

Presentation Reference Materials



2023-25 Budget Presentation (House Bill 5020)
Joint Committee on Ways & Means
Subcommittee on Natural Resources

Summary

About Us

Our agency

Our programs

Our Budget

Governor's Budget summary for ODF

ODF's full Governor's Budget binder will be posted on [ODF's website](#) once it completes audit

Key Performance Measures

Annual Performance Progress Report (2022)

More Information

ODF's implementation of the Private Forest Accord

Habitat conservation and forest management plans for western state forestlands

Monthly financial report to the Joint Committee on Ways and Means co-chairs (Jan. 2023)

Macias, Gini & O'Connell's review of ODF's implementation of financial recommendations (Nov. 2022)

[Federal Forest Restoration Program update report](#) (Dec. 2022)

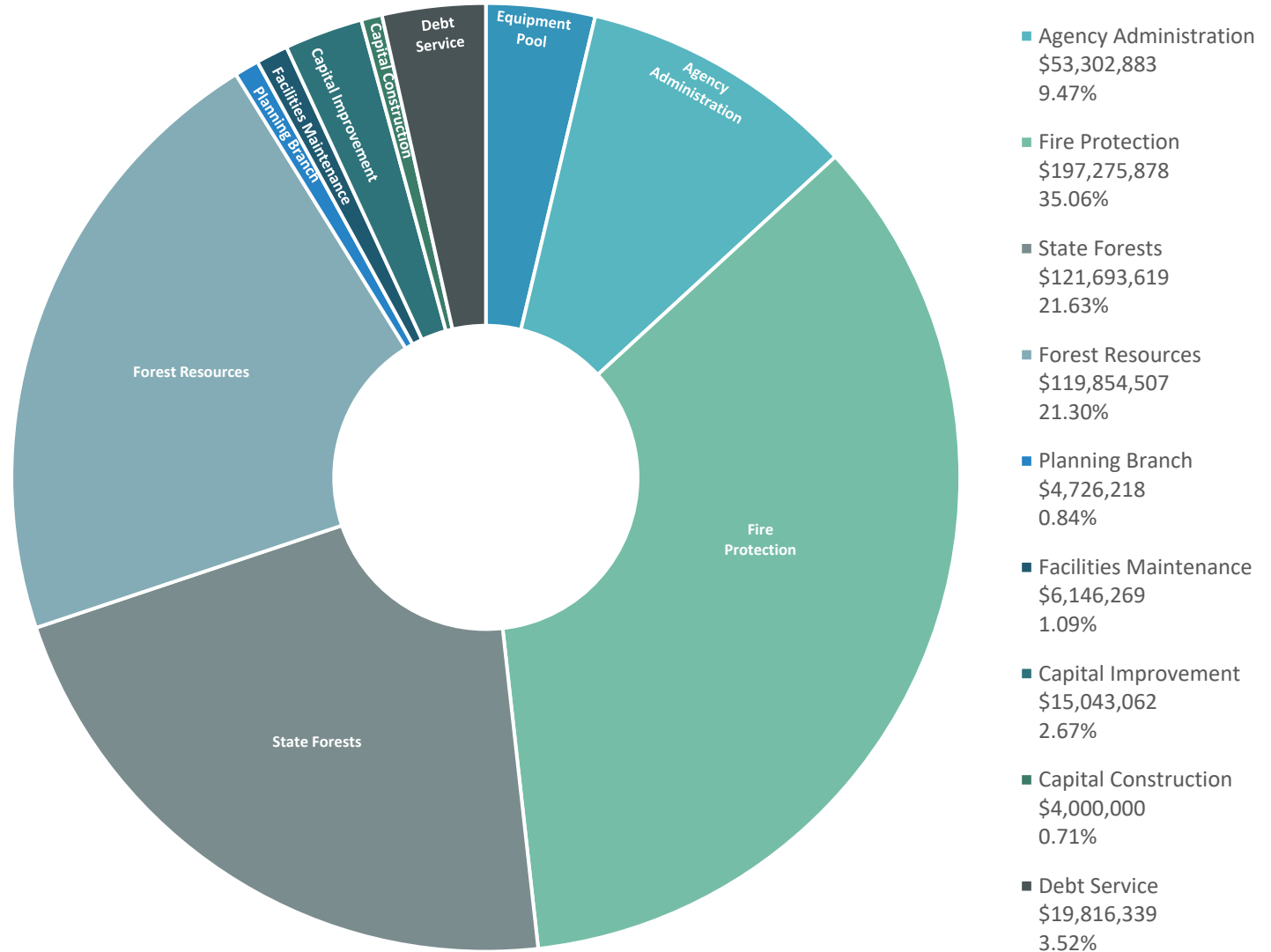
Agency Summary Narrative

Budget Summary
Chart 1 – Governor’s Budget by Program Area

Chart 1 shows the Governor’s Budget by program area and percentage of the total budget.

The Governor’s Budget includes 1,367 positions (1035.21 FTE).

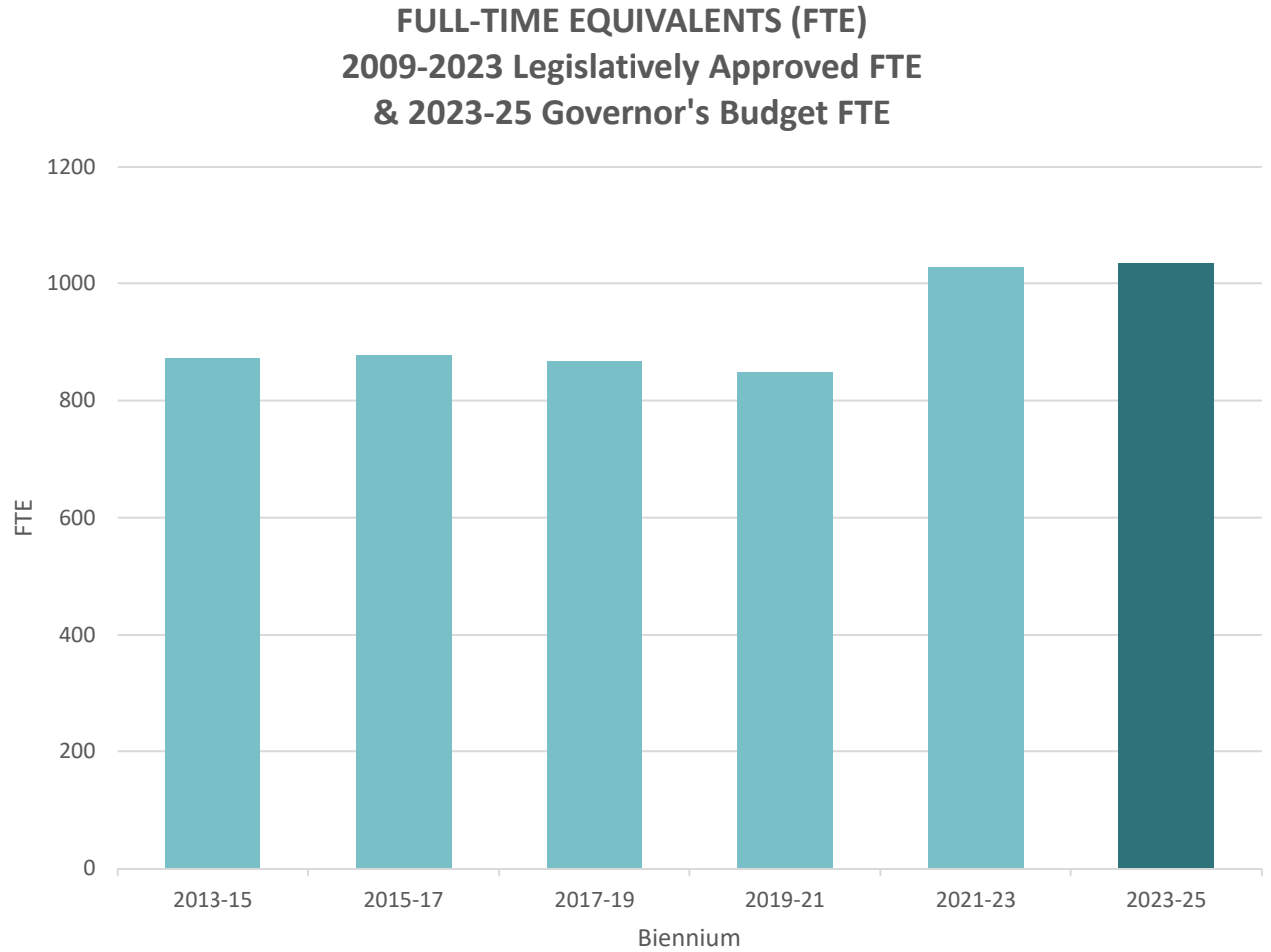
**2023-25 Governor's Budget By Program Area
 (Total \$562,732,617)**



Agency Summary Narrative

Chart 2 – Historic Full-Time Equivalents

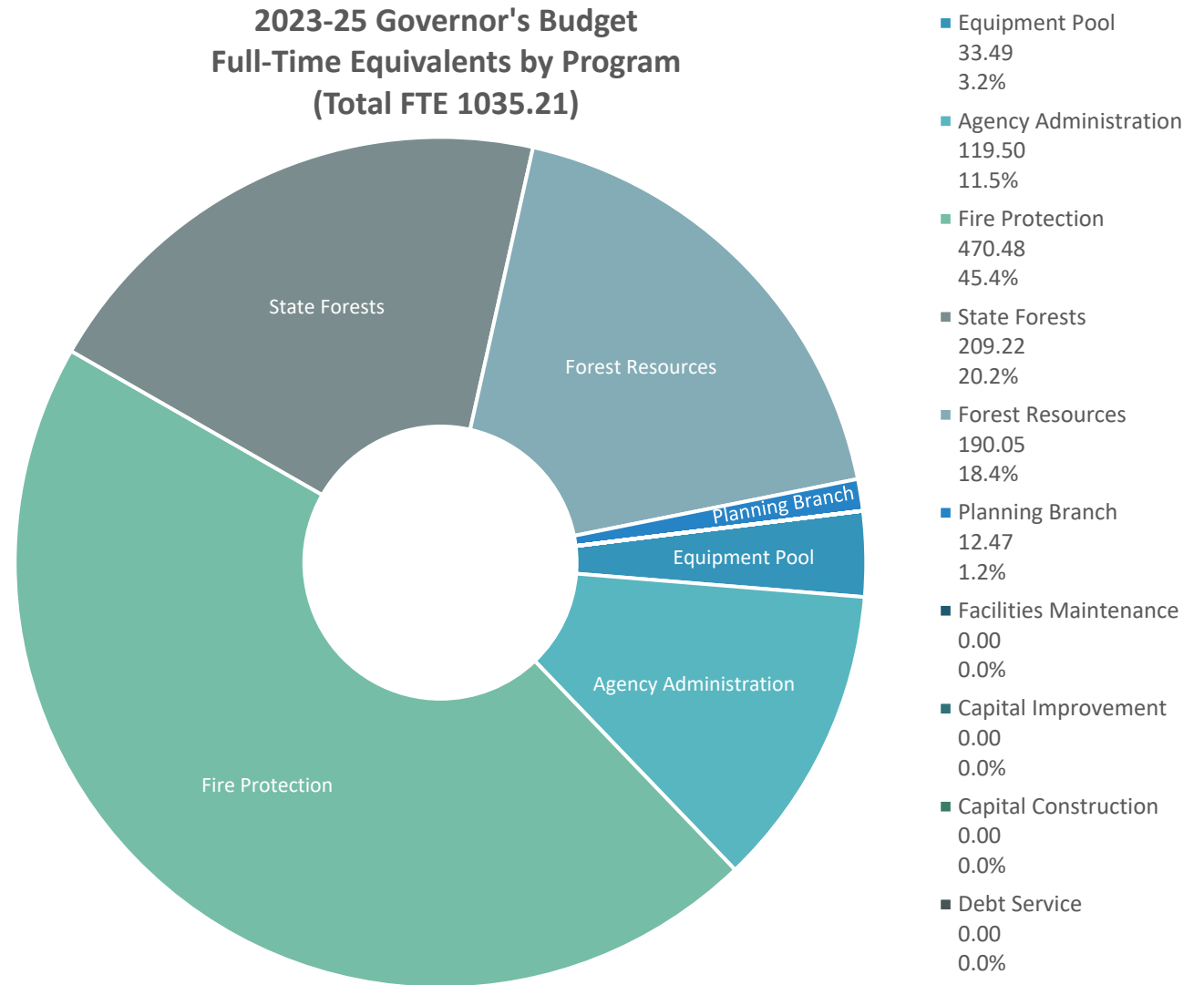
Chart 2 shows historic full-time equivalents (FTE) for the department over the last five biennia and the Governor’s Budget for 2023-25. The 2023-25 FTE count is 1035.21. The 23-25 biennium has the highest FTE count for the department; the previous high was 2021-23 with 1027.03 FTE. The lowest biennium for FTE was 2019-21 with 848.99.



Agency Summary Narrative

Chart 3 – Governor’s Budget FTE by Program Area

Most of the Governor’s Budget’s 1035.21 FTE reside in the Fire Protection, State Forests and Forest Resources divisions.

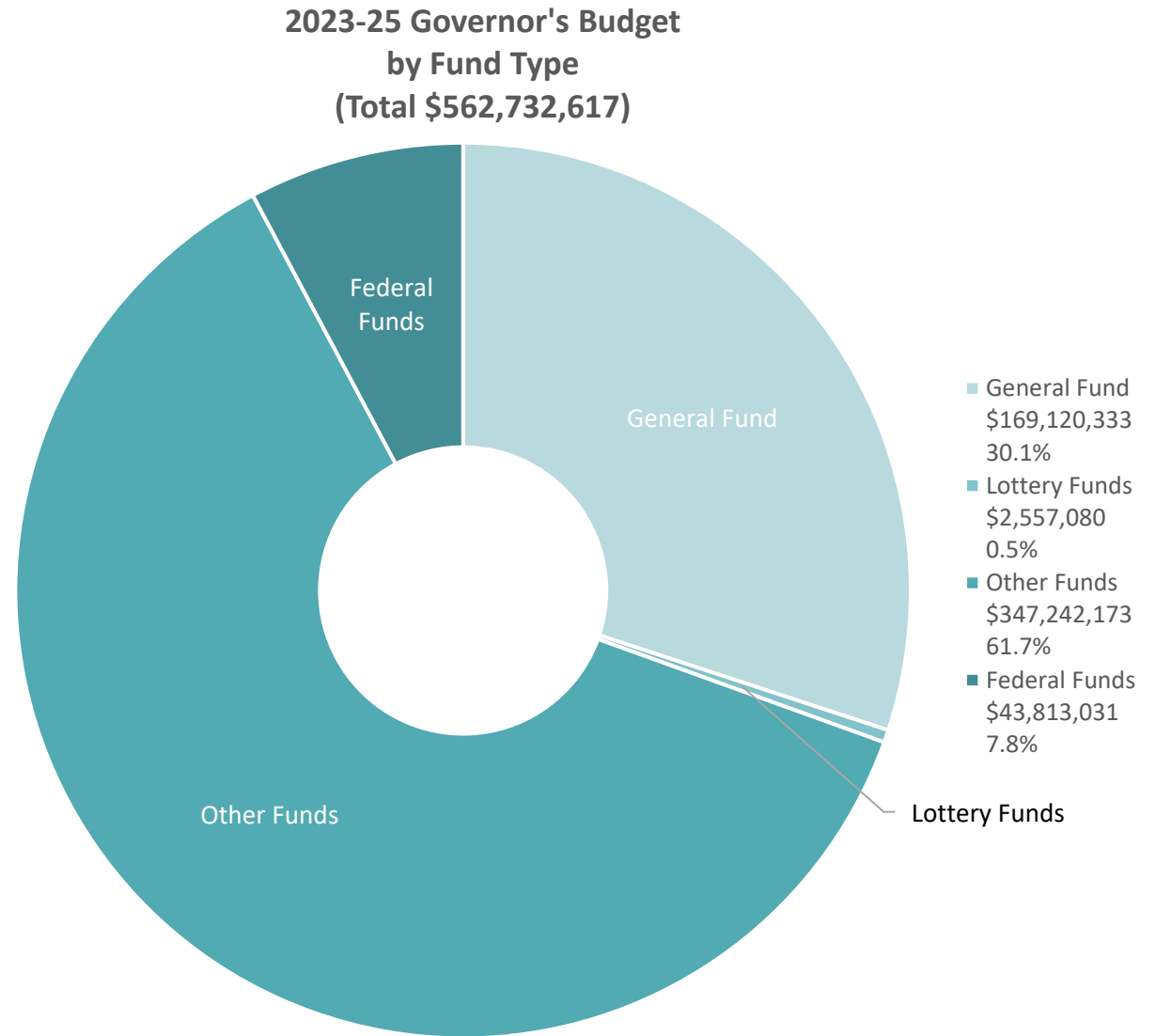


Agency Summary Narrative

Chart 4 – Governor’s Budget by Fund Type

This chart shows the department’s 2023-25 Governor’s Budget by Fund Type.

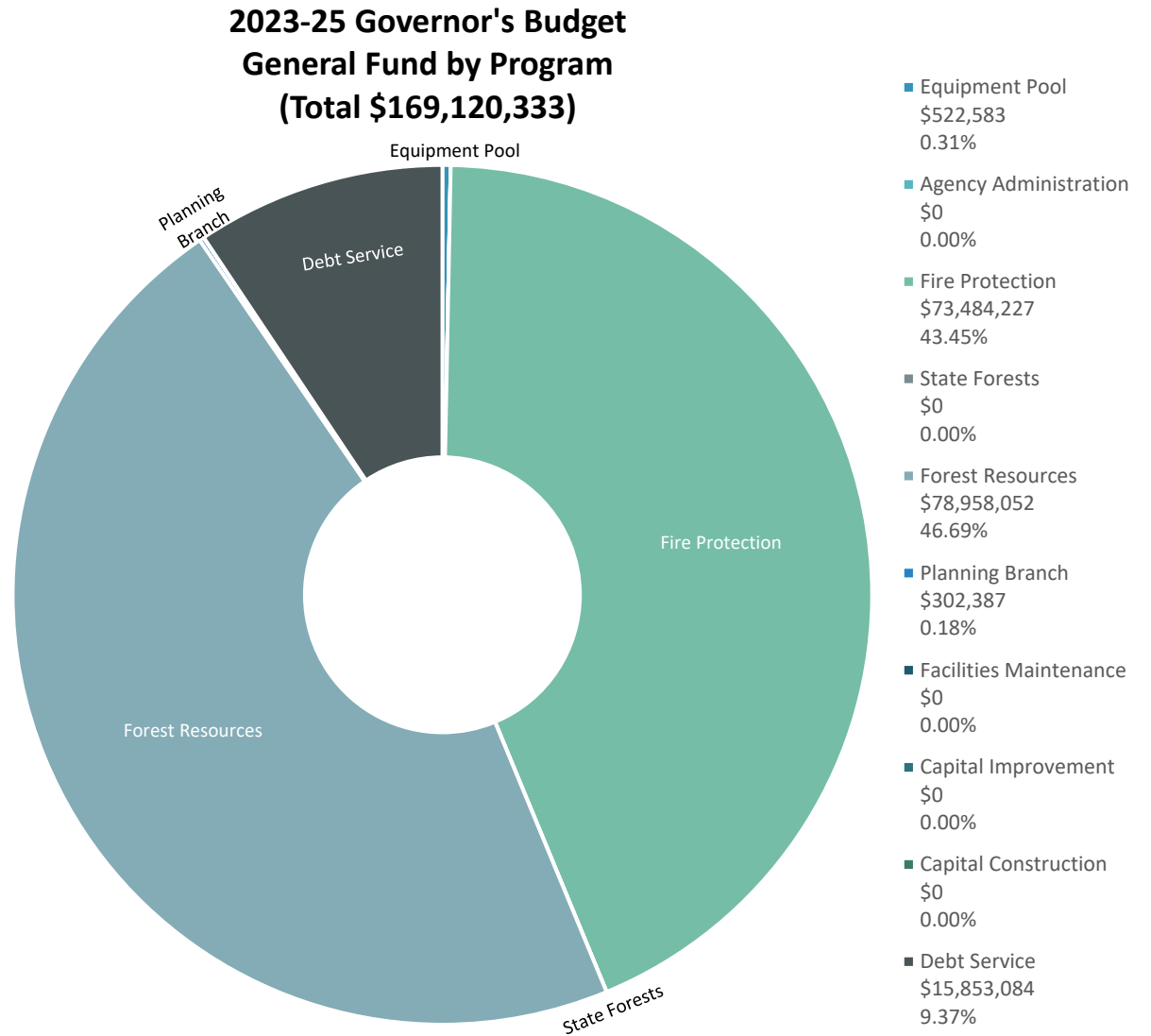
The department’s 2023-25 budget consists of 61.71% Other Funds, 30.05% General Fund, 0.45% Lottery Funds, and 7.79% Federal Funds.



Agency Summary Narrative

Chart 5 – Governor’s Budget, General Fund by Program

For 2023-25, five of the department’s program areas are supported by General Fund. These programs are Fire Protection, Forest Resources, Planning Branch, Equipment Pool, and Debt Service. General Fund in these programs leverages both Other and Federal Funds dollars. In the case of the Fire Protection and Forest Resources divisions, the Other Funds linkages are statutorily established as forest landowner assessments for fire protection and the Oregon Forest Products Harvest Tax for Forest Practices Act administration.



Agency Summary Narrative



Agency Summary

Mission Statement and Statutory Authority

The Oregon Department of Forestry is a multi-program, multi-funded public state agency chartered and structured to administer the forest laws and policies of the state of Oregon, within a context of sustainable forests, for the benefit of all Oregonians.

Mission

The Oregon Department of Forestry serves the people of Oregon by protecting, managing, and promoting stewardship of Oregon's forests to enhance environmental, economic and community sustainability.

The department's work protecting Oregon's forests includes providing wildfire protection on 16 million acres, administering the Oregon Forest Practices Act.

To achieve its mission, the department has a diverse portfolio of work that spans fire protection, forest management, regulation and enforcement, forest health, forest restoration and resiliency.

Statutory authority

The chief executive of the Oregon Department of Forestry is the State Forester, who is appointed by and acts under the direction of the Board of Forestry. The Board of Forestry consists of seven members appointed by the Governor and

confirmed by the Senate for a term of four years. The board is charged to "supervise all matters of forest policy and management under the jurisdiction of this state."

The department and board authorities are derived from several chapters of the Oregon Revised Statutes:

ORS 321—Timber Taxes

ORS 477—Fire Protection of Forests and Vegetation

ORS 526—Forestry Administration; Urban Forestry, Seed Orchard, Woodland Management Act

ORS 527—Insect and Disease Control; Forest Practices Act

ORS 530—Acquisition and Development of State Forests

ORS 532—Branding of Forest Products and Booming Equipment

Strategic or Business Plan

Strategic or business plan

After a few years of significant turnover in senior leadership and substantial changes to department programs, budget and staffing, executive leadership are actively working on developing a new agency strategic plan that provides agency employees with a clear understanding of ODF's direction and priorities. Once established, this strategic plan will be in place for at least the 2023-25 biennium and

Agency Summary Narrative

will be revisited every six months to ensure the plan and agency direction remain in alignment. Additionally, the Board of Forestry is about to begin the process of revising its strategic document, the Forestry Program for Oregon, which guides the work of the board and, to a large degree, the department.

In addition to this agency-wide plan, the department continues to develop operational plans to carry out statutory mandates and to implement the policies of the Board of Forestry.

Criteria for 2023-25 budget development

Budget development principles are essential in leading the department and the Board of Forestry in budget content and process development. These principles set the stage for moving forward and long-term reflection from a budget perspective.

