Forester's Office

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May 2, 2022

Senator Peter Courtney, Co-Chair
Representative Dan Rayfield, Co-Chair
Joint Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

RE: Oregon Department of Forestry-Federal Funds Limitation Increase Request

Dear Co-Chairs:

Nature of the Emergency/Request

The Department of Forestry (ODF) respectfully requests an increase \$17,000,000 in Federal Funds limitation to facilitate an increase in anticipated expenditures relating to the Forest Legacy Program, managed within the Forest Resource Division, for the 2021-23 biennium.

Agency Action

The Forest Legacy Program (FLP) was authorized under the 1999 Farm Bill, and Oregon enrolled in the program through its creation of an Assessment of Needs in 2001 and implemented the program in 2007. The Forest Legacy Program, a partnership between ODF and the U.S. Forest Service, aims to protect environmentally important forestland from conversion to nonforest uses through a working forest conservation easement or fee title acquisition. ODF—in partnership with forestland owners, conservation organizations and local units of government—has sought FLP funds through a nationally competitive process to implement FLP projects.

Since FLP projects are lengthy, complex negotiations involving multiple partners, the timing of the acquisition is rarely known far enough in advance to adjust the Federal Funds limitation as part of the biennial budget process. FLP projects for this biennium have now progressed far enough for ODF to estimate their completion and the funds needed for this biennium. The increased Federal Funds limitation would allow implementation of the following projects:

- Arch Cape Water District's fee title acquisition of 1,1441 acres through the Arch Cape Watershed FLP project.
- ODF's acquisition of a conservation easement on 18,000 acres in Hood River County through the Hood River Forest and Fish FLP project.
- County's fee title acquisition of over 7,500 acres through the Spence Mountain FLP project.

Action Requested

The department respectfully requests an increase in \$17,000,000 in Federal Funds limitation to allow for the anticipated expenditures related to the Forest Legacy Program, managed by the Forest Resource Division, for the 2021-23 biennium.

Legislation Affected

SB 5518, Chapter 605, Section 4(5), Oregon Laws 2021

Sincerely,



Cal Mukumoto
Oregon State Forester
(503) 945-7211

- c: Jason Miner, Governor's Office
Oregon Board of Forestry
Matt Stayner, Legislative Fiscal Office
Renee Klein, Chief Financial Office