Guided by agency leadership, the 2023-25 budget development process will be conducted through the following principles:

- Prioritize opportunities to promote diversity, equity, inclusion, and social justice through the department's work. Consider the needs of historically and currently underserved communities and the racial impacts related to the department's programs, policies, and budget modifications.
- Focus on and consider the current operationalization of new investments from the 2021-23 biennium in the context of 2023-25 development.
- Support and develop a viable, effective, highly-skilled, diverse, and empowered workforce and organization that maintains or enhances the agency's core business functions.
- Make budgetary decisions with the agency's holistic organization and mission in mind.
- Place priority to maintain the department's core business functions, including legal mandates, key performance measures, Board of Forestry and Governor's Office initiatives, while addressing any resource gaps that jeopardize fulfillment of that core business.
- Be creative and proactive but realistic in concept development and proposals, recognizing the balance between asking for needed resources while considering budget climate, stakeholder and legislative expectations, and revenue constraints.

- Consider and integrate climate change, climate change impacts, and the state's greenhouse gas emissions reduction goals when determining the department's budgetary needs.
- Clearly communicate the results of budget investments or reductions that impact forest resources and prioritize services that directly benefit, protect, and sustain Oregon's forest resources.

Through these principles, the department and the Board of Forestry, will plan, craft and ultimately implement its 2023-25 biennial budget, focusing on an open and transparent process, encouraging input from impacted, affected or interested parties.

State-owned buildings and infrastructure

The department currently manages 381 structures located at various field offices throughout the state. These structures consist of buildings (e.g., office space, shops, and storage, etc.) as well as communication sites, lookout towers, fueling stations, kiosks, and vault toilets. The combined Current Replacement Value (CRV) of these structures is estimated at \$262M; with \$174M of this CRV carried by our 36 largest structures, which are buildings that have a replacement value of over \$1M. The remaining structures, the 345 that have a CRV of less than \$1M, have a combined CRV estimated at \$88M. A detailed list of structures is available upon request.

IT strategic plan

While the department has no request for investments for Information Technology projects in the 2023-25 budget, it will be spending significant time and effort over the course of the biennium to advance its alignment, governance, and maturity model regarding business-to-IT integration. This effort will focus on the formalization of a structured framework that provides for achieving key objectives at a structural, operational, strategic, and tactical level. The department has been and will continue to coordinate its efforts with collaboration from the Enterprise Information Services office.

IT project prioritization matrix

None.

Agency Summary Narrative

Program Descriptions



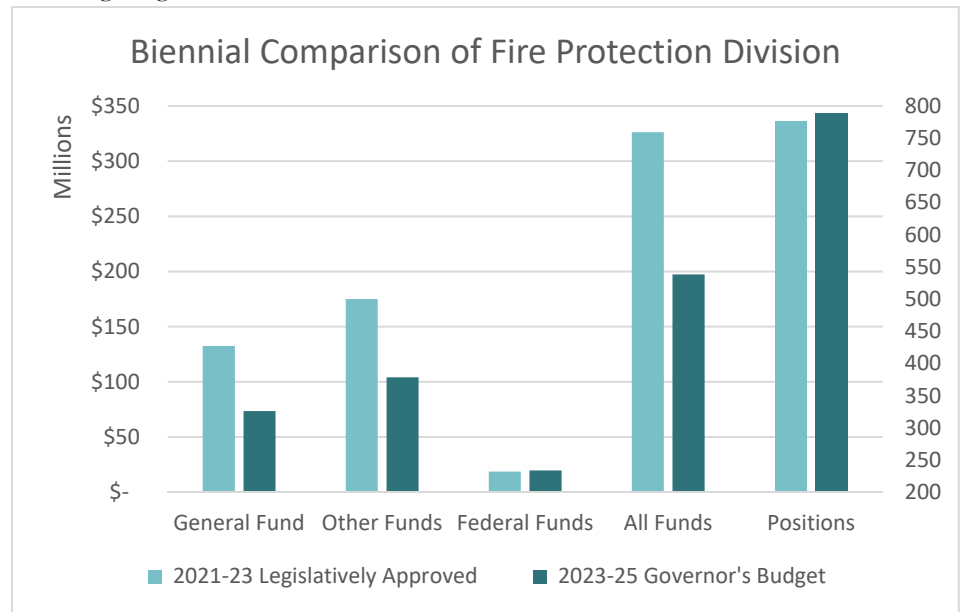
Fire Protection

The Oregon Department of Forestry is Oregon’s largest fire department, protecting 16 million acres of forestland, just over half of Oregon’s forestland base. An emphasis on prevention and suppressing fires quickly while they are small allows for cost-effective protection of public safety and natural resources for communities, the public and forest landowners.

The Fire Protection Division protects privately-owned forestland; state, county and city forests; and, by contract, U.S. Bureau of Land Management forests in western Oregon. Services provided by the Fire Protection Division cover nearly half of Oregon’s forestland. The division’s core mission is to provide fire protection through a complete and coordinated system that incorporates agency resources with those of private forest landowners, federal agencies, other state agencies, city fire departments and rural fire protection districts.

Fire prevention, detection and suppression are accomplished at the local level through 12 protection districts, including three private associations called Forest Protective Associations. Programs within the division — such as smoke management and fire mitigation, — support the work at the local level. Landowners play an essential role in supporting and enhancing the Fire Protection Division, which is financed through a blend of public and landowner dollars. Other key stakeholders and partners include forest operators, homeowners, communities, tourists and outdoor enthusiasts, federal agencies, other state

agencies, tribal and local governments, state and federal legislators, and private firefighting contractors.



Agency Summary Narrative



Forests Resources

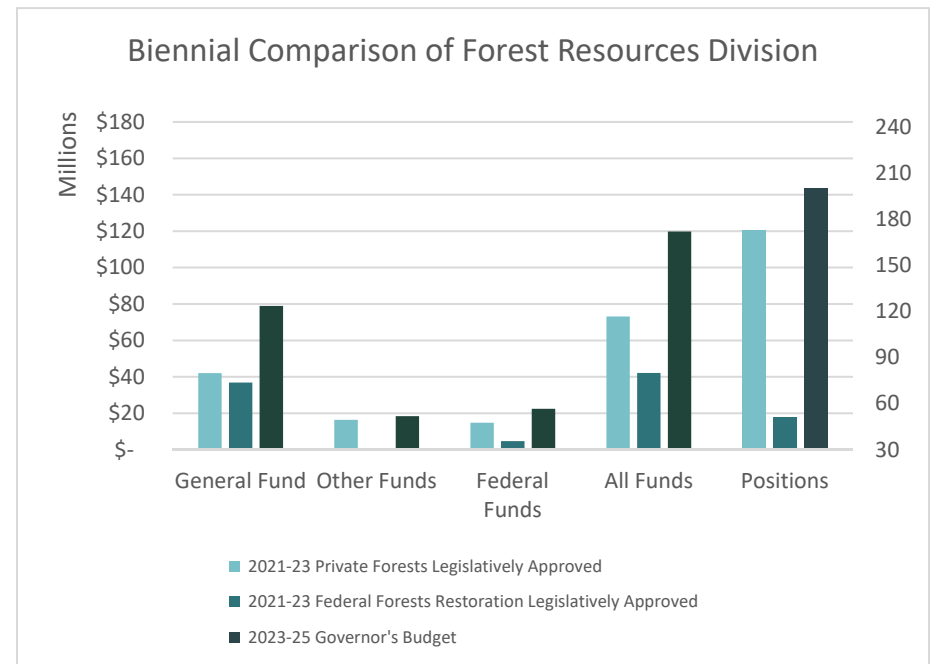
Oregon’s forests are the backbone to healthy living, climate-change mitigation and adaptation, and a strong economy. The division provides programs and services to ensure these long-term benefits of healthy, well-managed forests. With the proper investments, the division can keep delivering and improving these benefits.

The division keeps Oregon’s 10.3 million privately-owned forests healthy and productive. That’s more than 34 percent of Oregon’s 30 million acres of forests. The division protects and preserves fish and wildlife habitat, soil, air, and water. This provides many long-term environmental, economic, and social benefits. Oregon has some of the most productive forestlands. Private forests produce about 78% of Oregon’s timber. These private forests are essential for the state’s well-being and economic success. The timber industry provides over 71,000 jobs, many in rural areas where other work is scarce.

The Forest Resources Division’s nine main businesses are:

- Enforcing and administering the Oregon Forest Practices Act (FPA)
- Forest health and monitoring
- Adaptive management and training
- Small Forestland Owners Office (family forestland assistance)
- Urban and community forestry
- J. E. Schroeder Seed Orchard
- Oregon Seed Bank

- All-lands initiatives
- Federal Forest Restoration Program



Agency Summary Narrative

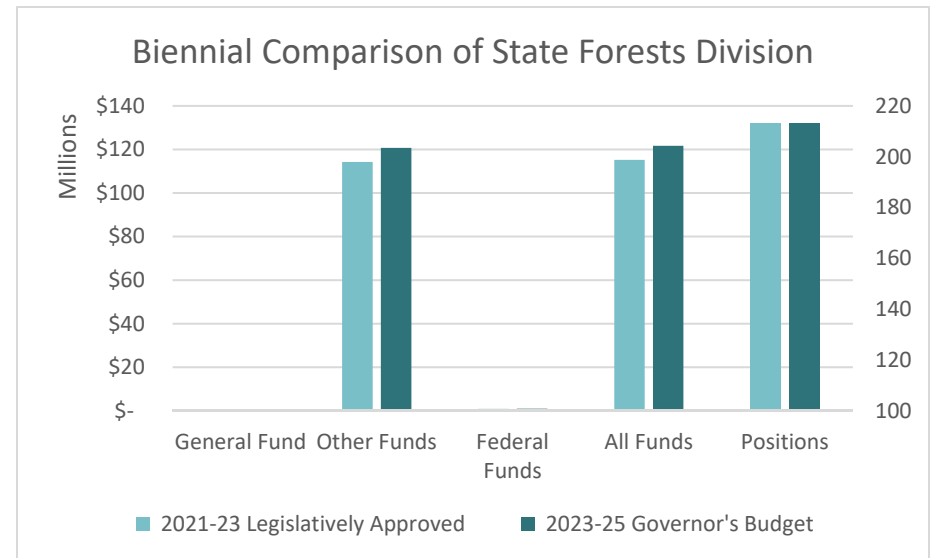


State Forests

The State Forests Division manages 729,718 acres of state forests to provide a range of sustainable public benefits to Oregonians. During the first half of the 1900s, counties deeded most of these lands to the Oregon Department of Forestry following catastrophic fires, intense timber harvests, and subsequent tax foreclosures. Through time and purposeful management, the State Forests Division restored the forests and watersheds, and today the management of these lands provide Oregonians with local wood products, jobs and economic support, revenue for counties and local schools, clean water, high-quality fish and wildlife habitat, and recreation, education and interpretation opportunities. Oregon Revised Statutes 530.050 establishes that the lands will be managed “to secure greatest permanent value of those lands to the state.” Greatest Permanent Value is further defined in Oregon Administrative Rule 629-035-030 (Greatest Permanent Value) to mean “healthy, productive, and sustainable forest ecosystems that over time and across the landscape provide a full range of social, economic, and environmental benefits to the people of Oregon.”

In addition to state forests, the Department of Forestry also manages 33,005 acres of Common School Fund Lands, known as Common School Forest Lands under the jurisdiction of the Department of State Lands and State Land Board. The Oregon Constitution (Article VIII, Section 5) authorizes the State Land Board to “manage lands under its jurisdiction with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management.” The primary obligation of

the Land Board, as trustee, is to manage and protect these lands for the maximum short- and long-term benefits of public schools, consistent with sound stewardship, conservation and business management principles. These lands are largely interspersed within or near lands managed by the Oregon Department of Forestry. The Oregon Department of Forestry and Department of State Lands maintain a management agreement that further refines objectives for the Common School Forest Lands.



Agency Summary Narrative



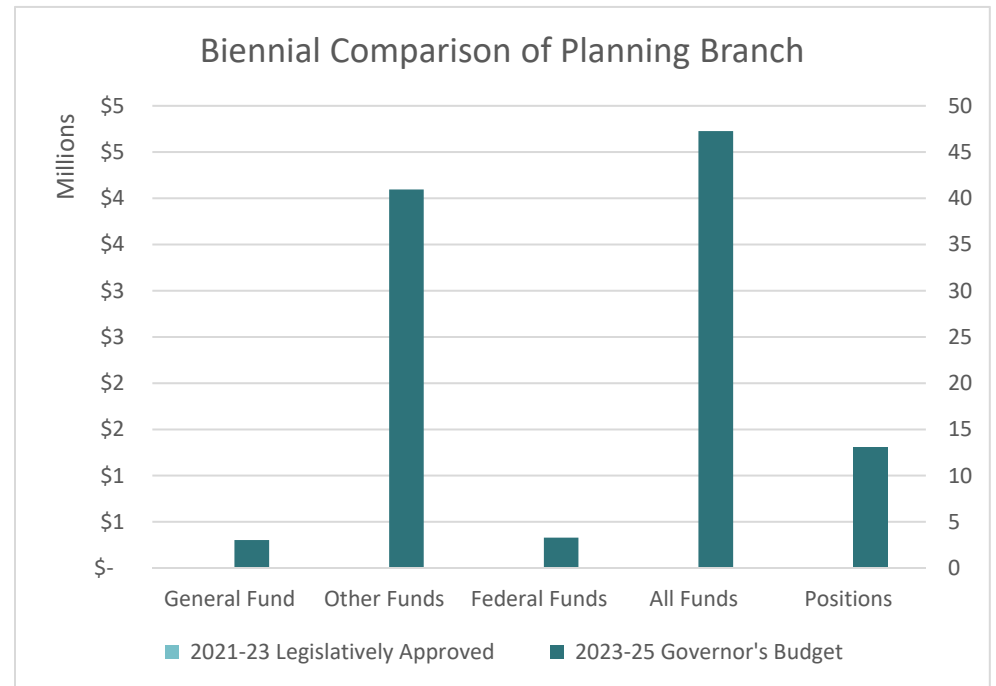
Planning

The Planning Branch is a new organizational unit emerging from a department-wide reorganization implemented in the fall of 2021. The reorganization comes as executive leadership considered the department's increasingly complex and dynamic operating environment with key challenges such as climate change, increasingly prolonged and severe fire seasons, financial management related to the costs of fire suppression, and substantial investments in department programs (e.g., SB 762, Private Forests Accord related legislation). As these demands strain agency structure and resources, the Planning Branch responds to these challenges by providing leadership and dedicated capacity to undertake strategic planning and decision support for the agency director, executive team, operating programs, and the Board of Forestry.

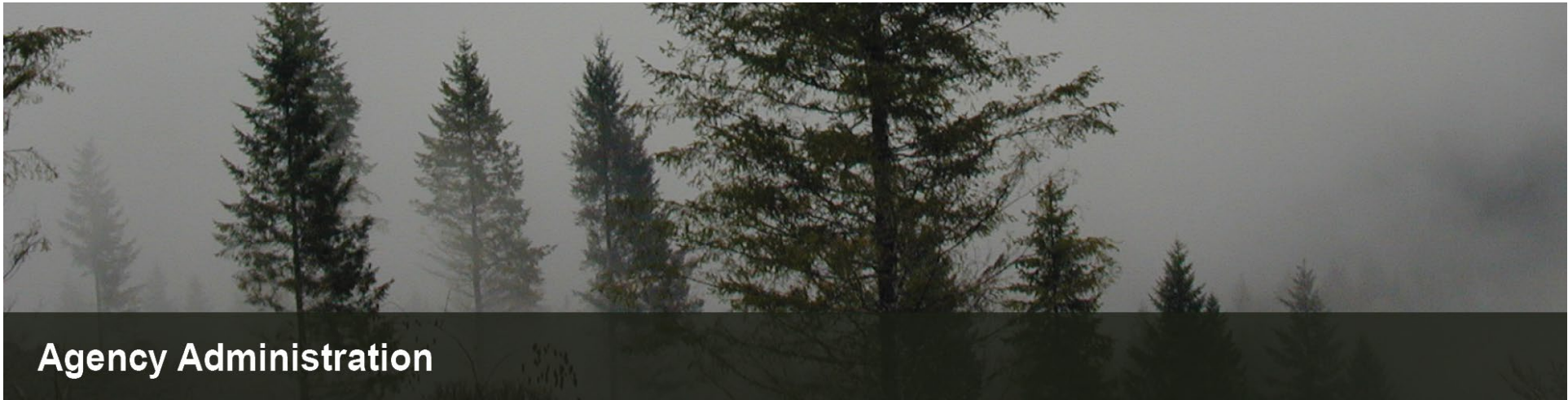
The Planning Branch maintains primary responsibility for agency strategic planning processes. It also facilitates the Board of Forestry, including maintenance of the board's strategic plan, the Forestry Program for Oregon.

Primary Outcome: Provide decision support, analysis, and planning to support delivery of mandated and intentional state services effectively and efficiently across the agency.

Secondary Outcome: Build and maintain internal and external relationships to support proactive management of agency affairs, including understanding and acceptance of emerging issues and trends, specifically climate change and equity.



Agency Summary Narrative

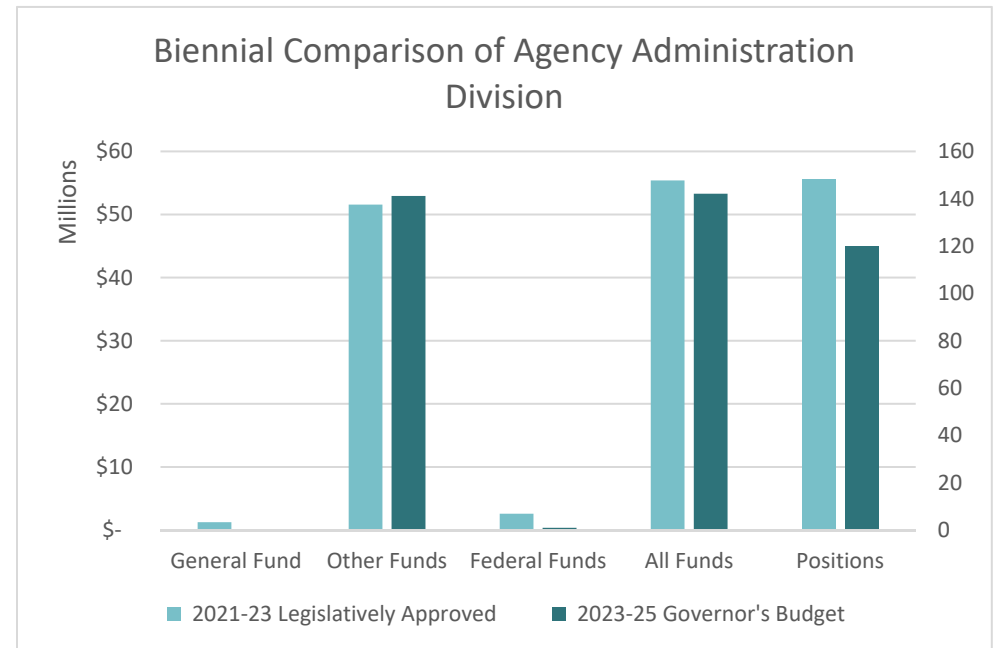


Agency Administration

The Agency Administration Division’s mission is to provide leadership, assessment, policy development, public involvement, communications, and administrative systems in support of the Board of Forestry and department, and to provide the foundation for effective implementation of ODF’s core business functions. The division continuously evaluates its processes to improve service delivery. It takes very seriously its responsibility as stewards of public dollars. All these efforts directly support the “excellence in state government” element of the Governor’s strategic plan.

The Agency Administration Division has two primary components:

- **Agency leadership and management**, in concert with the Board of Forestry, provides leadership and policy direction on all forestry matters in the state, which includes internal audit and legislative coordination.
- **Administrative Branch**, comprised of the Admin Modernization, Budget Management, Facilities Capital Management, Financial Services, Human Resources, Information Technology, Contracts Services and Public Affairs programs.



Agency Summary Narrative

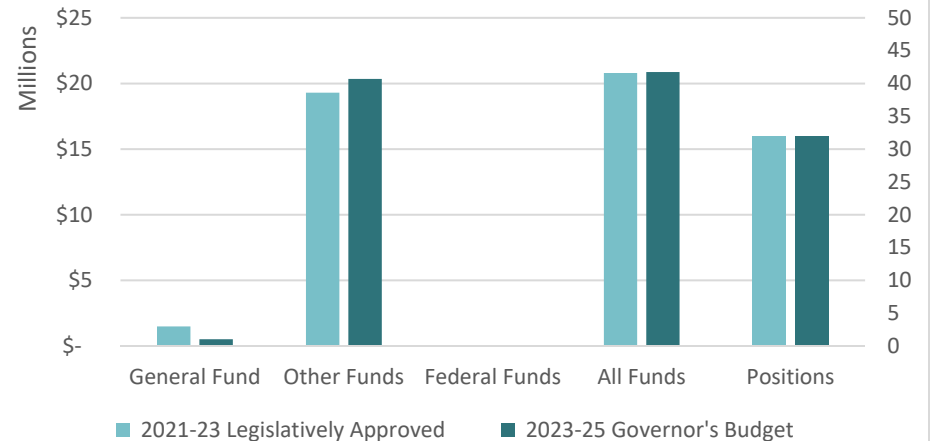


Equipment Pool

The Equipment Pool Program provides statewide leadership, direction and support services in the areas of motor pool and radio logistics to the department's headquarters elements in Salem and districts statewide. In addition, the program supports three forest protective associations and maintains interagency service level agreements with the Oregon Parks and Recreation Department and the Oregon Department of Fish and Wildlife. The program also provides effective, dependable life safety equipment and logistical support services to the Department operational programs, administrative programs and field operations to assist them in meeting their long-term focus area goals, benchmarks and successful measurements.

As programs of the Administrative Branch, the Motor Pool and Radio programs provide the foundation for effective implementation of ODF core business functions and are continuously evaluating processes to improve service delivery. The services provided are all directly linked to the Governor's strategic plan calling for "excellence in state government."

Biennial Comparison of Equipment Pool Program



Agency Summary Narrative



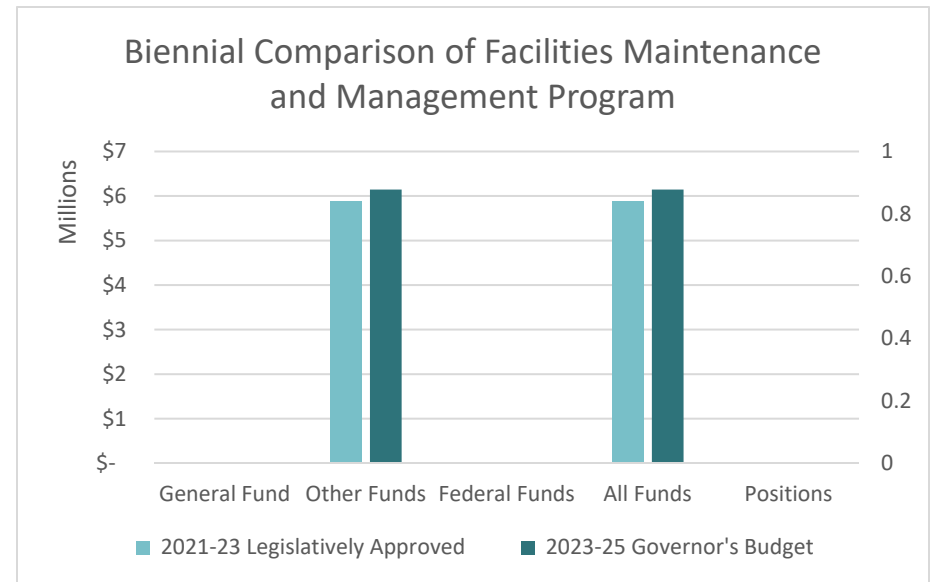
Facilities Maintenance & Management

Since its establishment in 1911, the department and the state’s forest protection landowner associations have constructed and acquired facilities to support the department’s major program areas. The department’s current building inventory includes 381 buildings with a current replacement value of approximately \$277 million. Outside of the Salem headquarters buildings, which house the department’s centralized operational and business functions, the balance of the buildings is within 12 fire protection districts and five state forests. The Facilities Capital Management Program manages the lifecycle of the Department of Forestry’s facilities assets. The department regularly repairs or replaces those facilities and components that have served their useful life.

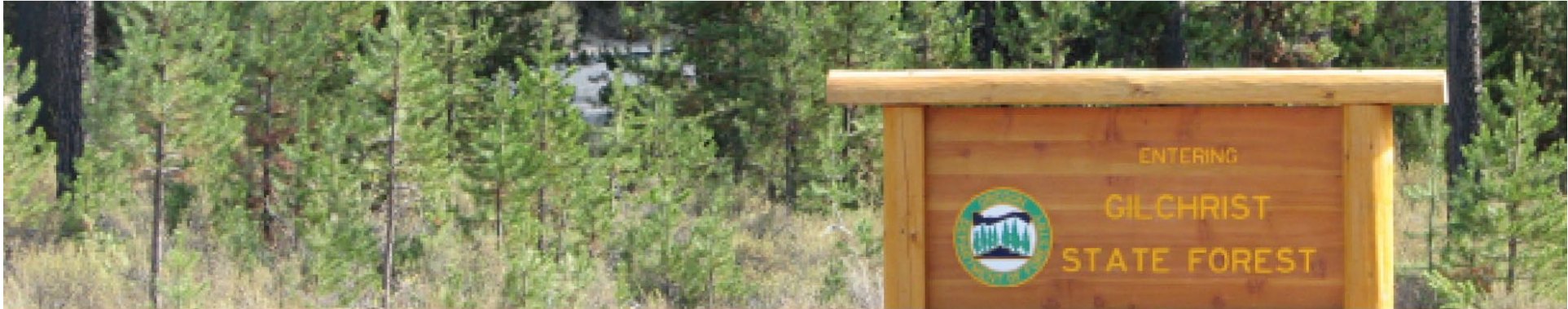
The department’s facilities support a wide range of activities, including administrative functions, firefighter support and dispatch, fire engine and equipment storage, vehicle repair and fabrication, reforestation activities, radio communication sites, and forest fire lookouts. The acquisition of these facilities spans decades of building design, construction, and workplace technologies. Operations, maintenance, and capital renewal budgets are established throughout the department on a fiscal year basis through a collaborative budget development process with stakeholders.

Facilities are the physical foundation of the department’s service delivery and contribute to the socioeconomic fabric of their communities. These facilities must be safe, energy efficient and provide the appropriate functional environment to meet the needs of the department’s operational divisions. The program’s

customers include employees, as well as stakeholders who visit department facilities for services.



Agency Summary Narrative

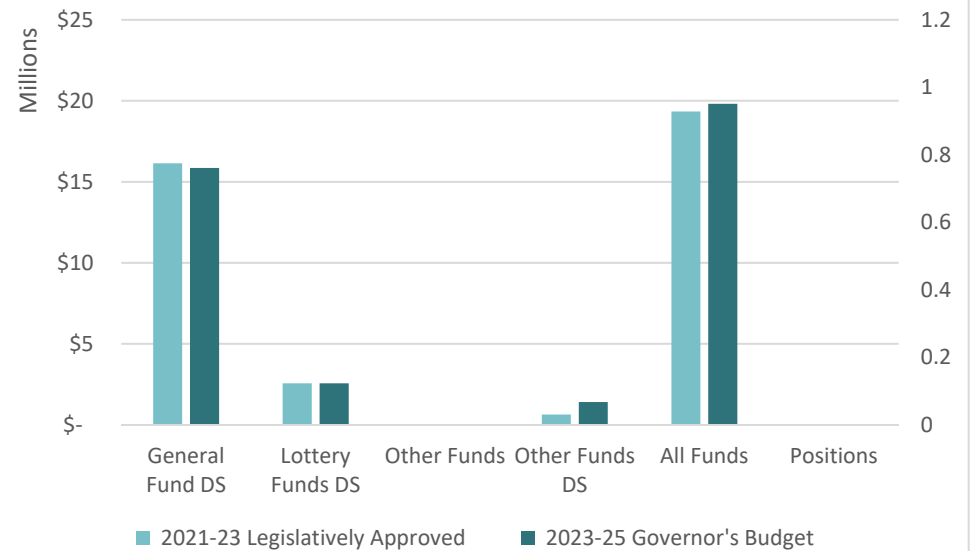


Debt Service

The purpose of the Debt Service Sub-program is to repay long-term financial obligations (both principal and interest) acquired through the issuance of bonds or certificates of participation (COPs) to fund the Department of Forestry's capital construction and deferred maintenance projects. The summary construction information on each phase is included in the "History and Purpose" section.

This is the continuation of a program structure created pursuant to Policy Package #094 (2003 Session Legislative Fiscal Office initiative package). Prior to the 2003 Legislative Session, all material related to debt service was included in Agency Administration. The Department of Forestry currently has long-term financial obligations for its Salem Headquarters, Gilchrist State Forest land purchases, Elliot State Forest COP and Toledo facility replacement projects.

Biennial Comparison of Debt Service Program



Agency Summary Narrative



Capital Improvements & Construction

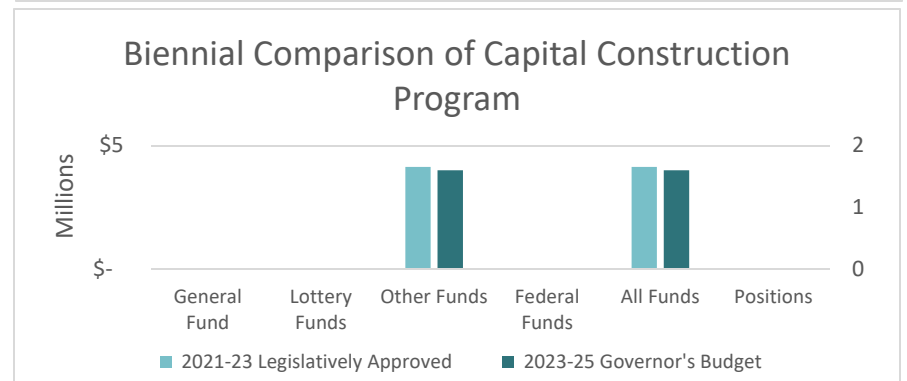
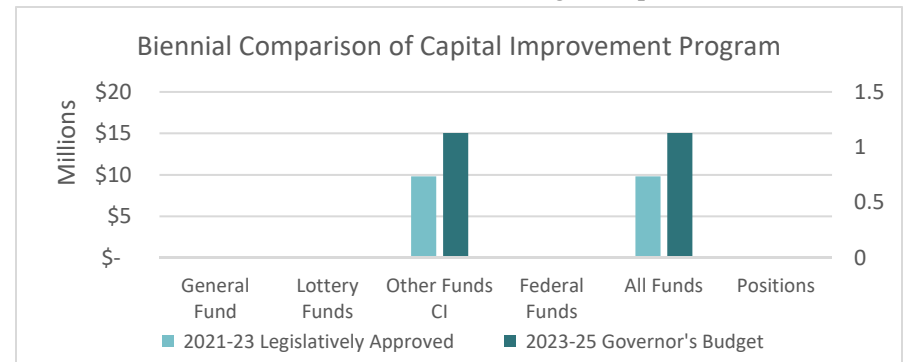
The purpose of the Capital Improvement Program is to maintain the department’s investment in its capital assets, improve the function of its buildings and to renew obsolete facilities and system components. Capital improvement projects are those capital projects that are capitalized, have a cost of less than \$1 million, increase the value and extend the useful life or adapt a capital asset to a different use. The primary funding resources are state General Fund appropriations, assessments from forest landowners, net proceeds from state forest operations, and Department of Forestry operating programs.

The purpose of the Capital Construction Program is to maintain and develop functional capital assets through the renewal, acquisition and construction of major construction/acquisition projects to meet programmatic changes and to replace obsolete facilities. Major construction/ acquisition projects are those projects that are capitalized, have a cost of more than \$1 million, and are used to build, acquire, adapt, replace or change the function of a facility.

To maximize the effectiveness of limited funding resources, the focus of both programs is on the following categories of needs that emphasize improved safety and function of the department’s facilities:

- Code and Life Safety — Improvements to older facilities to meet modern building code and life-safety requirements.
- Service Life — Renewal projects to offset the wear and decline of operational facilities due to intensive, long-term use.
- Programmatic Changes — Revisions to meet changing program needs to maintain staff productivity and work capacity.

- Functional Obsolescence — Renovations to facilities to remove functional obstacles and to install technological improvements.



Agency Summary Narrative

Environmental Factors

Many trends on the landscape and in public policy, public finance, forest economics and forest ownership intertwine to shape the department's key issues. In turn, these drivers influence ODF's ability to achieve their fundamental goal of healthy forests that are intact, managed and working to provide sustainable value to Oregonians.

Labor Day 2020 fire event

Labor Day 2020 was the start of a historic wind event that combined with record dry fuels to create incredibly dangerous fire conditions. In just a few days, the fast-spreading fires burned nearly a million acres across western and south-central Oregon. Most devastatingly, lives were lost and multiple communities in the footprints of those fires were badly damaged or destroyed.

During the month of September, Oregon had five fires on the landscape that were 100,000 acres or more—also called “megafires.” Two of those fires are among the 10 largest wildfires in Oregon since 1900 (Lionshead and Beachie Creek). By the time the last ODF protection district exited fire season in early November, 2020 became the most destructive and costly fire season for ODF-protected lands in the department's 111 year history. Of the 1.2 million acres burned across the state, approximately 540,000 acres were under ODF's protection. Prior to this, the most ODF-protected acres burned were 340,000 acres in 1933, a fire season that included the first of the Tillamook Burns.

While the scale of destruction of the Labor Day fires was anomalous, fire seasons since 2013 continue to increase in complexity and intensity—not just in Oregon, but globally. The state needs to invest in safe and effective wildfire response, creating resilient landscapes, and building fire-adapted communities to successfully protect Oregonians and the state's natural resources in this new fire environment.

State Forestlands. Over 16,000 acres of the Santiam State Forest were damaged in 2020's Labor Day fires. The fires took an extensive toll on popular recreation sites, roads, and natural resources. ODF's strategy to restore the Santiam State Forest strives to re-establish a healthy, working forest through a range of reforestation methods. This process also includes recovery timber sales, road repair, restoring recreational amenities, and removing hazardous trees that pose a danger to the public.

Some of the Santiam's most popular destinations sustained severe damage, including Shellburg Falls, Rocky Top/Niagara area, and the Rhody Lake/High Lakes areas. Damage includes full tree mortality around many campsites, complete or partial sign loss, and vault toilet heat damage. Additionally, the ODF district office in Lyons was destroyed in the fire. Approximately 24 of 32 trail miles in the Santiam State Forest were within the fire perimeter. Trail damage varies in degree of severity and includes tread collapse due to root burnout, sloughing and rock fall as well as blowdown during and after the fires and accompanying wind event. Hazard tree assessment and removal is needed on all impacted trails.

With 190 miles of forest road in the fire perimeter, repairing and restoring road access is a top priority. For example, opening interior sections of the forest that did not burn will, in many cases, require access through burned areas. Work being planned or underway include repairing and replacing culverts damaged in the fire and addressing 19 sections of road that require debris removal, roadbed repair, or bank stabilization.

Private Forestlands. About 400,000 acres of private, state and local government forests burned in the Labor Day wildfires of 2020. A further 600,000 acres of federal and tribal lands were also burned by those unprecedented, wind-driven wildfires. ODF is helping landowners by shifting staff to districts most heavily hit by the 2020 wildfires. The agency also brought in technical staff from other state agencies to help.

After a wildfire, dead trees begin to decay and start attracting insects. Those bugs can injure or kill surviving stands. Generally, trees that are big enough generally must be harvested within 12 to 18 months to be accepted by mills. These factors put pressure on Oregon's forest landowners to work quickly.

The resource protection requirements of Oregon's Forest Practices Act (FPA) apply to post-fire timber harvests, including stream protection and road maintenance. Operator notifications are required, along with public comment periods. The FPA requires forest operators to protect soils, water quality, and habitat for fish and wildlife. The FPA requires leaving forest buffers around fish-bearing streams. Buffers minimize disturbance to streams and the wildlife in them. Buffers reduce sediment in the water, provide wood for fish habitat, and provide shade.

Agency Summary Narrative

Because so many landowners lost trees in the big wildfires and need to replant, tree seedlings are in short supply. ODF is working with many groups to help small forest landowners find seedlings. ODF may grant an extension for replanting due to expected seedling shortages.

Changing Wildfire Environment

Longer Fire Seasons. Oregon's fire seasons have become longer, more severe and increasingly complex, challenging the agency's ability to respond to the wildfire workload and sustain core agency businesses while proactively protecting Oregonians, forests and communities from wildfire. In the Pacific Northwest, the length of fire seasons has increased from 23 days in the 1970s to 116 days in the 2000s.



Increased Wildfire Complexity. In Oregon, acres across all ownerships burned by wildfire are on the rise, increasing from a 10-year average of 156,000 acres burned two decades ago to 452,000 acres burned in the past ten years. This trend is occurring nationally; average acres burned annually has doubled to 6.6 million acres in the past decade. Catastrophic wildfires cause significant public safety concerns. Fire complexity continued from 2013 through 2015 with some of the largest fires this state has seen in history, and 2017 marked one of the most dramatic wildfire smoke impacts we have seen on Oregon's communities. During the 2017 fire season, over 10,000 Oregonians were

evacuated from their homes and unhealthy air quality conditions persisted across much of the state.

Increased Suppression Costs. Commensurate with increased occurrence, complexity and numbers of acres burned, fire suppression costs are increasing. The department's 10-year average of suppression costs more than doubled over the past decade with gross large fire costs of \$10 million to over \$70 million.

The increase is due to factors such as rising fire equipment and resource costs as well as climate conditions, contraction in forest-sector industries that are important on-the-ground partners in fire protection, fuel buildup, and the higher cost and complexity of providing fire protection in the growing wildland-urban interface.

Governor's Council on Wildfire Response

Governor Kate Brown issued Executive Order 19-01 on January 30, 2019, establishing the Governor's Council on Wildfire Response. The council was directed to review Oregon's current model for wildfire prevention, preparedness, and response to determine whether the current model is sustainable given increasing wildfire intensity, complexity, and risk. The council identified the need for change throughout the current model and anchored into the key areas identified in the National Cohesive Wildland Fire Management Strategy: fire-adapted communities, restore and maintain resilient landscapes, and response to fire. The council created three subcommittees to focus on fire suppression, mitigation, and adaptation and recovery.

More than 100 people served on the council or participated in one of its subcommittees. The resulting report made 37 recommendations for improving Oregon's model for addressing wildfire, which included more than 100 additional positions and \$20 million in non-personnel investments across various state agencies. ODF supports the council's recommendations and would have a lead role in the implementation of many of them.

Climate Change Projects Warmer and Drier Summers

Higher Summer Temperatures. Higher summer temperatures and earlier spring snowmelt are already increasing the risk and workload to suppress forest fires. In the Pacific Northwest the length of fire season has increased from 23 days in the 1970s to 116 days in the 2000s. (Oregon's 2017 Integrated Water Resource Strategy)

Agency Summary Narrative

Increased Occurrence of Drought. Drought is not an abnormal occurrence in Oregon, with notable recorded droughts since the 1930s. However, since the adoption of Oregon's first Integrated Water Resources Strategy in 2012, the state has recorded its warmest year and experienced the lowest snowpack on record, both in 2015. The dry conditions in May through July 2017 were the fifth-warmest on record in 123 years, contributing to an intense wildlife season across the state. (Oregon's 2017 Integrated Water Resource Strategy)

Declining Winter Snowpack. Climate changes are already visible in Oregon. Increasing temperatures are affecting the form of precipitation, and therefore Oregon's mountain snowpack. This is altering the timing, duration, volume, and quality of water runoff throughout the state. As mean annual temperature increases, the percentage of precipitation that falls as rain instead of snow will increase. Oregon is classified as 75 percent mixed-rain-and-snow for the twentieth century climate. By 2080, all of Oregon, except for parts of the Blue Mountains, is projected to become rain-dominant. (Oregon's 2017 Integrated Water Resource Strategy)

Compromised Forest Health. The past decade's trend of warmer and drier conditions have stressed forest ecosystems, exacerbated existing management and forest health problems, and led to extreme fire conditions. About 35 percent of Oregon's forests are at high risk of uncharacteristic fire because of disruption in their natural fire regimes. Another 42 percent are at moderate risk. As projected under climate change analysis, continued of warmer, drier conditions increase forest vulnerability to insect and disease attack, and ultimately increase the risk of uncharacteristically severe wildfires. Such fires can threaten communities and adjoining private lands, while destroying resources timber values, terrestrial and aquatic habitat, domestic use watersheds, cultural resources and critical infrastructure.

Manage State Forests for Greatest Permanent Value. As a public lands manager, ODF's State Forest Division manages 729,000 acres of lands owned by the Board of Forestry to secure greatest permanent value (GPV) to produce a wide range of public benefits. Active management on these lands provides a stable timber supply, generates revenue for county governments, supplies clean water and high-quality habitat and provides diverse outdoor recreation, interpretative and educational experiences. The personnel and capacity necessary to deliver on this array of outcomes is also critical to delivering ODF's fire protection mission. According to a recent Secretary of State audit,

31 percent of the hours required to staff ODF incident management teams come from the State Forest Division. The number of hours of State Forests personnel billed to supporting ODF's fire mission more than doubled in 2013-2015 over the prior three years. Reassignment of duties from laying out a timber sale, completing campground inspections, or maintaining trails on state forests are delayed or set aside when personnel are needed in the wildfire suppression effort and significantly challenges the department's ability to deliver on its GPV obligations.

Restore Federal Forests through the Good Neighbor Authority. Over 60 percent of Oregon's forests are managed by the U.S. Forest Service or Bureau of Land Management. Many of these forests, particularly in the drier climates of eastern and southwestern Oregon, are at an elevated risk of wildfire and face significant forest health challenges. Due to the proportion of ownership, the condition of the state's federal forests have a dramatic effect on the health of Oregon's total forestland base, and in turn on the department's ability to accomplish its mission, including increasing stress on the complete and coordinated wildfire protection system. Through its Federal Forest Restoration Program, ODF has the opportunity to implement active treatments using the Good Neighbor Authority to significantly increase the resilience of our federal forests to uncharacteristic wildfire.

Engage Homeowners and Non-Industrial Forest Owners. Approximately 4.3 million acres, or 15%, of Oregon's forests are owned by families or individuals. Of this total, roughly half of these acres are inside urban growth boundaries or are within a mile of current residential or other development zones (i.e., rural residential). Various factors interact to divide tracts of working forests into smaller parcels and lead to an intermingling of homes and forestlands. This reduces the likelihood that forests will be actively managed to produce a range of values, and increases the cost and complexity of fire protection. Since the implementation of Oregon's unique land use system in 1974, Oregon has maintained 97% of all non-federal land as resource land use (farm, forest or range). However, the wildland-urban interface (WUI) has grown significantly during that period. ODF's Five-Year Land Use Report shows that 704,000 acres have shifted from resource lands to low-density residential or urban uses. Fire ignition data shows an increased exposure to risk within the WUI. Over the past decade (2008-2017), 64% of fires on ODF-protected lands occurred within one mile of the WUI, and 87% of these fires were human-caused.

Agency Summary Narrative



Development and delivery of technical assistance programs by ODF to family forest and forest landowners within the WUI that encourage active management such as thinning, fuels reduction, defensible space creation have primarily been funded with limited federal dollars. An increased scope of service delivery to communities and local governments provides the tools and technical advice to help encourage community and landowner involvement with fuels mitigation, target fire prevention messages toward human caused ignitions, and to review building and zoning codes that make buildings more resistant to fire. Creating fire-adapted communities benefits all with reduction in loss of infrastructure, watersheds, cultural assets, parks, view sheds, transportation and utility corridors.

Criteria for 2023-25 Budget Development

Budget development principles are essential in leading the department and the Board of Forestry in budget content and process development. These principles

set the stage for moving forward and long-term reflection from a budget perspective.

Guided by agency leadership and previous principles, the 2023-25 budget development:

- Promoted an open and transparent process with employees and stakeholders and seek and encourage public input.
- Maintained core business functions and customer service as a priority while maintaining an agency-wide perspective rather than siloed programs. Sufficient capacity must be retained to meet the Board and department's basic mandates including fire protection, managing state forests, forest regulation, administrative and financial support as well as natural resource policy development and dissemination.
- Identified and addressed service gaps that exist between the current budget and the budget needed to implement legal mandates, the Board of Forestry work plans, and key components of the agency's strategic initiatives.
- Was creative and proactive but realistic in concept development and proposals, recognizing the balance between asking for needed resources while considering budget climate, stakeholder and legislative expectations, and revenue constraints.
- Maintained a viable, effective, highly-skilled, and empowered workforce and organization.
- Identified and captured opportunities to increase efficiency and effectiveness.
- Ensured that individual revenue sources fund a fair and equitable portion of the internal service costs that are in direct relation to services and products utilized by the program.
- Aligned with the Board and agency missions, legal mandates, strategic initiatives, agency/program performance measures and the Governor's priorities.
- Partnered with other state natural resource agencies on issues of mutual interest.
- Innovated new ways for revenue generation, providing services, and stakeholder outreach and involvement that aim to reduce vulnerability to cyclical fluctuations.

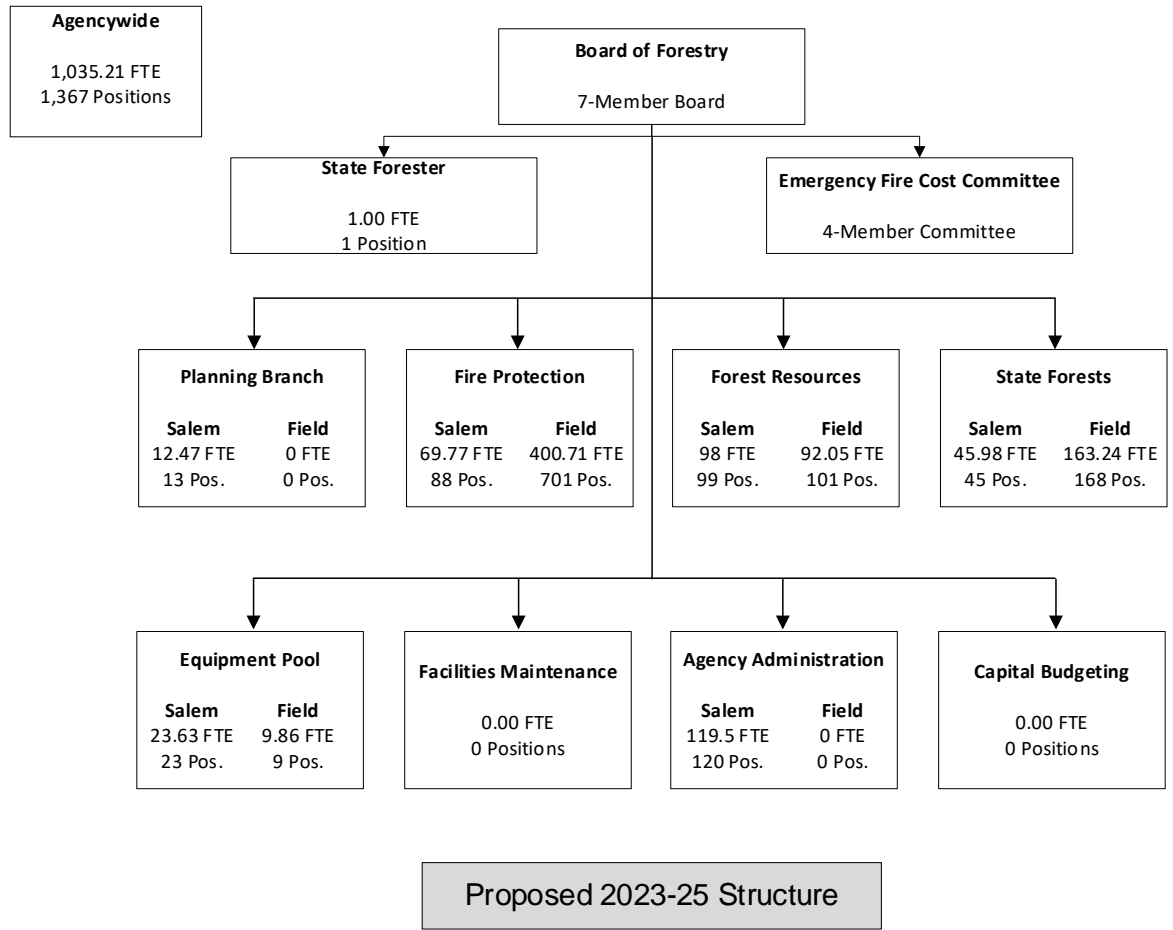
Agency Summary Narrative

- Was responsive to changes in the situation during the development process itself and be flexible to change direction or course if needed.
- Clearly communicated the results of budget investments or reductions that impact forest resources and prioritized services that directly benefit, protect, and sustain Oregon's forest resources.

Agency Summary Narrative

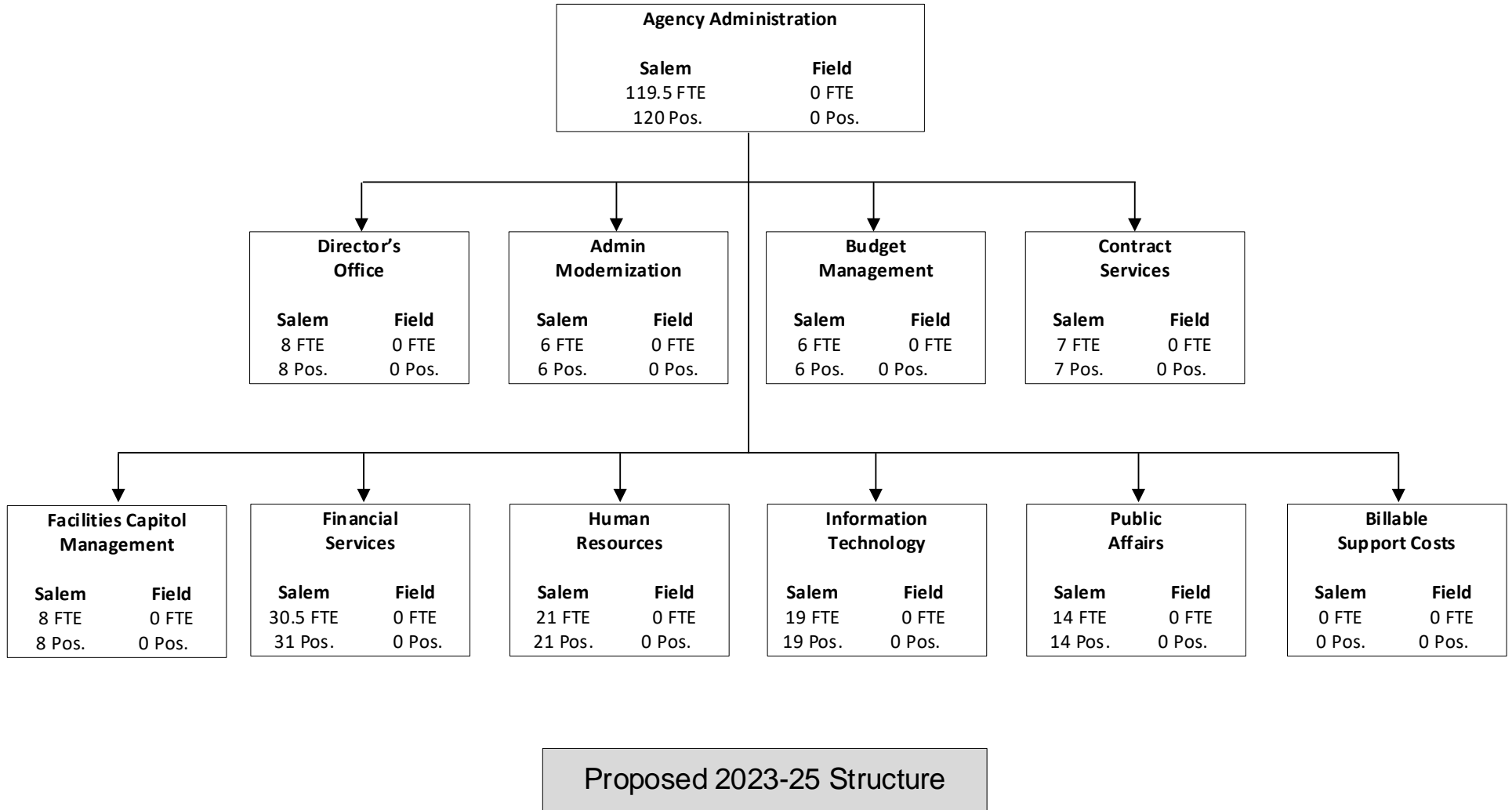
2023-25 Organization Chart

Governor's Budget

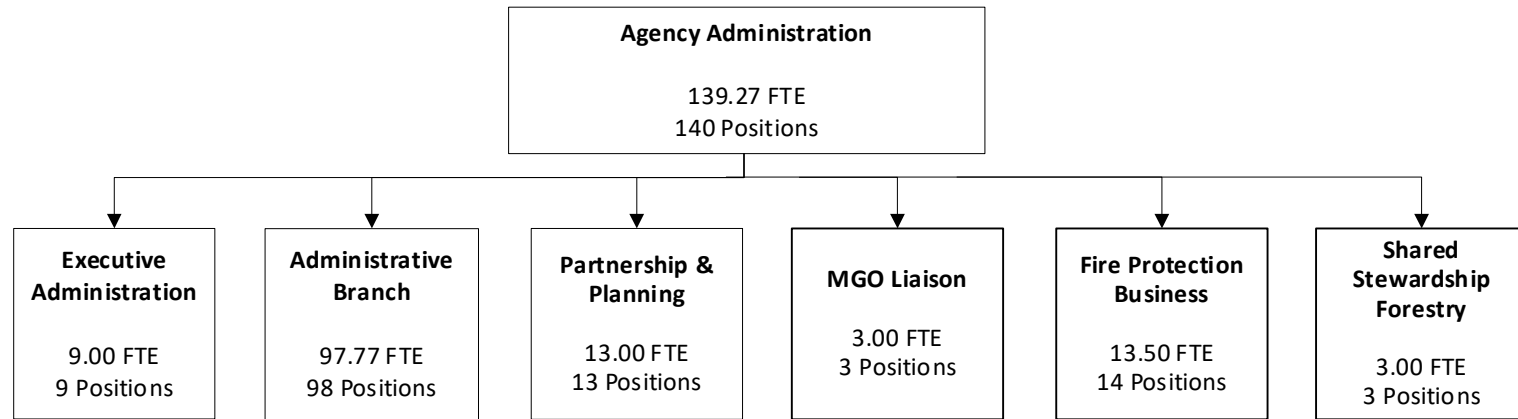


Agency Administration Narrative

Organization Charts



Agency Administration Narrative



Prior 2021-23 Structure

Agency Administration Narrative

Executive Summary

Long-term focus areas impacted by the program

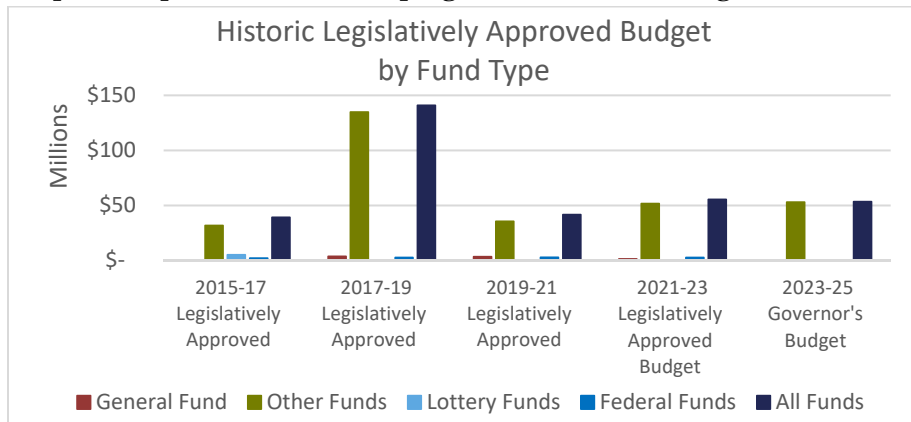
Primary outcome area: Deliver state services effectively and efficiently

Secondary outcome area: Social equity

Primary program contact

James Short, Chief Financial Officer, 503-302-8478,
james.short@odf.oregon.gov

Graphical representation of the program unit's funds budget over time



Program overview

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

Program funding request

For 2023-25, the Agency Administration Division is requesting \$53,302,883 total funds (\$52,938,114 Other Funds; and \$364,769 Federal Funds).

Program description

The Agency Administration Division has two primary components:

- **Agency Leadership and Management**, in concert with the Board of Forestry, provides leadership and policy direction on all forestry matters in the state, which includes internal audit and legislative coordination.

- **Administrative Branch** comprises Admin Modernization Program, Budget Management, Facilities Capital Management, Financial Services, Human Resources, Information Technology, Contracts Services and Public Affairs.

The estimated cost for 2025-27 is \$56,180,165 and for 2027-29 is \$59,263,445.

Program justification and link to long-term outcome

The division's direct customers are the Board of Forestry and department employees. Indirect customers include forest landowners, local, state, federal agencies and tribal governments, non-profit natural resources organizations, academic and corporate institutions, and the public in support of the department's operating programs. At times, the division also completes work for entities at a regional or national level.

The Agency Administration Division's mission is to provide leadership, assessment, policy development, public involvement, communications and administrative systems in support of the Board of Forestry and department, and to provide the foundation for effective implementation of ODF's core business functions. The division continuously evaluates its processes to improve service delivery. It takes very seriously its responsibility as stewards of public dollars. All these efforts directly support the "excellence in state government" element of the Governor's strategic plan.

Enabling legislation/program authorization

The Agency Administration Division implements the authority vested in the Board of Forestry through the following primary ORS Chapters:

- ORS 321 - Timber Taxes
- ORS 477 - Fire Protection
- ORS 526 - Forestry Administration; Private Forests
- ORS 527 - Insect and Disease Control; Private Forests
- ORS 530 - State Forest Lands
- ORS 532 - Log Brands

In addition, a large portion of the department's administrative responsibilities and authorities are delegated by instruction, policy, or administrative rule from the Department of Administrative Services, the Secretary of State, the State Treasurer and the Governor's Office.

Agency Administration Narrative

Funding streams

Agency Administration is mostly funded by the Other Funds and Federal Funds assessed against department programs on a pro-rated basis by funding source, such as state forest timber receipts and the Forest Products Harvest Tax. The division also receives a small amount of revenue from fees charged for services and map sales. About half of the pro-rated revenues are derived from the General Fund.

Administrative Branch

The Administrative Branch provides business management guidance to the department and administrative services to internal and external customers in accounting, budgeting, contracting, purchasing, personnel management, property management, public outreach and overall business management. The branch consists of eight programs: Admin Modernization, Budget Management, Contract Services, Facilities Capital Management, Financial Services, Human Resources, Information Technology and Public Affairs.

The Admin Modernization Program (AMP) exists within the department to lead efforts to transform and modernize the administrative capabilities for the agency. The program's scope of work includes the agency's business processes and controls, infrastructure, applications, and systems across all administrative service delivery channels. The work of the program manifests through system implementation and process improvement efforts focused on short- and long-term returns on investments.

The Budget Management Program works to ensure that the department's budgetary resources are adequate by providing policymakers with analysis and recommendations on policy initiatives related to the department's biennial budget. The program's fiduciary responsibilities are to support biennial budget development and to monitor budget execution for compliance with policy and statutory objectives. This is accomplished by fiscal analysts organized around the department's budgetary applications, program structure, geographic areas and administrative sections.

The Contracts Services Program provides strategic, technical and operational support and oversight for the department's procurement activities, such as contracts, grants, agreements, purchase orders and contract administration activities. The program seeks to minimize the potential for inherent process-

related risks, ensure the best value to the department and maximize limited resources.

The Facilities Capital Management Program is responsible for managing, monitoring and developing the department's facility assets to meet long-term strategic capital needs, lifecycle replacement and sustainability performance requirements. It also manages the Salem Headquarters Campus operations and maintenance activities, which comprises ten commercial buildings, structures and adjacent grounds.

The Financial Services Program provides financial information, agencywide payroll management and coordination, and makes available required legal reports on the use of public funds. It provides fiscal services in accordance with federal and state laws, rules, policies and procedures. Services include review of federal rules, state legislation, and Department of Administrative Services (DAS) rules to facilitate required changes in department programs, policies and procedures. These activities require a complex accounting system to provide fiscal data for programs that are financed through a variety of Other Funds, General Fund and Federal Funds appropriations. In addition, the Financial Services Program plans, develops and implements new accounting techniques and modifies existing systems and procedures to meet statutory requirements. It provides managers with data necessary for policy and program planning. It coordinates management of the department's statewide non-real property inventories and tracks state and federal property; statewide General Services Administration (GSA) ordering and requisitions; and statewide equipment and property distribution, storage, disposal and central warehousing.

The Human Resources Program provides leadership in human resource management to the department and associated organizations, with a focus on high-quality, responsive customer service. The program is responsible for providing direction, guidance, and assistance to Department of Forestry employees on personnel, training, and safety matters. The unit supports approximately 700 permanent and 700 seasonal positions throughout the state. The program contributes to the accomplishment of department goals by supporting the development of a diversified, creative, and skilled workforce that views the organization as their employer of choice. The program is faced with the major challenge of integrating all human resource functions, many of which are currently disparate, into a cohesive program that provides the department with a diverse, well-trained and highly motivated workforce.

Agency Administration Narrative

The Information Technology Program manages the department's statewide information technology (IT) program. The IT program has four sub-units: Technical Operations Support, Application Development, GIS and the Radio Unit. IT provides planning, coordination and services in database administration, application development, GIS, data processing, technology training, computer, software and peripheral purchasing, data security, web technologies and system administration for all enterprise systems. In partnership with the State Data Center, the program also manages the department's internet web filtering, anti-SPAM appliance, and data backup systems. Department infrastructure consists of 43 local area networks (LANs) serving more than 1,400 computers and mobile devices. The department also has 46 production servers and 31 remote servers at field offices that are managed by the State Data Center. The program also partners with DAS on the enterprise systems used by ODF: Workday, Oregon Buys, payroll and personnel systems, and Statewide Financial Management System (SFMS).

Internally, the IT program supports office automation and personal productivity tools, such as Microsoft Office, relational databases, project management, desktop publishing, geographic information systems (GIS), and internet and intranet access. Additionally, the program supports several mission-critical business applications, such as the timber sales accounting system, fire reporting systems, forest operations tracking, purchase order system, grant management system, and forest operations tracking systems.

The Public Affairs Program tells ODF's story and helps the department's broad array of stakeholders connect with and understand the department's core business areas. It does this by establishing department-wide policies and procedures for communications activities, and supporting and assisting divisions and programs in sustaining, enhancing and expanding their communications efforts. The key activities through which the Public Affairs Program leads and supports the department's communications efforts are:

- Developing strategic communications, which provide the framework against which division and programs can execute successful communications efforts.
- Producing print and digital assets to deliver information, including fact sheets, publications, news releases, videos and photographs, talking points and web content.

- Creating connections with the public through activities, such as:
 - Providing media relations.
 - Overseeing the department's web and social media presence.
 - Managing the department's public records program.
 - Assisting with fulfilling the department's statutory requirements under the state's public meetings law.
 - Fielding calls and emails from members of the public with general forestry-related questions.

Important background for decision makers

- Continued decentralization by the state Department of Administrative Services, resulting in Department of Forestry increases in:
 - Reviews and audits, and the personnel to accommodate them.
 - Roles and responsibilities at the agency level, with increases in personnel and other costs to manage this workload.
 - Need for strong internal controls and process improvement to implement these controls.
 - Complexity in risk management.
- Increased need for efficient and often automated business systems, in turn requiring increased investment in hardware, software and staff training.
- Increased need for analysis and process improvement.
- Increased financial management controls to decrease the likelihood of fraud, waste or abuse.
- Increased scrutiny and complexity of federal contracting rules, in turn increasing responsibility at the local level and requiring the agency to reevaluate rules, increase training and certification of procurement staff, and requiring staff to perform more complex functions.
- Increased interest in the condition of state facilities, requiring improved inventories of buildings, grounds, roads, trails and bridges, along with improved ability to manage these assets. State mandates have also increased the complexity of facilities management.
- The department needs to reduce the number of unsupported custom applications currently in use. Several of our custom applications use obsolete or hard-to-maintain platforms. A transition to standardized and web-accessible systems will greatly enhance our ability to deploy

Agency Administration Narrative

applications to both employees and members of the public who would like to do business with the department online.

- Employees and state leadership demand a safe working environment in order to reduce the physical, emotional and financial impacts associated with on-the-job injuries. A comprehensive workplace safety program requires the department to have the resources to consistently track and analyze safety-related data to develop, improve and maintain the program.
- The department workforce and customer base continue to become more diversified. To attract diverse, skilled applicant pools, job classifications and associated pay/benefits continue to need a great deal of attention and effort within both the department and state government.
- Employees, and society, will continue to expect that employers prioritize employee needs, such as encouraging work/life balance, alongside accomplishment of the department's mission. Examples include legislation such as Pay Equity, the Americans with Disabilities Act (ADA), Family Medical Leave Act (FMLA); and benefits such as Employee Assistance Program (EAP), remote work, and flex time.
- ODF's workforce planning is complicated by the need for department-wide support of firefighting work during fire season. Staff not only need to be trained and proficient in their diverse program duties, but also in their fire duties. Additionally, staff without fire duties must be trained to backfill behind coworkers on fire assignments.
- There is an ever-increasing demand for information about the work state government does on behalf of Oregonians and the expectation for faster response times. Meeting these demands involves constant monitoring of and response to media and public questions, comments and concerns, which come to the department via social media, email and phone calls.
- Accommodating a more active public and stakeholders requires more planning, content development and dissemination of informational documents and more emphasis on planning and facilitating meetings that allow for more engagement with the department. The expectation for more information is also manifesting itself in the growing number and complexity of public records requests received by the department. Fulfilling these needs to the best of the program's abilities is becoming increasingly difficult with current staff levels.

Essential Packages

Pkg 010-Vacancy Factor and Non-ORPICS Personal Services

This package includes standard inflation of 4.2% on non-ORPICS items such as temporaries, overtime, shift differential, all other differentials, and unemployment compensation, including the OPE associated with them. It also includes adjustments to vacancy savings, Mass Transit Tax and costs for the Public Employees Retirement System Pension Obligation Bond repayment.

Pkg 022-Phase-out Program & One-time Costs

The purpose of this package is to Phase Out one-time budget increases remaining from prior biennia. In Agency Administration there were three Phase Outs: (1) Cost of Issuance for debt of \$49,196 OF; (2) S&S support for Facilities capital management capacity of \$25,000 OF; (3) MGO Liaisoning related S&S of \$500,000 General Fund. The net result is a decrease to the 2023-25 budget of (\$500,000) General Fund and (\$74,196) Other Funds. There was no change to Position Counts or FTE.

Pkg 031-Standard Inflation

The purpose of this package is to include a set of standardized inflation rates for all agencies, increasing their budgets above their final base amounts for all non-personal-services expenditure accounts. These rates are 4.2% for standard or "generic" accounts, and then larger rates for "Price List Accounts," specifically 8.8% for Professional Services and 21.1% for Attorney General charges. There is no change to position counts or FTE.

Pkg 032-Above Standard Inflation

The purpose of this package is to record increases to the budget which exceed the standard inflation rate. In Agency Administration this package records the increased State Government Services charges from the DAS Price List, in the amount of \$1,542,456 Other Funds. There is no change to Position Counts or FTE.

Pkg 060-Technical Adjustments

The purpose of this package is to make technical budget adjustment and corrections. The department is making multiple structure changes this biennium due to internal re-organization efforts. These actions are net-zero at the Agency-wide and Fund Type level, but not at the SCR level. In the Agency Administration program this involves two actions: (1) Moving positions from

Agency Administration Narrative

several different DCRs into newly created sub-DCRs by Budget Unit. These actions are net zero at the SCR level. (2) The second action involves the creation of a new SCR (629-060-00-000000), taking positions and their related S&S from multiple SCRs. In the Agency Administration program 18 positions are being moved out to the new Planning Branch, resulting in a budget decrease of (\$4,492,497) Other Funds and (\$2,353,970) Federal Funds, (18) Position Counts and (17.62) FTE.

Policy Packages

Package Number	Component Title	All Funds	Positions / FTEs
092	Statewide AG Adjustment	(\$6,858)	0/0.00
093	Statewide Adjustment DAS Chgs	\$2,419,805	0/0.00
Total Packages:		\$2,412,947	0/0.00

Package Narrative

Package 092-Statewide AG Adjustment

Purpose: This package reduces Attorney General rates by 4.62 percent to reflect adjustments in the Governor’s Budget.

Staffing impact: None

Revenue source:

	<u>Agency Request</u> <u>Budget</u>	<u>Governor’s</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$0	\$0	
Other Funds	\$0	(\$6,858)	
Federal Funds	\$0	\$0	
All Funds	\$0	(\$6,858)	
Position/FTE	0/0.00	0/0.00	

Package 093-Statewide Adjustment DAS Chg

Purpose: This package represents adjustments to State Government Service Charges and DAS pricelist charges for services made in the Governor’s Budget

Staffing impact: None

Revenue source:

	<u>Agency Request</u> <u>Budget</u>	<u>Governor’s</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$0	\$0	
Other Funds	\$0	\$2,419,805	
Federal Funds	\$0	\$0	
All Funds	\$0	\$2,419,805	
Position/FTE	0/0.00	0/0.00	

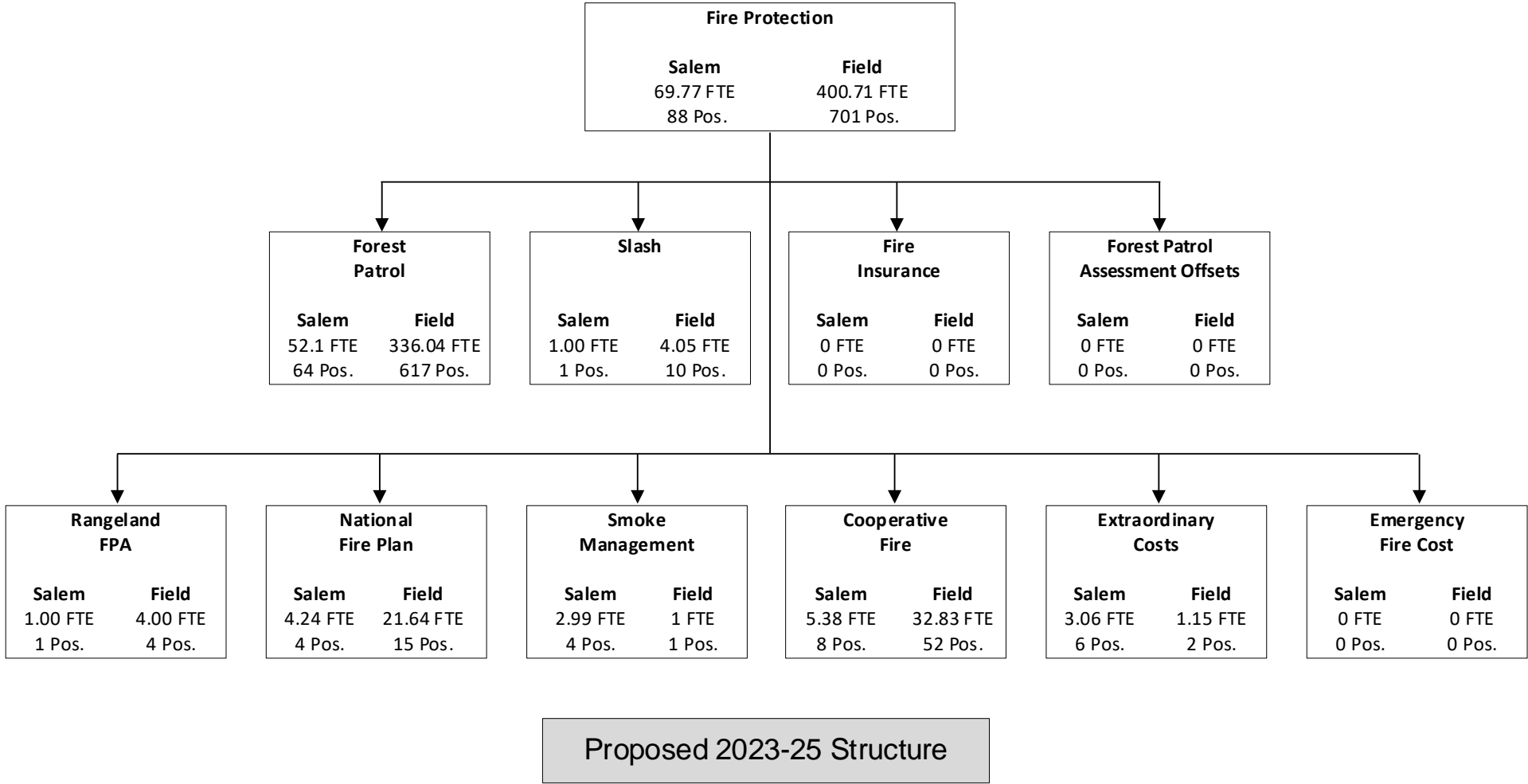
Agency Administration Narrative

Detail of Revenue 107BF07

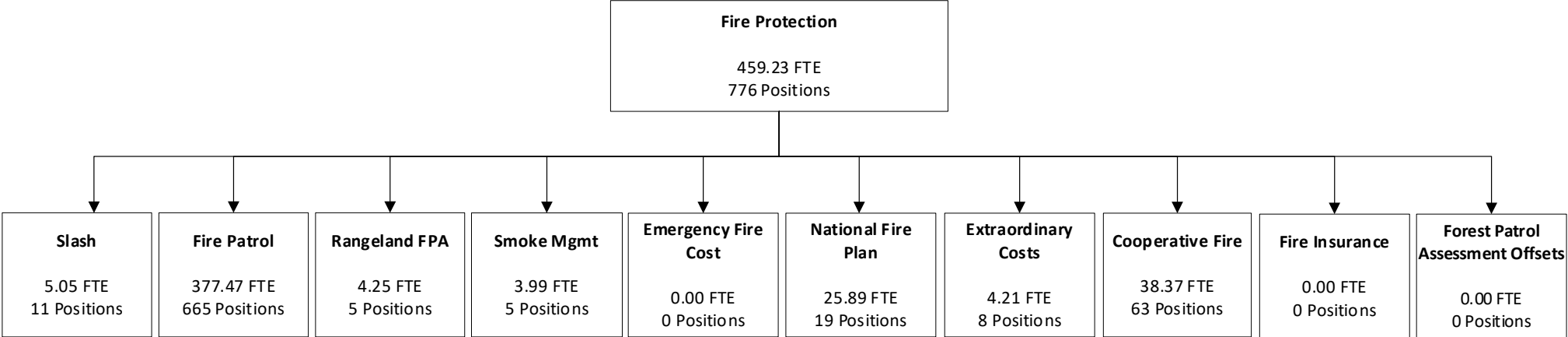
Source	Fund	ORBITS Revenue Acct	2019-2021 Actuals	2021-23 Legislatively Adopted	2021-23 Estimated	2023-25 Agency Request	2023-25 Governor's	2023-25 Legislatively Adopted
Forest Protection Taxes	3400	0170	\$433,965	\$489,913	\$489,913	\$489,913	\$489,913	
Business Lic and Fees	3400	0205	\$2,640	\$131,121	\$131,121	\$131,121	\$131,121	
Charges for Services	3400	0410	\$2,278,298	\$1,620,831	\$1,620,831	\$1,620,831	\$1,620,831	
Admin and Service Charges	3400	0415	\$3,250	\$0	\$0	\$0	\$0	
Fines and Forfeitures	3400	0505	\$2,250	\$0	\$0	\$0	\$0	
Fines and Forfeitures	8800	0505	\$12,854	\$0	\$0	\$0	\$0	
Rent and Royalties	3400	0510	\$1,179	\$0	\$0	\$0	\$0	
Interest Income	8800	0605	\$350	\$0	\$0	\$0	\$0	
Sales Income	3400	0705	\$2,548,879	\$28,678	\$28,678	\$28,678	\$28,678	
State Forest Land Sales	3400	0730	\$436,537	\$0	\$0	\$0	\$0	
Donations	3400	0905	\$900	\$0	\$0	\$0	\$0	
Other Revenues	3400	0975	\$227,679	\$108,475	\$108,475	\$108,475	\$1,062,935	
Federal Funds	6400	0995	\$3,705,498	\$2,545,480	\$2,545,480	\$699,977	\$699,977	
Transfer In-Intrafund	3400	1010	\$14,011,754	\$21,277,108	\$21,277,108	\$20,665,103	\$20,665,103	
Transfer from General Fund	3400	1060	\$17,775,346	\$25,688,955	\$25,688,955	\$30,355,411	\$28,939,533	
Transfer from Administrative Svcs	3400	1107	\$1,247,068	\$0	\$0	\$0	0	
Tsfr From lands, Dept of State	3400	1141	\$145,322	\$0	\$0	\$0	0	

Fire Protection Division Narrative

Organization Charts



Fire Protection Division Narrative



Prior 2021-23 Structure

Fire Protection Division Narrative

Executive Summary

Long-term focus areas impacted by the program

Primary outcome area: Responsible environmental stewardship

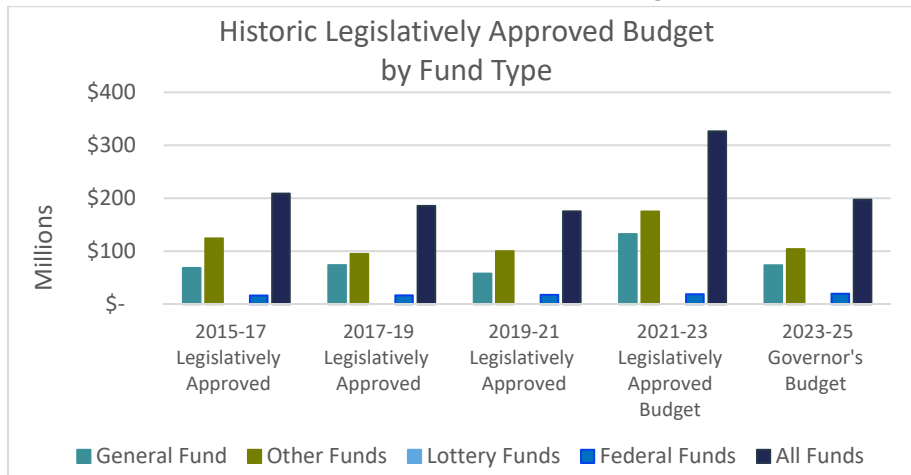
Secondary outcome area: Social equity

Primary division contact

Mike Shaw, Interim Fire Protection Division Chief, 503-945-7204,

michael.h.shaw@odf.oregon.gov

Graphical representation of the division's funds budget over time



Division overview

The Oregon Department of Forestry is Oregon's largest fire department, protecting 16 million acres of forestland. This is just over half of Oregon's forestland base, valued at about \$60 billion. An emphasis on prevention and suppressing fires quickly while they are small allows for cost-effective protection of public safety and natural resources for communities, the public and forest landowners.

Division funding request

For the 2023-25 biennium, the Fire Protection Division is requesting \$197,275,878 Total Funds (\$73,484,227 General Fund, \$104,136,744 Other Funds and \$19,654,907 Federal Funds).

The Fire Protection Division's key performance measure assesses initial attack effectiveness, and the target is to extinguish 98 percent of fires at 10 acres or less. There is a direct correlation between decreased effectiveness in initial attack and significant large-fire costs and resource loss. Adequate funding directly affects the division's ability to provide effective initial attack, resulting in fewer acres burned and dollars spent on large fires. It also reduces the amount of wildfire smoke in communities, which protects vulnerable populations. Based on current needs, anticipated increases in fire season severity and rising wildfire suppression costs, the Fire Protection Division expects that existing funding levels will allow the division to meet the 98 percent initial attack performance measure in only the mildest fire seasons.

Fire protection is critical to maintaining and protecting the forest products sector, which provides more than 41,000 jobs in Oregon and is a significant component of the economy for many rural communities. This service also protects life, property, communities and multiple forest values for all Oregonians, such as clean air and water, fish and wildlife habitat, and scenic views.

The estimated cost of operating the Fire Protection Division in 2025-27 is \$209,122,826 and \$221,777,649 for 2027-29.

Division description

The Fire Protection Division protects privately-owned forestland; state, county and city forests; and, by contract, U.S. Bureau of Land Management forests in western Oregon. The division's core mission is to provide fire protection through a complete and coordinated system that incorporates agency resources with those of private forest landowners, federal agencies, other state agencies, city fire departments and rural fire protection districts.

Fire prevention, detection and suppression are accomplished at the local level through 12 protection districts, including three private associations called Forest Protective Associations. Programs within the division — such as smoke management and fire mitigation, — support the work at the local level. Landowners play an essential role in supporting and enhancing the Fire Protection Division, which is financed through a blend of public and landowner dollars. Other key stakeholders and partners include forest operators, homeowners, communities, tourists and outdoor enthusiasts, federal agencies,

Fire Protection Division Narrative

other state agencies, tribal and local governments, state and federal legislators, and private firefighting contractors.

The fire protection system operates within three specific tiers:

- *Base-level protection* is the heart of the ODF “fire department” and provides the resources and funding for quick initial attack, statewide coordination, large-fire support and aviation management.
- *Severity resources* include air tankers, helicopters and other additional assets that are positioned around the state based on where the fire danger is greatest – a proven approach to keeping fires small.
- *Large-fire funding* provides reimbursement for suppressing the fraction of fires that escape initial attack and grow large. A wildfire insurance policy, unique to Oregon, provides \$25 million for emergency-fire costs after a \$75 million deductible is met.

Major cost drivers include:

- 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; reductions in vital forest-sector industry partners.
- Escaped fires from unprotected and under-protected lands.
- The buildup of fuels on federal lands.
- The additional complexity of providing fire protection in the growing wildland-urban interface.

Division justification and link to long-term outcome

Responsible environmental stewardship and social equity: Protecting economic, social and environmental assets — Services provided by the Fire Protection Division cover nearly half of Oregon’s forestland. However, with decreased harvests in federally-owned forests, forests under private ownership account for more than three-quarters of statewide timber harvest. Forestry and wood products rank among the top four Oregon traded sectors. These industries are particularly important to rural economies.

Research by the University of Oregon and the Western Forestry Leadership Coalition has found that large wildfires have many impacts on local economies, with total costs up to 30 times greater than what is typically reported. Direct expenses include infrastructure and business shutdowns, commerce disruption and property losses; however, the full- and long-term accounting considers loss of air and water quality (public health effects), ecosystems and habitat, timber, agricultural crops, recreation, tourism, and other public and private investments. Watersheds with scorched soils experience increased erosion, sediment impacts, flooding, and stream temperature fluctuations.

Responsible environmental stewardship and social equity: An emphasis on prevention and protecting communities — Much like preventive health care, ODF works with landowners to create healthy landscapes to better withstand wildfire without loss of life or investment. The Fire Protection Division engages directly with landowners and communities through Community Wildfire Protection Plans in all 36 counties, and the nationally recognized Firewise USA Communities Program, which currently has over 241 participating Oregon communities. Forestry agencies and local stakeholders work together to reduce hazardous fuel buildup in dense, over-stocked forests. Woody biomass from fuels reduction projects supports clean technology industries, help Oregon meet its renewable energy infrastructure goals, provide jobs and help revitalize rural economies.

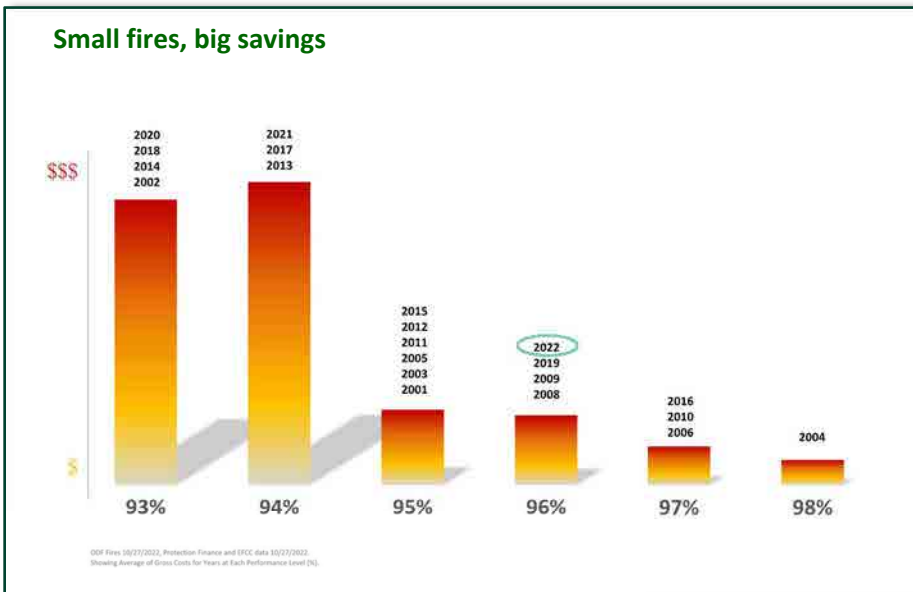
The Landscape Resiliency Program (LRP) was established through Senate Bill 762 to improve forest restoration and resiliency. This program funds landscape-scale projects that reduce wildfire risk on public and private forestlands and rangelands, and in communities near homes and critical infrastructure through restoration of landscape resiliency and reduction of hazardous fuels. \$20 million was awarded to 9 projects for the 21-23 biennium.

Additionally, the U.S. Environmental Protection Agency and the Oregon Department of Environmental Quality have delegated authority for Oregon’s smoke management program to ODF. The objective is to develop and implement clean air plans and maximize prescribed burning while minimizing smoke emissions and impacts to people.

Fire Protection Division Narrative

Division performance

The following chart shows that fire costs (vertical axis) generally fall when a larger percentage of fires (horizontal axis) are put out at 10 acres or less. Even a slight increase in the percentage of fires put out while small can affect costs dramatically. The current 10-year average is a 94-percent success rate of suppressing fires at 10 acres or less.



Since 2005, over 17,721 fires burned 1,278,496 acres on ODF-protected land. Since 2012, 10,243 fires burned 1,177,605 acres on ODF-protected land. On average, the program responds to 981 fires annually. Climate, snowpack melt rate, rainfall trends and lightning have contributed to more severe fire seasons that start earlier or last longer.

Adequate funding and investments for firefighting resources, both on the ground and in the air, are vital for the Fire Protection Division to carry out its mission. An underfunded fire program will translate to larger fires, higher costs, and more resource damage.

Enabling legislation/program authorization

ORS 321 outlines the public-private partnership that funds the system.

ORS 477 declares forest conservation through fire prevention and suppression to be state policy; describes wildfire on inadequately protected forestland to be a nuisance; and outlines responsibilities for landowners and the department. A complete and coordinated system that protects forest resources and saves lives is the primary mission of the Department of Forestry.

ORS 526 provides for the forestland classification process, under which all land within a county is examined to determine which is forest and grazing land. A forest patrol fee is assessed against landowners within ODF's protection district boundaries to help fund base-level fire protection.

Funding streams supporting the division

General Fund (GF). These public-share fire funds are a 50% match with private landowner assessments and serve to offset the costs of fires started by public activity (over a third) and lightning (a third), and to recognize the public benefits of a robust wildland fire protection system. This 50-50 match funds the base level of fire protection.

Emergency Supplemental General Fund. The legislature and Emergency Board allocate a Special Purpose Appropriation for part of the department's severity program. This encompasses a portion of the department's aviation program.

Emergency Fire Cost. The Oregon Forest Land Protection Fund (OFLPF) provides emergency fire funding from private and public landowner assessments and is used to equalize the costs of large, expensive fires across the state. The OFLPF also funds up to \$3 million of the department's severity program.

Landowner-assessed Fees. Forest patrol assessments are based on annual budgets developed by each forest protection district and approved by the State Forester and Board of Forestry. These are matched by a 50% General Fund contribution, the combination of which supports the base level of fire protection.

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.

Fire Protection Division Narrative

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 several grant opportunities were eliminated.

Program Unit Narrative

Activities, programs and issues

Organization — Fire protection is provided through a complete and coordinated protection system that incorporates the resources of federal wildfire agencies, other state agencies, city fire departments, rural fire protection districts and private forest landowners. The department’s program is delivered through a coordinated field/headquarters organization. The field function includes 12 forest protection districts, of which three are private, non-profit Forest Protective Associations (FPA). Each forest protection district provides the core fire suppression services of planning, prevention, detection, pre-suppression, initial attack, fire mobilization and fuels management. There are also 25 rangeland associations chartered under the Board of Forestry that provide a minimal base level of fire protection on rangelands not protected by the Department of Forestry.

Statewide severity resources include 19 aircraft that are strategically moved across the state based on current or emerging weather and severity factors. The severity program also provides for immediate short-term capacity for additional helicopters, engines, crews and personnel on an as-needed basis and as fire season demands.

A key piece of the complete and coordinated fire protection system that is not reflected in budgets or collected as revenues is the “in-kind” support from landowners. Each year, landowners spend millions of dollars to maintain readiness of their own qualified personnel, equipment, gates, road maintenance, lookout towers, airstrips and other facilities so that they can assist in the protection of their land and that of their neighbors.

ODF also manages large fires with the use of Incident Management Teams (IMT). There are currently three IMTs consisting of employees from across ODF and from protective associations. Other department personnel funded outside of the fire program serve in critical roles within the IMTs and are an important part of the department’s fire “militia.”

Customers — Nearly all Oregonians are affected by the work of the Fire Protection Division; fires and smoke can affect forestland, forest-related businesses, outdoor recreation, and the public health, economies and daily routines of communities across the state. The department’s statutory fire protection priority is the state’s forest resources, second only to protection of life.

- *Industrial landowners:* Contribute to funding the division’s base protection through the forest patrol assessment. Industrial landowners pay 50% of the locally-established per-acre assessment rate and the other half is paid by the General Fund. Industrial landowners also pay an assessment to the Oregon Forest Land Protection Fund to help with the costs of large fires.
- *Non-industrial landowners:* Consists of small woodland owners (less than 5,000 acres) and homeowners whose properties are protected by the department. They pay forest patrol assessments, as well as an improved lot surcharge (if there is an improvement, such as a home) that goes to the Oregon Forest Land Protection Fund to help with the costs of large fires.
- *Public landowners:* Through agreements, ODF provides protection for some federal lands (BLM), and state, county and other municipalities. These government agencies pay the full forest patrol assessment rate.
- *Firefighting resources:* ODF provides employment opportunities for interagency firefighting crews, aircraft, heavy equipment and local single resources when fires exceed district firefighting capacity.
- *Local communities:* During large fires, small towns can double in size as fire personnel are assigned to these incidents. Frequently, the local economy benefits from business generated by the presence of a large firefighting force; however, large fires can also cause significant local economic disruption, as when smoke interferes with outdoor activities, road access is temporarily restricted, or forests that provide jobs are burned.
- *General public:* ODF and the division work to keep forests healthy and safe for recreation, habitat for wildlife, and clean streams. The division also mitigates fuels through prescribed burns to prevent catastrophic fires while managing smoke intrusions to limit impacts to vulnerable populations. Additionally, because Oregon’s General Fund is mainly comprised of personal income tax revenues, Oregon’s taxpayers are part of the funding structure that enables the division to protect the state’s people, communities and natural resources.

Fire Protection Division Narrative

Important background for decision makers

The investment in natural resources agencies has declined. Private forestlands are managed primarily for economic objectives, and ODF's Fire Protection Division is the insurance policy for these investments. The Oregon Forest Sector employs approximately 71,000 people and contributes roughly \$8 billion to the state economy, approximately 3.7% of state GDP.

Federal contributions to fighting fires in Oregon continue to decline. Five federal agencies have wildland fire responsibilities: the U.S. Forest Service, Bureau of Land Management, Bureau of Indian Affairs, National Park Service, and Fish and Wildlife Service. Federal agencies have experienced reductions in their fire protection budgets. Oregon and its cooperators use the "closest forces concept" during initial attack on fires to allow for the quickest possible response. Because of federal budget reductions, there will be fewer nearby firefighting resources available, and ODF resources will take on a larger role in fires on federal lands to protect adjacent private lands.

The federal government also provides many shared resources, especially aircraft, which are becoming increasingly scarce and are a critical firefighting tool. In addition, federal contracts for large helicopters have been reduced nationally. Most, if not all, of these federal reductions will continue to cause ODF's costs to increase as the department is forced to be more involved in federal firefighting efforts in order to protect adjacent ODF-protected lands.

Several fire grant programs became available following the devastating fire season of 2000 to reduce the threat of wildfire. ODF has benefited from federal grant support for fire prevention education, planning, capacity-building, preparedness, and fuel reduction treatments across Oregon. With reductions in some specific federal programs, costs of protecting private and state, and local government-owned forestlands in Oregon could grow.

- *Secure Rural Schools and Community Self-Determination Act:* Title III dollars stabilized payments to counties for schools, roads, and other services, and made additional investments in projects that enhanced forest ecosystems. The uncertainty around these dollars puts Firewise Community projects and Community Wildfire Protection Planning at risk.
- *The National Fire Plan:* The plan has been primarily funded through the hazardous fuels management programs of each of the five federal agencies. At present, some programs under the fire plan have limited funding available and allocations continue to decline each year.

- *State Fire Assistance (SFA):* SFA is funded through the U.S. Forest Service and provides assistance in training and equipment purchases to increase firefighter safety, improve the firefighting capabilities of rural volunteer fire departments, and enhance protection in the urban-wildland interface. SFA funding is limited and continues to decline each year.
- *Volunteer Fire Assistance (VFA):* These grant funds are part of the U.S. Forest Service State and Private Forestry Program. They provide assistance with training and equipment purchases to increase firefighter safety, improve the firefighting capabilities of rural volunteer fire departments, and enhance protection in the wildland urban interface. These funds are also limited and declining.

The fire environment has drastically changed. Wildfire is a natural ecological process. On many forests, however, a long history of fire suppression without other management, such as harvest, thinning or fuel reduction, inadvertently created dense, overstocked stands. Dangerous fuel loads will continue to build if not actively managed. This primarily occurs on federal lands, which may be located next to or intermingled with actively managed private lands. Oregon's dry forests have been severely impacted by large fires due to drought conditions and steep topography. Mill closures in eastern Oregon resulted in the loss of key infrastructure and resources. As a result, landowners with the lowest production timber lands are now paying some of the highest assessments for base protection due to reduced infrastructure and increasing fire season severity.

High fuel levels have contributed to increased fire size, intensity, cost and loss. Despite the best plans, weather and vegetation conditions can easily push wildfires from federal lands onto private land. Challenges also exist in firefighting resource competition when large federal fires occur. In addition, continued expansion of the wildland-urban interface puts more lives, properties and communities at risk, and contributes to increased fire suppression costs.

These challenges are being exacerbated by changing climate conditions. 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 the range and types of fuels, changes in snowpack levels and duration that can affect water supplies, increases in the frequency and intensity of disease and pest disturbances, and

Fire Protection Division Narrative

changes to the timing and amount of precipitation. Oregon is already experiencing fire seasons that are more severe, start earlier and last longer than they did just a decade ago.

The Labor Day 2020 fire event was a devastating example of what can happen when these factors converge. A historic wind event that combined with record dry fuels created incredibly dangerous fire conditions. In just a few days, nearly a million acres burned in fast-spreading fires across western and south-central Oregon. Tragically, lives were lost and multiple communities in the footprints of those fires were badly damaged or destroyed.

Fire season 2020 was the most destructive and costly fire season for ODF-protected lands in the department's 100-plus year history. Of the 1.2 million acres burned statewide throughout the season, approximately 540,000 acres were under ODF's protection.

While the scale of destruction of the Labor Day fires was anomalous, fire seasons since 2013 have continued to increase in complexity and intensity — not just in Oregon, but globally. The state needs to invest in safe and effective wildfire response, creating resilient landscapes, and building fire-adapted communities to successfully protect Oregonians and the state's natural resources in this new fire environment. The final report and 37 recommendations from the Governor's Council on Wildfire Response identifies and prioritizes opportunities for those types of investments.

Expected results from 2023-25 for the division and return on investment

Providing the division with funding sufficient to ensure an adequate level of fire protection statewide allows ODF to secure the resources necessary to protect natural resources, enhance public safety, protect jobs and businesses related to the forest and tourism sectors, and reduce the level of carbon and other emissions that affect air quality. The approved policy option packages will enable the division to focus on efforts that will increase its efficiency and the monitoring and accountability of resources that contribute to the complete and coordinated wildfire suppression system in Oregon.

This budget seeks to:

- Secure funding at current service level for base protection and severity to stop fires at the smallest possible size, which will limit the number of large, multi-million-dollar fires.

- Implement the recommendations of the Governor's Council on Wildfire Response.
- Carries forward the investment from Senate Bill 762 and POP 101 of the 2021 legislative session as current service level.
- Increase initial and extended attack capacity to provide an adequate level of fire protection and lower the overall cost of fire suppression.
- Recruit, train and maintain local fire district capability in wildland fire protection.
- Increase capacity of firefighting resources by exploring new contracts/agreements.
- Reduce carbon emissions by minimizing wildland fire size through additional capacity for aggressive initial attack.
- Continue work with federal agencies on mitigating the forest health/excessive fuels problem on millions of acres of federal lands in Oregon.
- Continue work with counties and communities on updating their community wildfire protection plans.
- Continue coordinating with the Office of the State Fire Marshal and other agencies to promote defensible space around homes in the wildland urban interface.
- Continue seeking and using grants to improve technology, reduce hazardous fuels, make more homes fire defensible, and equip local fire districts.
- Complete the implementation of forest land classification work in remaining Oregon counties, providing coordination and improved processes.
- Implement improved fire environment technology and analysis tools that assist in the development of more accurate predictions of large fires.
- Understand and respond to needs for improving forest health.
- Implement the recommendations of the investigation/cost recovery task force, which includes certifying a pool of fire investigators.
- Continue work with local entities to eliminate or substantially reduce the amount of land in Oregon that has no fire protection.
- Conduct review of district protection plans for compliance with standards of protection.

Fire Protection Division Narrative

- Continue to implement the recommendations of the multi-stakeholder Fire Program Review Committee.
- Coordinate the implementation of the Regional Haze Plan with the state Department of Environmental Quality and the U.S. Environmental Protection Agency.
- Continue to evolve software systems for dispatching and other operational functions.

Funding streams

The Fire Protection Division is funded by a diverse set of funds, which include:

- Public-share fire fund (General Fund)
- Forest patrol assessment (Landowner funds)
- Cooperative fire (Other funds)
- Federal Funds
- Oregon Forest Land Protection Fund (Landowner and General Fund)

Forestland fire protection in Oregon is a shared responsibility between private landowners and the public. The matching rate in statute for private lands is 50% General Fund and 50% forest patrol assessments for base-level fire protection. Public landowners do not receive the General Fund match, instead they pay the full cost of fire protection. Due to legislative action in 2009-11, public landowners pay an additional amount per acre annually for agency administration. There are no Lottery Funds in the program.

Essential Packages

Pkg 010-Vacancy Factor and Non-ORPICS Personal Services

This package includes standard inflation of 4.2% on non-ORPICS items such as temporaries, overtime, shift differential, all other differentials, and unemployment compensation, including the OPE associated with them. It also includes adjustments to vacancy savings, Mass Transit Tax and costs for the Public Employees Retirement System Pension Obligation Bond repayment.

Pkg 022- Phase-out Pgm & One-time Costs

The purpose of this package is to Phase Out one-time budget increases remaining from prior biennia. In the Fire Protection program there are three activities being Phased Out: (1) \$4.5M for wildfire response capacity; (2) \$2.25M

of wildfire related camera purchases and tower building; (3) \$15M of landowner rate offsets. The net of these three activities being removed is a reduction to the 2023-25 budget of (\$0) General Fund, (\$80,811,483) Other Funds, for and All Funds total of (\$80,811,483). There is no change to position counts or FTE.

Pkg 031-Standard Inflation

The purpose of this package is to include a set of standardized inflation rates for all agencies, increasing their budgets above their final base amounts for all non-personal-services expenditure accounts. These rates are 4.2% for standard or “generic” accounts, and then larger rates for “Price List Accounts,” specifically 8.8% for Professional Services and 21.10% for Attorney General charges. There is no change to position counts or FTE.

Pkg 060-Technical Adjustments

The purpose of this package is to make technical budget adjustment and corrections. The department is making multiple structure changes this biennium due to internal re-organization efforts. These actions are net-zero at the Agency-wide and Fund Type level, but not at the SCR level. In the Fire Protection program this involves moving 4 Board of Forestry positions out of the Fire Protection program and into the Agency Administration program resulting in a decrease of (\$646) Other Funds. There is no change to position counts or FTE.

Fire Protection Division Narrative

Policy Packages

Package Number	Component Title	All Funds	Positions / FTEs
090	Analyst Adjustments	(\$777,758)	0/0.00
092	Statewide AG Adjustment	(\$28,219)	0/0.00
Total Packages:		(\$805,977)	

Package Narrative

Package 090-Analyst Adjustments

Purpose: This package adjusts vacancy rate on General Fund positions to 5 percent

Staffing impact: None

Revenue source:

	<u>Agency Request Budget</u>	<u>Governor's Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	(\$777,758)	
Other Funds	\$0	\$0	
Federal Funds	\$0	\$0	
All Funds	\$0	(\$777,758)	
Position/FTE	0/0.00	0/0.00	

Package 092-Statewide AG Adjustment

Purpose: This package reduces Attorney General rates by 4.62 percent to reflect adjustments in the Governor's Budget

Staffing impact: None

Revenue source:

	<u>Agency Request Budget</u>	<u>Governor's Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	(\$672)	
Other Funds	\$0	(\$3,075)	
Federal Funds	\$0	(\$24,472)	
All Funds	\$0	(\$28,219)	
Position/FTE	0/0.00	0/0.00	

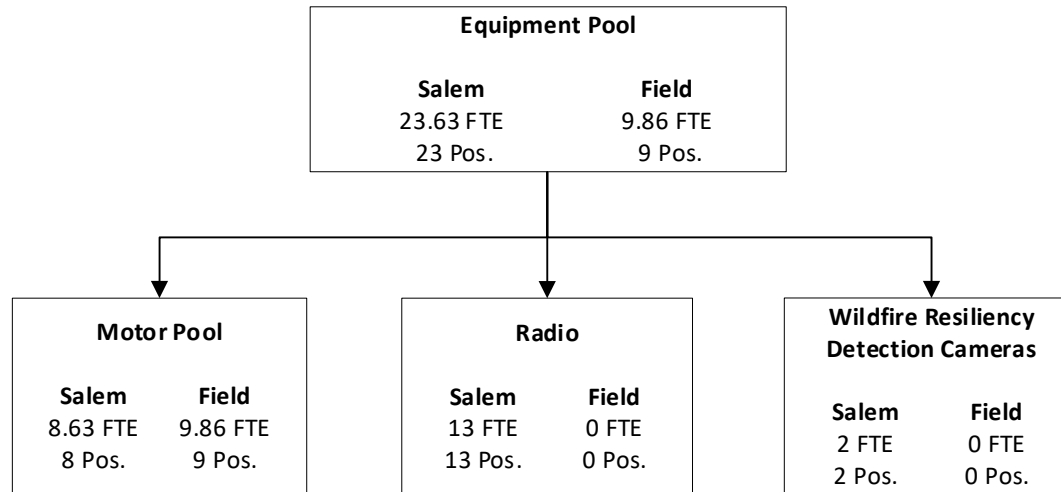
Fire Protection Division Narrative

Detail of Revenue 107BF07

Source	Fund	ORBITS Revenue Acct	2019-2021 Actuals	2021-23 Legislatively Adopted	2021-23 Estimated	2023-25 Agency Request	2023-25 Governor's	2023-25 Legislatively Adopted
Forest Protection Taxes	3400	0170	\$52,865,115	\$55,936,975	\$55,936,975	\$136,103,844	\$136,103,844	
Business Lic and Fees	3400	0205	\$0	\$1,478,129	\$1,478,129	\$1,517,658	\$1,517,658	
Non-business Lic. and Fees	3400	0210	\$911,727	\$0	\$0	\$0	\$0	
Charges for Services	3400	0410	\$121,262,852	\$48,271,841	\$48,271,841	\$48,557,407	\$48,557,407	
Admin and Service Charges	3400	0415	\$58,641	\$0	\$0	\$0	\$0	
Fines and Forfeitures	3400	0505	\$491	\$0	\$0	\$0	\$0	
Rent and Royalties	3400	0510	\$435,649	\$0	\$0	\$0	\$0	
Interest Income	3400	0605	\$397,963	\$0	\$0	\$0	\$0	
Sales Income	3400	0705	\$10,834	\$0	\$0	\$0	\$0	
State Forest Lands Sales	3400	0730	\$18,625	\$0	\$0	\$0	\$0	
Other Revenues	3400	0975	\$514,498	\$0	\$0	\$0	\$0	
Federal Funds Ltd	6400	0995	\$28,494,417	\$18,640,000	\$18,640,000	\$20,293,056	\$20,293,056	
Transfer In-Intrafund	3400	1010	\$32,809,444	\$1,975,749	\$1,975,749	\$2,170,515	\$2,170,515	
Transfer from General Fund	3400	1060	\$35,935,741	\$0	\$0	\$0	\$0	
Transfer from Lands, Dept of State	3400	1141	\$880,326	\$0	\$0	\$0	\$0	
Tsfr From Revenue, Dept of	3400	1150	\$4,224,933	\$5,193,502	\$5,193,502	\$5,193,502	\$2,412,174	
Tsfr from Military Dept, Or	3400	1248	\$2,641	\$0	\$0	\$0	0	

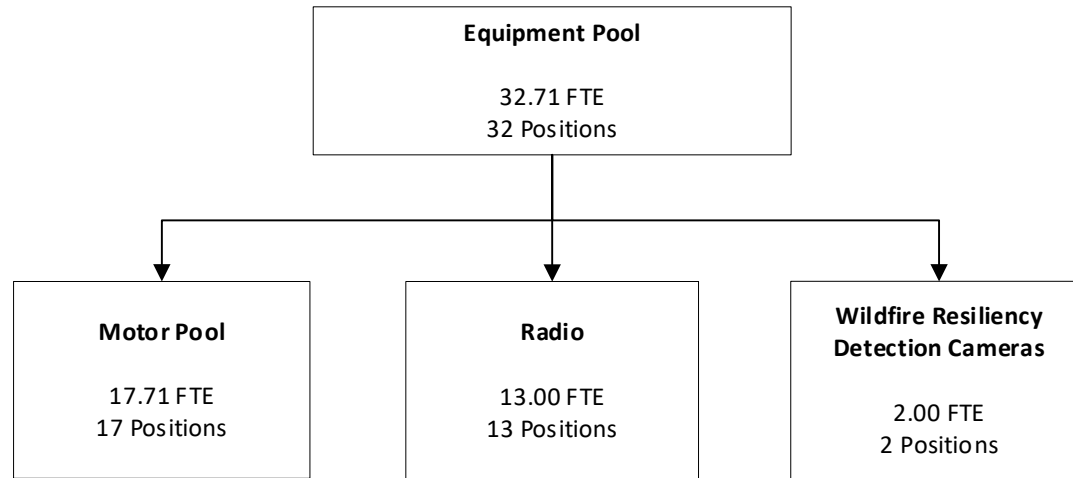
Equipment Pool Program Narrative

Organization Charts



Proposed 2023-25 Structure

Equipment Pool Program Narrative



Prior 2021-23 Structure

Equipment Pool Program Narrative

Executive Summary

Long-term focus areas impacted by the program

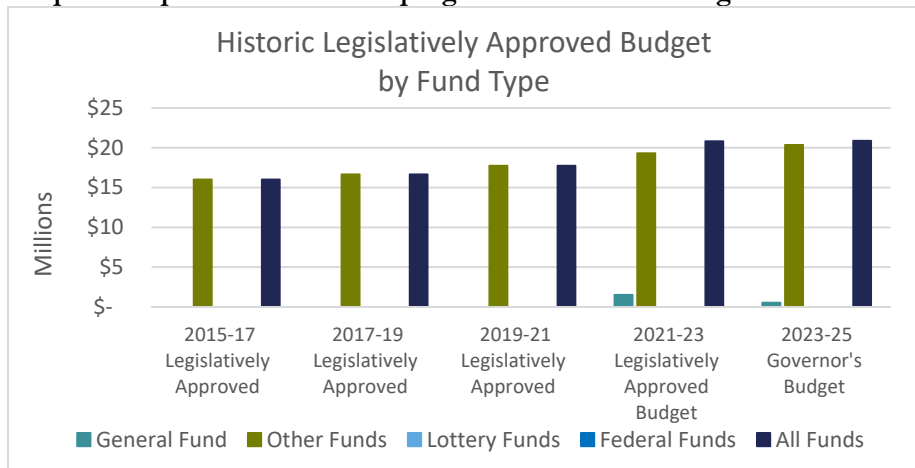
Primary focus area: Responsible environmental stewardship

Primary program contact

Brent Grimsrud, CIO/IT Program Manager, 503-945-7331, brent.grimsrud@odf.oregon.gov

Brian Quigley, Motor Pool Manager, 503-945-7275, brian.quigley@odf.oregon.gov

Graphical representation of the program unit’s funds budget over time



Program overview

The Equipment Pool Program is accountable for providing leadership and direction regarding core motor pool, radio logistical and financial support services. These services are unique and vital to core business operations statewide.

Program funding request

The program is requesting \$20,873,842 All Funds (\$522,583 General Fund and \$20,351,259 Other Funds) for the 2023-25 biennium, which is an increase over current service levels due to increased inflation costs to procure new fleet equipment and the continued radio migration of digital and information technologies.

Program description

The Equipment Pool Program provides statewide leadership, direction and support services in the areas of motor pool and radio logistics to the department’s headquarters elements in Salem and districts statewide. In addition, the program supports three forest protective associations and maintains interagency service level agreements with the Oregon Parks and Recreation Department and the Oregon Department of Fish and Wildlife. The program is self-supporting through stakeholder assessments that are managed within internal service funds.

Primary cost drivers that impact the program:

- Equipment replacement costs
- Equipment operations/service costs
- Associated administrative and business services costs
- Parts and services costs

The estimated cost for 2025-27 is \$21,929,514 and for 2027-29 is \$23,065,189.

Program justification and link to long-term outcome

The Equipment Pool Program provides effective, dependable life safety equipment and logistical support services to the department operational programs, administrative programs, and field operations to assist them in meeting their long-term focus area goals, benchmarks and successful measurements.

As programs of the Administrative Branch, Motor Pool and Radio provides the foundation for effective implementation of ODF core business functions and are continuously evaluating processes to improve service delivery. The services provided are all directly linked to the Governor’s strategic plan calling for “excellence in state government”.

Program performance

The Equipment Pool Program is dependent upon enterprise asset and business management systems to track equipment assets, utilization, services and financial outcomes. The program uses data sets and information to develop and compare a variety of assessment/performance outcomes that are specific to each district field operation. The data are used for providing outcomes, reports, analysis and establishing equipment assessment/rates:

Equipment Pool Program Narrative

- Fleet utilization metrics (mileage, repairs, services, fuel and shop resources) are used to measure and develop operational and repair rates.
- Equipment lifecycle standards and annual long-range planning help to forecast replacement outcomes and annual equipment assessments.

Enabling legislation/program authorization

ORS 526.142 through 526.152 grants the department the unique authority to establish and maintain this program.

Funding streams

The Equipment Pool Program maintains internal services funds (Other Funds) and is supported through user assessments; however, the program's funding and the ability to maintain, operate, store and replace equipment as required is dependent upon the department's other divisions and programs having the funding available to pay those assessments.

Program Narrative

The Equipment Pool Program is composed of the Motor Pool and Radio Pool, which are managed within the Administrative Branch.

The Motor Pool is managed under the Equipment Pool Program and the Communications Pool is managed under the Information Technology Program, but share the same general responsibilities that include, but not limited to the following:

- Ensuring compliance with additional federal and state policies.
- Ensure compliance with biennial budgets, legislative actions, federal and state audits, interagency agreements, strategic plans and leadership direction.
- Ensure effective management of internal service fund and fund accounts within Oregon Accounting Manual and best practices guidance.
- Provide essential statewide support services that meet the needs of users.

Expenditures

The Equipment Pool Programs have individual funds and track program activities utilizing unique program account codes:

- Motor Pool Fund – 3101

- Communications Fund – 3201
- Wildfire Resiliency-Detection Cameras – 1132

Important background for decision makers

- Continued need to replace the antiquated/outdated asset and business management systems:
- Increase system metrics and outcome measurements of equipment performance, service and lifecycle.
- Increased system, business procedures and financial quality controls.
- Increase capability and funding to support electric vehicle policies/requirements.
- Continued need to automate system business enterprise (relationships with other business system platforms).
- Continued need to provide continuous, dependable, and cost-effective equipment and support services.

Revenue

The primary user assessments include program administration, operations and future equipment replacement. The assessments are allocated to programs and activities that participate in the pool and receive a service from the use of such equipment. The pools may also provide services to external state agency customers with service level agreements.

Proposed new laws

- **Green House Gas** – Assume new laws will be implemented that will increase the requirements for electric vehicles, which will impact the procurement of current and future vehicles.
- **Federal Communications Commission** – Assume new laws will continue to be implemented that will increase the security requirements for communication equipment and manufactures.

Essential Packages

Pkg 010-Vacancy Factor and Non-ORPICS Personal Services

This package includes standard inflation of 4.2% on non-ORPICS items such as temporaries, overtime, shift differential, all other differentials, and unemployment compensation, including the OPE associated with them.

Equipment Pool Program Narrative

Pkg 022-Phase-out Pgm & One-time Costs

The purpose of this package is to Phase Out one-time budget increases remaining from the prior biennia. In the Communications sub-program (\$1,000,000) of General Fund for the implementation of a new vehicle locator system from 2021-23 Package 171 is being Phasing Out. There is no change to Position Counts or FTE.

Pkg 031-Standard Inflation

The purpose of this package is to include a set of standardized inflation rates for all agencies, increasing their budgets above their final base amounts for all non-personal-services expenditure accounts. These rates are 4.2% for standard or “generic” accounts, and then larger rates for “Price List Accounts,” specifically 8.8% for Professional Services and 21.10% for Attorney General charges. There is no change to position counts or FTE.

Pkg 060-Technical Adjustments

The purpose of this package is to make technical budget adjustment and corrections. The department is making multiple structure changes this biennium due to internal re-organization efforts. These actions are net-zero at the Agency-wide and Fund Type level, but not at the SCR level. In the Equipment Pool program this involves moving parts of the Equipment Pool manager and Pilot out of Agency Administration, so that they reside 100% in the Equipment Pool program, resulting in an increase of \$320,940 Other Funds, no change to Position Counts, and an increase of 0.80 FTE.

Policy Packages

Package Number	Component Title	All Funds	Positions / FTEs
090	Analyst Adjustments	(\$11,693)	0/0.00
092	Statewide AG Adjustment	(\$1,828)	0/0.00
Total Packages:		(\$13,521)	0/0.00

Package Narrative

Package 090-Analyst Adjustments

Purpose: This package adjusts vacancy rate on General Fund positions to 5 percent

Staffing impact: None

Revenue source:

	<u>Agency Request</u> <u>Budget</u>	<u>Governor's</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$0	\$0	
Other Funds	\$0	(\$11,693)	
Federal Funds	\$0	\$0	
All Funds	\$0	(\$11,693)	
Position/FTE	0/0.00	0/0.00	

Package 092-Statewide AG Adjustment

Purpose: This package reduces Attorney General rates by 4.62 percent to reflect adjustments in the Governor’s Budget

Staffing impact: None

Revenue source:

	<u>Agency Request</u> <u>Budget</u>	<u>Governor's</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$0	\$0	
Other Funds	\$0	(\$1,828)	
Federal Funds	\$0	\$0	
All Funds	\$0	(\$1,828)	
Position/FTE	0/0.00	0/0.00	

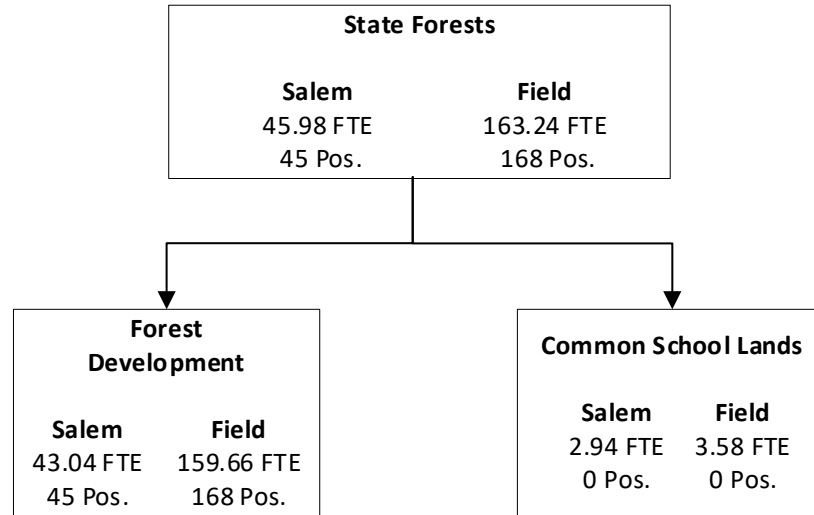
Equipment Pool Program Narrative

Detail of Revenue 107BF07

Source	Fund	ORBITS Revenue Acct	2019-2021 Actuals	2021-23 Legislatively Adopted	2021-23 Estimated	2023-25 Agency Request	2023-25 Governor's	2023-25 Legislatively Adopted
Charges for Services	3400	0410	\$4,533,543	\$8,665,309	\$8,665,309	\$8,665,309	\$8,665,309	
Admin and Service Charges	3400	0415	\$1,537,706	\$0	\$0	\$0	\$0	
Rent & Royalties	3400	0510	\$9,969,385	\$15,810,354	\$15,810,354	\$16,696,237	\$16,696,237	
Sales Income	3400	0705	\$1,664,358	\$0	\$0	\$0	\$0	
Other Revenues	3400	0975	\$219,163	\$2,769,981	\$2,769,981	\$2,769,981	\$2,769,981	
Transfer In-Intrafund	3400	1010	\$1,535,660	\$0	\$0	\$0	\$0	
Transfer from General Fund	3400	1060	\$266,657	\$0	\$0	\$0	0	

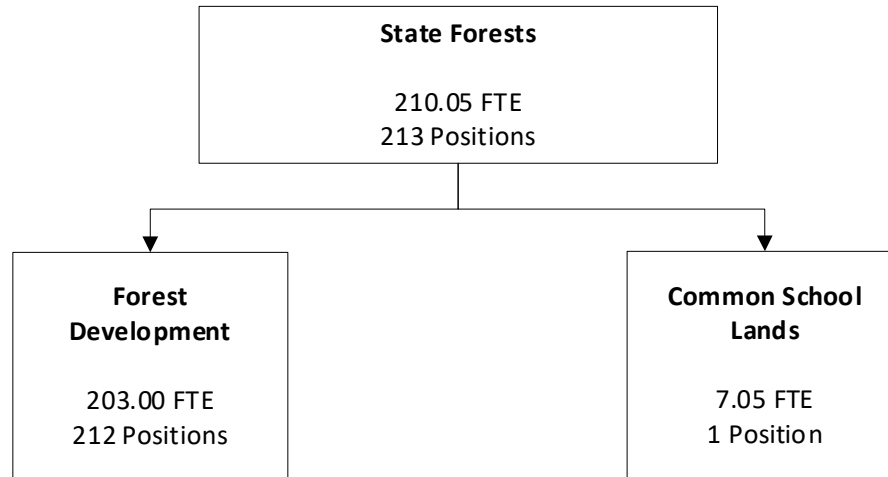
State Forests Division Narrative

Organization Charts



Proposed 2023-25 Structure

State Forests Division Narrative



Prior 2021-23 Structure

State Forests Division Narrative

Executive Summary

Long-term focus areas impacted by the program

Primary focus area: Deliver State Services Effectively and Efficiently

Secondary focus area: Future Ready Oregon (closing the gap between current & future workforce)

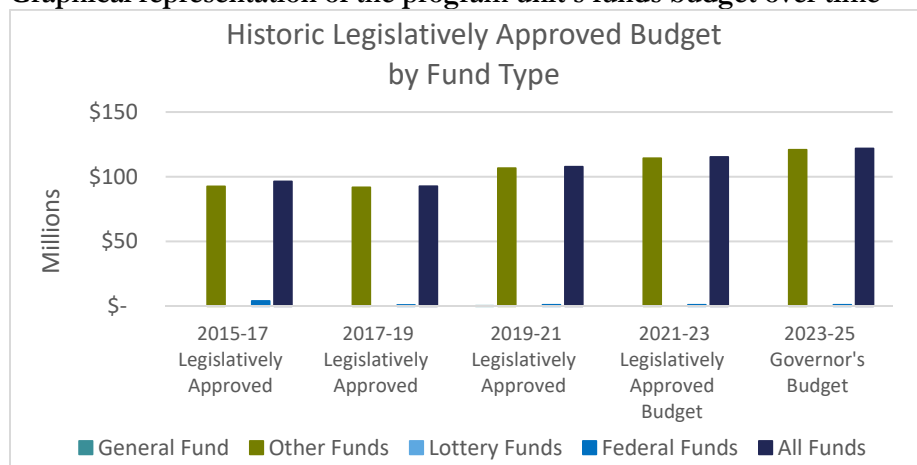
Tertiary focus area: Increasing Educational Outcomes (hands on learning)

Primary program contact

Michael Wilson, State Forests Division Chief, (503) 945-7351,

michael.wilson@odf.oregon.gov

Graphical representation of the program unit's funds budget over time



Division overview

The State Forests Division manages 729,718 acres of state forests to provide a range of sustainable public benefits to Oregonians. During the first half of the 1900s, counties deeded most of these lands to the Oregon Department of Forestry following catastrophic fires, intense timber harvests, and subsequent tax foreclosures. Through time and purposeful management, the State Forests Division restored the forests and watersheds, and today the management of these lands provide Oregonians with local wood products, jobs and economic support, revenue for counties and local schools, clean water, high-quality fish and wildlife habitat, and recreation, education and interpretation opportunities. Oregon Revised Statutes 530.050 establishes that the lands will be managed “to

secure greatest permanent value of those lands to the state.” Greatest Permanent Value is further defined in Oregon Administrative Rule 629-035-030 (Greatest Permanent Value) to mean “healthy, productive, and sustainable forest ecosystems that over time and across the landscape provide a full range of social, economic, and environmental benefits to the people of Oregon.”

In addition to state forests, the Department of Forestry also manages 33,005 acres of Common School Fund Lands, known as Common School Forest Lands under the jurisdiction of the Department of State Lands and State Land Board. The Oregon Constitution (Article VIII, Section 5) authorizes the State Land Board to “manage lands under its jurisdiction with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management.” The primary obligation of the Land Board, as trustee, is to manage and protect these lands for the maximum short- and long-term benefits of public schools, consistent with sound stewardship, conservation and business management principles. The designation and management of Common School Forest Lands is described in Oregon Revised Statutes 530.460 through 530.520. These lands are largely interspersed within or near lands managed by the Oregon Department of Forestry. The Oregon Department of Forestry and Department of State Lands maintain a management agreement that further refines objectives for the Common School Forest Lands.

The State Forests Division is almost entirely funded through the sale of timber. The counties that deeded these forests to the state have a recognized interest in receiving revenues from these forest lands. Revenue generated through forest management is split with the counties in which these forests are managed. The counties receive 63.75 percent of the revenue, with the remaining 36.25 percent retained by the division in an account known as the Forest Development Operating Fund. The Forest Development Operating Fund is used to plan and implement core business such as management planning and timber sales; reforestation, young stand management, and forest stand inventory; threatened and endangered species surveys and protection measures; road construction and maintenance; education, interpretation, and recreation programs and infrastructure; facilities operations; research and monitoring; policy analyses and legislative actions; litigation expenses; and wildfire protection. It also allows ODF resiliency to continue to support operations during downturns in timber markets.

State Forests Division Narrative

The division is currently restructuring to modernize workflows to more effectively and cost-efficiently deliver state services, while making other technological improvements and expanding methods for marketing timber – all of which are designed to contain costs and increase revenue.

Division funding request

For 2023-25, the State Forests Division is requesting \$121,693,619 All Funds (\$120,706,213 Other Funds, \$987,406 Federal Funds).

The division’s management practices provide sustainable social, economic and environmental benefits to Oregonians. In 2023-25, the division expects the following results:

- **Social Benefits:** State forests provide ecosystem services that enhance the quality of life for all Oregonians and draw visitors. Active forest management provides revenue for counties, social services and education. It builds communities by supporting family-wage jobs and contributing to local, regional and state economies. The division provides lasting and diverse outdoor recreational, interpretive, and educational experiences that inspire visitors to enjoy, respect, and connect with Oregon’s state forests. The Tillamook Forest Center provides hands-on education and interpretation activities in outdoor settings and interpretative classrooms. The Center provides education programs for thousands of school children and educators and thousands of visitors learn about forests and forestry each year. In partnership with the Department of Corrections, ODF provides a work program at South Fork Forest Camp to approximately 200 minimum security adults in custody. This work program performs a variety of necessary task associated with forest management, recreation facilities, trail maintenance and fire suppression. This work program currently has the lowest recidivism rates of any correctional facility in Oregon and teaches job skills to men and provides options for employment after prison, empowering them to be self-sufficient and providing social benefits to all Oregonians.
- **Economic Benefits:** Timber sales are expected to generate \$139 million for counties in which state forests are managed by the division; \$7.2 million for the Common School Fund; and \$79 million for the department’s management of Board of Forestry lands. State forest timber harvests support approximately 770 direct jobs and 2,125 total jobs. Timber revenues distributed to the counties support local K-12

education, health and human services, public safety and other essential community functions. Common School Fund income estimates are roughly 25 percent higher than last biennium. Indirect economic benefits associated with services such as recreation, drawing visitors to rural communities, and maintaining healthy forests, habitats, and watersheds have not been quantified.

- **Environmental Benefits:** State forests are managed to create healthy and productive forests that are resilient in the face of natural disturbances such as wildfire, insect and disease, wind events, and ice storms. State forests provide clean water and are managed, conserved, and restored to provide overall biological diversity of state forest lands. This includes enhancing a variety of habitats for native fish and wildlife, and accompanying ecological processes. The division helps provide these benefits by actively managing forests, designating conservation areas, and quickly reforestation after harvests with well-adapted native tree species to grow healthy forests. The division helps protect specific habitat known to be used by threatened and endangered species. Both field and headquarters staff review and research the best possible science to help state forests maximize environmental benefits.

Division description

State forests represent just three percent of Oregon’s forestland base. The division manages two land bases: 1) Board of Forestry Lands and 2) Common School Forest Lands (owned by the State Land Board).

A visit to any of Oregon’s state forestlands will show a working forest. These forests reflect varied and shared values by integrating active timber management, high-value conservation areas, stream buffers, important wildlife areas, and recreation. A visit to any of the policy-setting arenas, local or statewide, will reveal ongoing and vigorous debates about the mix of benefits these forestlands provide. The division’s success depends on open conversations and working with diverse interest groups to meet both legal requirements, and the Board of Forestry’s goals for managing state forestland.

Board of Forestry lands were acquired after fires, extractive logging and tax foreclosures during the last century. Through time and purposeful management they have been, and can continue to be, restored to healthy, productive forests. These lands include the Tillamook, Clatsop, Santiam, Gilchrist and Sun Pass state forests, and scattered parcels throughout western

State Forests Division Narrative

Oregon. By law, the State Forests Division manages these forestlands to achieve “greatest permanent value,” to the people of Oregon (OAR 629-035-0010) defined in administrative rule as “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.” Many state forests are near urban areas and are easily accessible for most Oregonians. The division’s operational costs associated with achieving greatest permanent value are funded with a portion of timber sale revenue from harvest on state forests. The Forest Trust Land Advisory Committee advises the Board and the division on issues related to the management Board of Forestry Lands, on behalf of the counties that that originally deeded these lands to the state.

Public expectations and demands on state forests have intensified over the past 30 years, with rising numbers of fish and wildlife species being listed as threatened or endangered, increasing pressures and interests in recreation, the continued importance of timber harvest to rural communities and timber-based economies, and litigation from competing interest groups. These pressures and expectations require a fresh look at policies and business practices.

Policy Changes. Forest management practices evolve as new science emerges and society’s interests change. The program is working at the direction of the Board of Forestry on a revised forest plan for western Oregon that would enhance state forest management. The strategies include ensuring the division’s long-term financial viability and increasing conservation outcomes while balancing social benefits. The Board of Forestry also directed the division to explore the potential financial and conservation benefits of a Habitat Conservation Plan (HCP). An HCP is a programmatic Endangered Species Act compliance tool that can increase conservation and contribute to the recovery of threatened and endangered species while providing long-term assurances for forest management.

Business Improvements. The State Forests Division is implementing organizational changes to increase efficiency, contain costs, and modernize business practices. The use of new timber marketing strategies have increased economic outcomes, and technological improvements will increase efficiency of timber sale contracting, wood tracking, purchaser invoicing, and revenue distribution. Modifications to 10-year forest management implementation plans adjust how policies are implemented in the face of new information and changing forest and wildlife conditions.

Diversifying Revenue Streams. The division continues to develop partnerships, collaborate with other agencies, and pursue grants to seek sources of revenue other than timber receipts.

Common School Fund Lands are managed under the Oregon Constitution’s requirement to secure the greatest benefit for the people of the state, consistent with the conservation of this resource under sound techniques of land management. The Common School Fund receives the revenue from Common School Forest Lands, which are a subset of the Common School Fund Lands. The State Land Board — consisting of the Governor, State Treasurer and Secretary of State — works through the Department of State Lands to provide guidance for managing these forestlands. The State Forests Division manages the lands for the Department of State Lands under a management agreement that reimburses the Department of Forestry for management expenses.

The mandate for the Common School Lands is codified in the Oregon Constitution (Article VIII, Section 5) and authorizes the State Land Board to manage Common School Forest Lands “with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management.” The primary obligation of the Land Board, as trustee, is to manage and protect these lands for the maximum short and long-term benefit of the public schools in a manner that is consistent with sound stewardship, conservation and business management principles. The designation and management of Common School Forest Lands are further described in ORS 530.460 through 530.520, specifically that the “State Forester shall manage, control and protect such forests and forestlands so as to secure the greatest permanent value of the lands to the whole people of the State of Oregon, particularly for the dedicated purposes of the lands and the common schools to which the resources of the lands are devoted.” The State Forests Division manages Common School Forest Lands under a management agreement with DSL, under which the division is compensated for operational expenditures.

Cost drivers. Factors putting pressure on the State Forests Division’s economic sustainability include increased public demands for State Forests’ services, timber market fluctuations, international competition, legal costs associated with lawsuits, and escalating administrative costs. The State Forests Division is

State Forests Division Narrative

interconnected with all ODF divisions to support the successful completion of the entire agency's mission including those associated with Cohesive Wildfire Strategy: Restore and Maintain Landscapes, Fire Adapted Communities and Safe and Effective Wildfire Response.

Dependent on Timber Revenue. The State Forests Division relies on timber sale revenue to support operations and generate income for the counties. With the division distributing 63.75 percent of timber revenue with the county where the timber was harvested and the remaining 36.25 percent remaining with the division used to cover division costs. The division faces a long-term funding challenge as increased costs threatened to outpace income earned from timber harvests. This funding model makes the division vulnerable to litigation, shifts in the timber market, or changes in forest conditions from disturbances such as fire, flood, insects, disease, and windstorms. These conditions suggest that a business model with greater flexibility and diverse income streams would provide greater financial stability.

Litigation. As a public forestland manager, we serve a variety of public interests. Often stakeholders hold competing interests and expectations. A challenging litigious environment taxes both financial and staff resources.

Tillamook State Forest Restoration. The Tillamook State Forest burned in four large catastrophic fires between 1933 and 1951 known geographically as the Tillamook Burn. After the fires the lands had little value, and many landowners salvaged what they could and then defaulted on their property taxes. Ownership of tax-default lands went to the counties, which did not have the resources to manage or rehabilitate the lands. The counties deeded the forest to the Department of Forestry and Oregonians approved bonds to begin what was the largest reforestation effort of its time. Today, The Tillamook State Forest encompasses 348,970 acres and supports important habitat for native fish and wildlife, provides recreation opportunities, supports timber-related economies, and provides essential revenues to county governments. However, the scale of the fire disturbances, coupled with subsequent salvage efforts left the lands with few snags or other wildlife components, many legacy roads that threaten aquatic resources, and relatively low tree species diversity. Approximately 26 percent of the Tillamook District is dominated by deteriorating alder stands due to the challenges of reforestation following the Tillamook Burn. Swiss Needle Cast, a disease that

can significantly reduce the vitality of Douglas-fir. Aerial surveys, research plots, and stand growth evaluations show a significant loss of growth in 46 percent of Douglas-fir stands impacted by SNC. These low-value stands, combined with operational constraints such as steep slopes, lead to expensive logging practices and have a significant impact on the ability to generate revenue and implement habitat enhancement projects. Restoring this forest, while potentially a costly endeavor, is a good business decision that will have immediate benefits to local communities and establish a healthy and productive forest for future generations.

The estimated cost for 2025-27 is \$128,829,287 and for 2027-29 is \$136,467,905.

Program justification and link to long-term outcome

The State Forests Division contributes to several elements of the Governor's long-term vision for Oregon.

Delivering state services more effectively and efficiently. During the 2017-19 biennium State Forests began the implementation of the Woods Accounting & Log Tracking (WALT) system. WALT is now in use by State Forests staff daily, and the new system is undergoing continuous process improvements during the 2021-23 biennium. The WALT system is intended to more effectively and efficiently deliver state services. ODF's state forest land management activities include several key business processes including timber sale appraisals, sale preparation, timber sale tracking, log accountability and revenue tracking. Prior to WALT, ODF relied on a variety of systems and processes to manage and report this data including: stand-alone Geographic Information Systems that contain the natural resource data (such as vegetation inventories, wildlife species and habitats, and road/stream information), a Timber Revenue Accounting System, which is an antiquated mainframe application that includes income and disbursement information, and stand-alone Microsoft Access and Excel databases that capture and report both natural resource inventory and management cost data, as well as revenue forecasts, log prices, and timber appraisal information.

These systems outlived their planned life expectancy, creating inefficiencies and increased risks to business processes. ODF invested in the WALT system to address these issues, and to achieve the ultimate goal of more effectively and efficiently delivering state services. The WALT system and databases manage the

State Forests Division Narrative

details associated with the sale of approximately 230 million board feet of timber per year and the corresponding collection of more than \$100 million in annual revenues.

Future Ready Oregon (closing the gap between current & future workforce). During the 2017-19 biennium, State Forests developed a new organizational structure that was fully implemented entering the 2021-23 biennium. The goal of this effort was to build a bridge to the modern-day era of public land management and to more efficiently deliver government services through an organizational structure that appeals to the modern workforce.

The mission was to establish a nimble workforce and improved workflows to contribute to financial viability, meet evolving challenges, and provide career opportunities for employees to increase skills and abilities and compete for promotions.

The results of this comprehensive effort are an improved organizational structure and supporting business practices that:

- a) Provide employees with meaningful career pathways and advancement potential resulting in high job satisfaction
- b) Contribute to a more nimble and adaptable organization that can be scaled to changes in workload and budgets more effectively such that the workforce, workload, and budget are aligned
- c) Transition to a new organizational structure and implements business process changes with the least impact to employees while still meeting business needs
- d) Provide increased revenue and/or decreased cost resulting in better aligned expenditures with revenue and progressing towards financial viability for the State Forests Division
- e) Evaluate opportunities to centralize routine workloads where duties and geography allows
- f) Allow for an aligned and empowered workforce with clarity on decision-making authority, scope of responsibility, and accountability
- g) Increase overall productivity and effectiveness
- h) Improve consistency and efficiency in working across the division(s)
- i) Keep employees informed and aware of anticipated outcomes
- j) Maintain local relationships

Increasing educational outcomes

Revenue to Local Schools. Timber revenue from Board of Forestry lands flows to counties where the state forests are located. About \$68 million is distributed annually to fund local schools and other public services. Timber income from Common School Forest Lands are transferred to the Common School Fund. The Tillamook Forest Center provides forestry education experiences to about 55,000 visitors per year. Of these visitors about 15,000 people participate in hands-on education and interpretation programming opportunities that increases Oregonians’ outdoor education outcomes.

The Tillamook Forest Center (TFC): The TFC provides hands-on learning in outdoor forest and watersheds settings and interactive classrooms. The TFC offers education programs to thousands of children and educators and hosts thousands of visitors each year to learn about forestry in Oregon.

South Fork Forest Camp: In partnership with the Department of Corrections, ODF provides a work program at South Fork Forest Camp to approximately 200 minimum security adults in custody. This work program performs a variety of necessary tasks associated with forest management, recreation facilities and trail maintenance, and fire suppression. This program currently has the lowest recidivism rate of any correctional facility in Oregon and teaches jobs skills that provide options for employment after prison, empowering them to be self-sufficient and providing social benefits to all Oregonians.

Division performance

State forests provide a full range of economic, environmental and social benefits, many of which are difficult to directly measure. Timber harvest and income provide one metric for measuring program performance. The table below shows the current performance.

Timber harvests and revenue (five-year annual averages FY17-FY21)

Land type	Total Revenue (net revenue generated from timber harvest)	Distributed Revenue (counties, schools, local taxing districts)	Retained Revenue (ODF share for forest management)	Harvest (millions of board feet)
Board of Forestry	\$117 Million	\$73 Million	\$43 Million	275

State Forests Division Narrative

For Board of Forestry lands, per current Forest Management Plans projections, future harvest levels are expected to range from 225 to 236 million board feet. Harvest levels are expected to be around 6 million board feet for Common School Forest Lands.

Other outcomes and areas of program performance that support long-term focus areas:

- Models from the Bureau of Business and Economic Research on Oregon's operations indicate that State Forests five-year average timber harvests provide approximately 770 direct jobs and 2125 total jobs and adds \$193 million in labor income directly to the state economy.
- Prior to Covid closures, 50,000 people per year visited the Tillamook Forest Center and learned about the forest's story of restoration. Another 14,000 participated in education and interpretation programs.
- For Common School Forest Lands, harvest levels for the past five years have averaged 7.7 million board feet, which generated \$2.4 million annually to the fund.
- The department has a rich tradition of protecting and enhancing streams on lands that it manages. Since 2010, nearly 45 miles of fish access has been restored and 46 fish barriers have been removed, modified, or replaced.
- State forests provide important habitat for native wildlife including the threatened Northern Spotted Owl and Marbled Murrelet. There are 160 resident owl sites on or adjacent to ODF managed lands where their circle of protection overlaps ODF managed lands. The area of ODF-managed lands that is overlapped by a resident spotted owl circle is 91,162 acres. There are 133 protected Marbled Murrelet Management Areas (including designated occupied habitat and buffers) totaling 19,541 acres.
- The division provides significant outdoor recreation opportunities, including camping, fishing, hunting, hiking, mountain biking and off-highway motorized recreation, among other uses. Recreation users total more than 1,500,000 per year, and nearly 12,000 people use designated campgrounds. The State Forests Division provides about 475 miles of trails for motorized use and 146 miles for non-motorized use.
- The division's South Fork Forest Camp provides specialized training and manages the work and daily activities of up to 200 adults in custody as

they provide cost-effective labor for reforestation, campground and trail maintenance, and wildland firefighting across the state. In 2019, South Fork crews responded to eight fires in northwest Oregon and three large fires in southwest Oregon. Crews planted nearly 67,000 trees, managed more than 85 miles of recreation trails, and maintained dozens of campgrounds and day-use areas. The crews also support special projects such as tree seed harvesting and delivering the State Capitol holiday tree.

Enabling legislation/program authorization

ORS 530 describes the acquisition and management of state-owned forestlands.

Funding streams

The division and state forest operations are about 98 percent funded by timber revenue. On Board of Forestry lands, the law requires the department to retain 36.25 percent of income for program operations, land management, and fire protection. The remainder is distributed to counties within which the forests are managed.

On Common School Forest Lands, the Common School Fund pays all operating and managing expenses. The Department of State Lands reimburses Forestry for these expenses. Besides income from timber sales, the Oregon State Parks Department transfers income earned from managing off-highway vehicles. The State Forests Division earns limited income from recreation activities and minor forest products sales.

Program Narrative

Further explanation: A major issue for the State Forests Division is the involvement in one major lawsuit that was filed by five fishing and conservation groups related to Coho salmon under the Endangered Species Act. Litigation requires significant and unanticipated staff work to prepare a legal defense and thus greatly increases operating costs. Basic program functions are constrained as day-to-day operating efforts must be redirected to defend against litigation.

The department relies on all employees to carry out the top agency mission — wildland fire protection — particularly during high fire activity. This includes both direct fire assignments and covering core business functions in the absence of deployed individuals. This is a highly efficient way of providing specialized, intermittently needed services to suppression effort. However, it can have a negative impact on accomplishing core business within the State Forests

State Forests Division Narrative

Division. Increased large fire frequency on the landscape has resulted in fatigue and strain on the state forests staff and created challenges in accomplishing core State Forests Division business functions.

Important background for decision makers

Due to increased costs of management activities on state-owned forestland, the division is comprehensively re-examining its business model and has initiated several strategies to create positive, lasting change. As described previously, long-term projected revenues are not expected to cover management costs for these lands to produce the broad range of benefits expected by Oregonians and required by state and federal law. Recent improvements in the timber market have improved the near-term financial outcome and allowed for renewed forest investments such as young stand management, recreation services, and data collection.

Revenue

Operating and administrative costs for managing state-owned forests are supported almost entirely by timber sale revenue (98 percent). On Board of Forestry lands, the law requires about 63.75 percent of the income to go to counties, which in turn distribute funds to local taxing districts. The department retains the remaining 36.25 percent in the Forest Development Operating Fund for all aspects of managing the lands, including forest management, resource protection, and recreation, education and interpretation.

The Oregon Parks and Recreation Department transfers revenue for managing off-highway vehicle recreation facilities on state forest lands. Besides revenue from timber sales, recreation activities and minor forest products sales earn limited income.

On Common School Forest Lands, the Common School Fund pays operating and managing expenses. The Department of State Lands reimburses Forestry for these costs via transfers.

In addition, when federal grants are available to support our mission and mandates we go through the application process and occasionally receive minor amounts of federal funding.

Proposed new laws

None.

Essential Packages

Pkg 010-Vacancy Factor and Non ORPICS Personal Services

This package includes standard inflation of 4.2% on non-ORPICS items such as temporaries, overtime, shift differential, all other differentials, and unemployment compensation, including the OPE associated with them.

Pkg 031-Standard Inflation

The purpose of this package is to include a set of standardized inflation rates for all agencies, increasing their budgets above their final base amounts for all non-personal-services expenditure accounts. These rates are 4.2% for standard or “generic” accounts, and then larger rates for “Price List Accounts,” specifically 8.8% for Professional Services and 21.10% for Attorney General charges. There is no change to position counts or FTE.

Policy Packages

Package Number	Component Title	All Funds	Positions / FTEs
092	Statewide AG Adjustment	(\$15,178)	0/0.00
Total Packages:		(\$15,178)	0/0.00

Package Narrative

Package 092-Statewide AG Adjustment

Purpose: This package reduces Attorney General rates by 4.62 percent to reflect adjustments in the Governor’s Budget.

Staffing impact: None

Revenue source:

	<u>Agency Request Budget</u>	<u>Governor’s Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	\$0	
Other Funds	\$0	(\$15,178)	
Federal Funds	\$0	\$0	
All Funds	\$0	(\$15,178)	
Position/FTE	0/0.00	0/0.00	

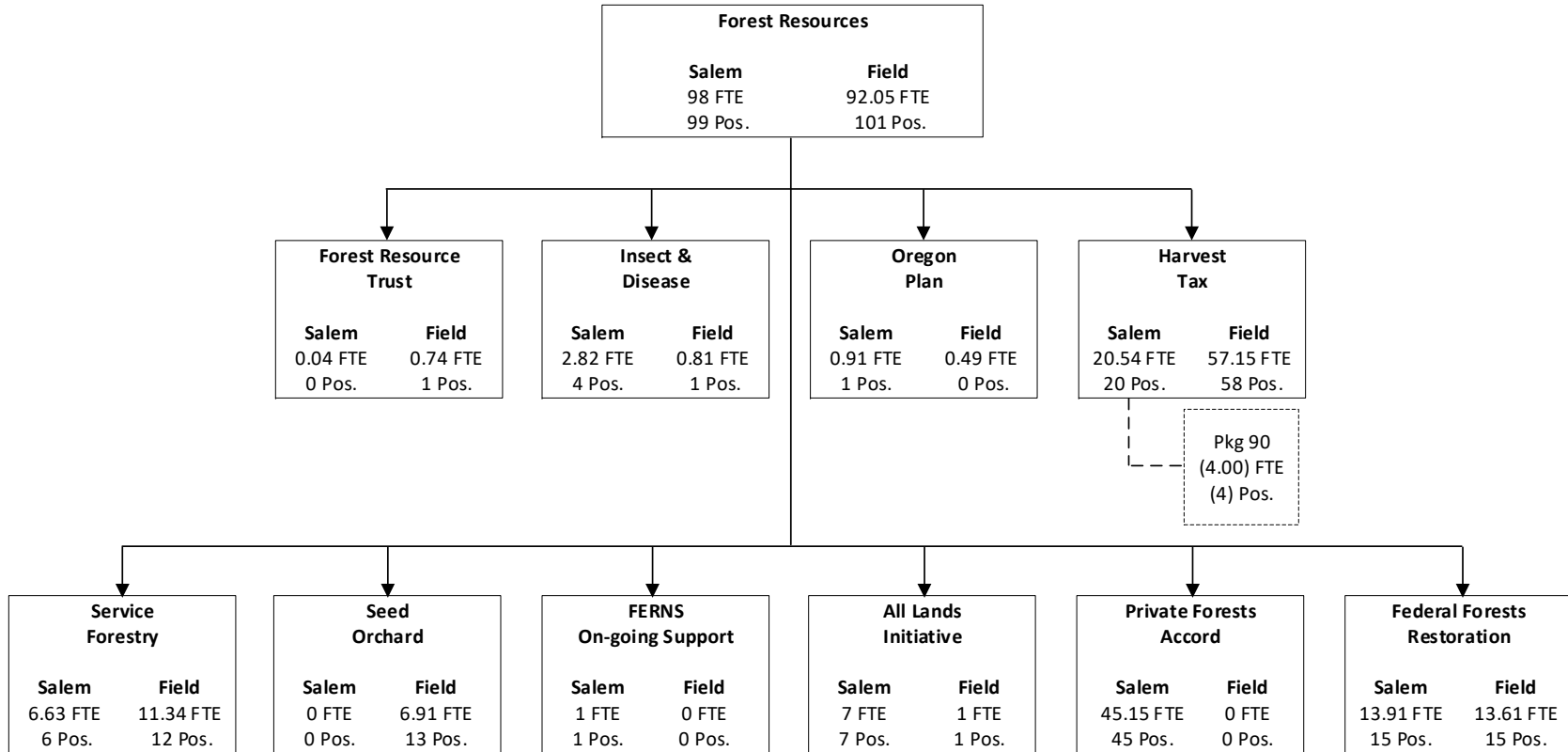
State Forests Division Narrative

Detail of Revenue 107BF07

Source	Fund	ORBITS Revenue Acct	2019-2021 Actuals	2021-23 Legislatively Adopted	2021-23 Estimated	2023-25 Agency Request	2023-25 Governor's	2023-25 Legislatively Adopted
Park User Fees	3400	0255	\$157,405	\$0	\$0	\$0		
Charges for Services	3400	0410	\$64,528	\$0	\$0	\$0		
Admin and Service Charges	3400	0415	\$67,015	\$0	\$0	\$0		
Rents and Royalties	3400	0510	\$64,658	\$0	\$0	\$0		
Sales Income	3400	0705	\$184,679	\$0	\$0	\$0		
State Forest Lands Sales	3400	0730	\$246,149,468	\$262,589,125	\$262,589,125	\$259,237,647	\$259,237,647	
Common School Lands Sales	3400	0735	\$5,450,586	\$8,276,508	\$8,276,508	\$8,276,508	\$8,276,508	
Donations	3400	0905	\$97,826	\$0	\$0	\$0	\$0	
Grants (Non-Fed)	3400	0910	\$30,000	\$0	\$0	\$0	\$0	
Other Revenues	3400	0975	\$170,927	\$8,573,025	\$8,573,025	\$26,644,315	\$26,644,315	
Federal Funds	6400	0995	\$2,500	\$950,000	\$950,000	\$987,406	\$987,406	
Transfer In-Intrafund	3400	1010	\$4,374,032	\$0	\$0	\$0	\$0	
Transfer In-Intrafund	6400	1010	\$12,569	\$0	\$0	\$0	\$0	
Tsfr From Lands, Dept of State	3400	1141	\$2,939,619	\$4,819,961	\$4,819,961	\$4,819,961	\$4,819,961	
Tsfr From Military Dept, Or	3400	1248	\$623,166	\$0	\$0	\$0	\$0	
Tsfr From Parks and Rec Dept	3400	1634	\$1,571,738	\$1,787,438	\$1,787,438	\$2,251,097	\$2,251,097	
Tsfr From Fish/Wildlife, Dept of	6400	1635	\$694,000	\$0	\$0	\$0	\$0	

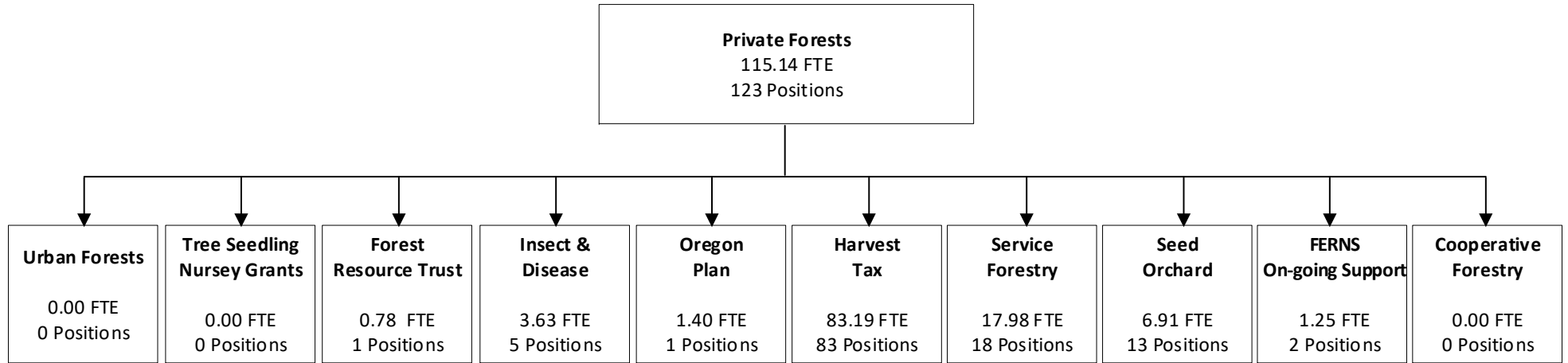
Forest Resources Narrative

Organization Charts



Proposed 2023-25 Structure

Forest Resources Narrative



Prior 2021-23 Structure

Forest Resources Narrative

Executive Summary

Long-term focus areas impacted by the program

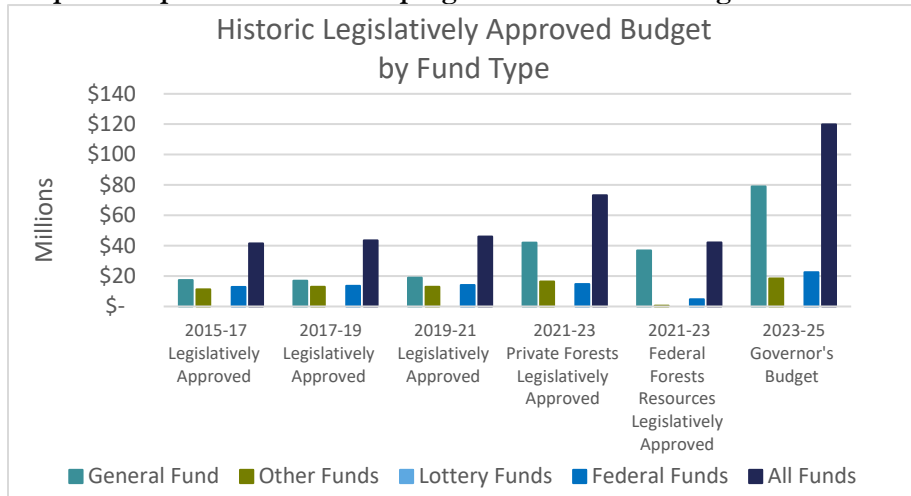
Primary focus area: Responsible environmental stewardship: a) forest health and resilience, b) fire, c) water, d) climate change

Secondary focus area: Social equity: a) rural vs. urban divide, b) recruiting for a diverse work force

Primary program contact

Joshua W. Barnard, Forest Resources Division Chief, 503-945-7482, josh.w.barnrd@odf.oregon.gov

Graphical representation of the program unit's funds budget over time



Division overview

The division keeps Oregon's 10.3 million privately owned forests healthy and productive. That's more than 34% of Oregon's 30 million acres of forests. The division protects and preserves fish and wildlife habitat, soil, air, and water. This provides many long-term environmental, economic, and social benefits.

Oregon has some of the most productive forestlands. Private forests produce about 78% of Oregon's timber. These private forests are essential for the state's well-being and economic success. The timber industry provides over 71,000 jobs, many in rural areas where other work is scarce.

The division also houses the Federal Forest Restoration (FFR) Program which was established to increase the pace, scale and quality of restoration of Oregon's federal forestland.

Division funding request

For 2023-25, the Forest Resources Division is requesting \$119,854,507 All Funds (\$78,958,052 General, \$18,419,453 Other, and \$22,477,002 Federal Funds.) This pays for the leadership, education, and enforcement required to protect natural resources and deliver responsible forest management that helps prevent catastrophic wildfires.

This investment maximizes the division's ability to:

- Protect the environment and sustain healthy forests by training and educating staff, forest workers, and the public.
- Inspect and monitor forest work to ensure high compliance rates with best management practices and forestry laws.
- Improve and check forest health by detecting harmful insects and diseases early; preventing, suppressing, and eradicating them; and diligently researching forest health strategies.
- Bring in federal and other outside funds to maximize Oregon's investments.
- Partner with federal agencies and local communities to provide technical help, particularly on family forestlands and through urban and community forestry programs.
- Help small and industrial forestland owners responsibly manage forests to keep forests healthy and prevent catastrophic wildfires.
- Work on federal forestlands to restore them to healthy forests through a strategic plan to reduce the risk of high severity wildfire, recover degraded fish and wildlife habitat, and create employment opportunities in rural communities.

The estimated cost for 2025-27 is \$127,730,504 and for 2027-29 is \$136,126,106. The projected budgets include the investments from the Private Forests Accord legislation, which was not part of the 2021-23 Legislatively Approved Budget. With the 2022 legislative investment, the division is harnessing new technology to better deliver services and administer the forestry laws consistently across the state. The projected 2025-27 through 2027-29 biennial budgets use the standard inflation rate to maintain these services. The

Forest Resources Narrative

division continually reviews and identifies services to eliminate, modify, add, or provide by contract to ensure long-term, cost-effective delivery.

Division description

Oregon's forests are the backbone to healthy living, climate-change mitigation and adaptation, and a strong economy. The division provides programs and services to ensure these long-term benefits of healthy, well-managed forests. With the proper investments, the division can keep delivering and improving these benefits.

The Forest Resources Division's nine main businesses are:

- 1) Enforcing and administering the Oregon Forest Practices Act (FPA)
- 2) Forest Health and Monitoring
- 3) Adaptive Management and Training
- 4) Small Forestland Owner's Office – family forestland assistance
- 5) Urban and Community Forestry
- 6) J. E. Schroeder Seed Orchard
- 7) Oregon Seed Bank
- 8) All Lands initiatives
- 9) Federal Forest Restoration Program

Enforcing and administering the Oregon Forest Practices Act (FPA).

The updated FPA is the cornerstone to protect natural resources and responsible forestry. The FPA requires re-planting forests after harvests, stream buffers, science-based law revisions, and best management practices. The FPA encourages private investment. It sets a consistent regulatory framework. In the last couple of years timber and environmental groups through the legislature updated the FPA. These updates renew a social contract for responsibly managing forests while protecting natural resources.

The division, conservation community, landowners, and loggers work together to protect natural resources. To achieve this, the division:

- Educates and gives technical advice to customers to prevent harm.
- Inspects before, during, and after operations.
- Enforces civil and other penalties and responds to complaints.
- Conducts compliance audits and research to measure how well the FPA works.

Improving, maintaining, and further automating the E-Notification system's submission and administrative processes remains a division focus. E-Notification is how people notify the department that they plan to do forestry work. The system requires consistent data entry and reports and reduces technical support needs. Through recent bills and investment by the legislature the system now notifies neighbors of planned helicopter pesticide applications. The system was developed to replace the paper notification system. As part of last session's Private Forest Accord bills the division will add functions to the e-notification system that shift it to more of a dashboard to notify for forestry work, improve regulatory data layers to protect streams, and improve neighborly communication.

The E-Notification system enhances both employees' administrative capacity and customers' efficiency in submitting, managing, and communicating about forestry work and natural resource protections.

Monitoring and improving forest health. The program partners with universities and federal agencies to survey 28 million acres each year to detect and monitor insect and disease damage. This work, combined with specialized surveys, provides data to prevent and manage insects, diseases, and invasive plants.

Adaptive management and training. The Adaptive Management Program administers the Adaptive Management Policy Committee and Independent Research and Science Team to inform FPA and rule changes through valid scientific data. Committee members and research team will start work for the first time in early 2023. The ongoing investment here will more firmly ground in science changes to the forestry laws to help protect natural resources and account for climate changes. This unit will administer the civil penalties program and be the hub for delivering current training to staff, forestry professionals, and the public.

Small forestland owners' office - family forestland assistance. About 60,000 family owners manage forests that range from 10 to 5,000 acres, covering 3.7 million acres. Family-owned forestlands generously contribute to sustainable forestry, water quality, and fish and wildlife habitat. Family forests diversify landscapes and local economies by connecting forestry benefits to urban populations. The program helps landowners access funds for forestry work. In the last biennium the program helped deliver both post-disaster –

Forest Resources Narrative

2020 wildfires and 2021 ice storm – recovery programs by capturing federal funds for small forestland owners and helping increase seedling access. The program also helps landowners tap federal cost-share programs to improve forest health and resiliency.

Most Oregonians are close to family forests, which are often near urban and suburban areas. Family forests typically are most at risk of conversion to non-forest uses if they lose economic viability. Through the Private Forests Accord legislation, the division set up the Small Forestland Owners' office. This office will help small forestland owners to follow the forestry laws, obtain tax credits in exchange for greater natural resource protections, improve forest health, enhance streams, and protect natural resources to help keep these lands forested.

All Lands initiatives. The All-Lands Initiatives Unit is designed to increase the pace and scale of forest restoration and improve the resilience of Oregon's forests across Oregon by protecting, managing, and promoting stewardship of Oregon's forests to enhance environmental, economic and community sustainability. The Unit administers all USDA state and private grant programs and coordinates with the Federal Forest Restoration Program (FFR), to increase the pace, scale, and quality of forest restoration. The All-Lands Unit leverages other funds to achieve the agency's mission and specifically to avoid fragmentation of working forestlands, improve habitat for native fish and wildlife, and other goals outlined in the Board of Forestry's overarching Forestry Program for Oregon.

Federal Forest Restoration. The Federal Forest Restoration (FFR) Program exists to increase the pace, scale, and quality of forest restoration to increase the resilience of Oregon's federal forests. This is done through joint efforts and contributes to the long-term vitality of the region's economy and rural communities. The FFR Program is key to achieving the department's mission "to serve the people of Oregon by protecting, managing and promoting stewardship of Oregon's forests" on federal lands by:

- Reducing the risk of high severity wildfire to forest ecosystems and communities
- Recovering degraded fish and wildlife habitat
- Creating employment opportunities in rural communities

Urban forestry. This work helps communities identify, maintain, and enhance urban treescapes and their benefits. These include mitigating urban heat, shade, filtering and retaining storm water, improving stream health, and enhancing the mental and physical health of urban residents, and reinforcing neighborhood vitality. The Urban Forestry program helps Oregon's 241 cities, other local governments, and community organizations with many natural resource issues that include resource management, hazard trees, and climate-change mitigation.

J. E. Schroeder Seed Orchard. The J.E. Schroeder Seed Orchard improves forest productivity, health, and economic sustainability by growing high-quality tree seed. The seed has highly desirable traits, such as greater growth potential, wood quality, and disease tolerance. The orchard uses an innovative, long-term, public-private cooperative business model to benefit members. Building on this success, the team will cultivate more acres this year.

Oregon Seed Bank. The Seed Bank makes available the correct, climatically adapted tree seed for family forest landowners. The demand for seed has increased over the years. Ecologically adapted seed improves forests and may help the forestry sector in general and stimulate Oregon's economy.

Major cost drivers. Competent, experienced, professionals comprise the major division costs. Greater rule complexity, more and varied forest operations, and neighbor concerns about forestry work in wildland-urban interface areas create more demand for forestry professionals.

Program justification and link to long-term focus areas

Forest Resources contributes to several elements of the Governor's long-term vision and focus areas for Oregon.

Responsible Environmental Stewardship. Support of this focus area includes investing in programs that improve air and water quality, and conserve, protect, and restore key watersheds, stabilize fish and wildlife populations, improve forest and rangeland health, adapt to climate needs, and reduce the risk of catastrophic wildfire. The division achieves these goals by executing state laws that require private forestland owners to continuously grow and harvest trees, "consistent with sound management of soil, air, water, fish and wildlife resources and scenic resources." (ORS 527.630).

Forest Resources Narrative

Forestlands supply abundant, clean water. Administering and enforcing forestry laws, managing forests, and encouraging voluntary measures among forest owners contribute to the health and responsible stewardship of forests, where almost all water Oregonians use comes from. The department has statutory requirements to conduct research and monitoring to verify current forest management practices are protective, and to develop new laws or policies to maintain water quality and fish and wildlife habitat. Oregon’s policy and regulatory framework for protecting water quality relies on strong, but flexible, land-use laws, a science-based, adaptive Forest Practices Act, and voluntary measures under the Oregon Plan for Salmon and Watersheds. This approach avoids the urban sprawl and forest fragmentation seen in other states that can harm water quality. It also helps keep forestlands producing the highest water quality in Oregon.

Social Equity. A diverse and dynamic economy provides jobs and prosperity. Sustainably harvested timber benefits Oregon’s private forests and contributes many outcomes, including ecologic and economic health. This is especially true for rural areas, where other employment options are limited and typically pay less. Urban forestry assistance enhances urban livability. To prevent forest conversion to other uses, the division advances best management practices. This helps to prevent loss of contiguous forests around urban areas and helps keep Oregon’s working forests as working forests.

Division performance

Key metrics include:

- Independent certification organizations determined over 10 percent of family and 70 percent of industrial forestlands are “soundly managed.”
- Over 97 percent of non-federal forestland remains free of significant insect or disease damage.
- Private landowners have invested over \$110 million in voluntary measures under the Oregon Plan to support watershed improvement.
- The Arbor Day Foundation recognized 69 Oregon Tree City USAs and eight Tree Campuses of Higher Education.

The following table shows yearly division work activity examples.

	2016	2017	2018	2019	2020	2021
Number of Forest Operation Units	20,531	20,729	21,751	19,365	13,146	12,596
Family Forest Assists	852	774	1,131	1,139	707	975
Family Forest Acres with Improved (new or updated forest stewardship) Management plans	7,423	5,546	20,812	8,539	16,994	10,109

Enabling legislation/program authorization

ORS 527 and the 2022 Senate Bills 1501 and 1502 specify the division’s responsibilities for the Forest Practices Act, integrated pest management, and insect and disease control. ORS 526 specifies responsibilities for urban forestry, seed orchard, and the Woodland Management Act. ORS 477 and amendments through the 2021 Senate Bill 762 which has the purpose of preserving and conserving forests by preventing wildfires through fuels mitigation, also known as active forest management. The Good Neighbor Authority (GNA) was authorized in the 2014 Farm Bill. It allows federal and state agencies to work in partnership to implement watershed and forest management activities on federal lands.

Funding streams

Oregon Forest Practices Act (FPA) enforcement is primarily funded using General Fund and the Forest Products Harvest Tax, a 60:40 ratio.

Forest Health invests its General Fund dollars to leverage mostly Federal Funds. Family Forestland Assistance and Urban Forestry are entirely federally funded.

Federal Forest Restoration Program—Good Neighbor Authority timber sales generate revenue from federal lands and Supplemental Project Agreements (SPA) provide further funding from the Forest Service. No match is required. Increased funding from the Infrastructure Investment and Jobs Act through 2026 and increasing revenue from GNA timber sales will require the program to expand its workforce.

Forest Resources Narrative

Funding proposal comparison: The 2023-25 biennium division funding proposal increases All Funds 60 percent over the 2021-23 Legislatively Approved Budget.

The 2023-25 Current Service Level requires a 24 percent All Funds increase over the 2021-23 Legislative Approved Budget. This reflects Package 000-Current Service Level Exception Request-Base Budget Change; Package 010-Vacancy Factor and Non-ORPICS Personal Services; Package 022-Phased-out Programs and One-time Costs; Package 031-Standard Inflation, Package 032-Above Standard Inflation (State Government Service Charge); Package 033-Exceptional Inflation; and Package 060-Technical Adjustments.

Program Narrative

Forest Practices Act Enforcement and Administration. The Forest Resources Division protects Oregon's natural resources through landowner and operator education and enforcement of the Forests Practices Act (FPA). The department's statutory obligation to administer the FPA and administrative rules requires adequate staffing to inspect and monitor forest activities. The division's continued success builds on the shared responsibility and partnership among operators, landowners, and ODF staff. This approach produces high compliance levels with forest practices rules. Maintaining a stable complement of field foresters and technical experts is a key to ensuring that private forestland owners meet or exceed best management practices.

The division conducts an FPA compliance audit using a third-party contractor. The audit results helped in developing a Key Performance Measure that more accurately reflects our effectiveness in administering the FPA. Annual audits help ensure staff consistently apply the FPA rules, examine implementation and ease of use, target training opportunities, and support third-party programs that certify privately owned forests are managed soundly. The department Monitoring Unit is developing new approaches, methods, and analyses to conduct the compliance audits.

The department continues to use and improve its online electronic notification (E-Notification) system which increases administrative and enforcement efficiency for managing notifications and customer communication. The streamlined online system allows foresters to invest more time directly helping landowners and operators, rather than processing hardcopy files. Agency staff

benefit from quicker response times for information requests to keep customers' business operations moving. Continually maintaining and improving this system keeps up with the changing business needs of the department and its customers.

Public subscribers to E-Notification continue to benefit from data the system provides. The E-Notification system allows subscribers to immediately receive and view notifications online. Subscribers can comment on planned operations and provide prompt communication to the operator, landowner, and stewardship forester. Recent upgrades improved communication with neighbors and water users before helicopter pesticide spraying.

The Forest Resources Division performs these key functions and actions to meet business goals and objectives:

- Ensure compliance with rules for harvesting timber, constructing and maintaining roads, treating slash, using chemicals, and re-planting forests.
- Protect special resources including significant wetlands; sensitive bird nesting, roosting, and watering sites; and sites used by threatened and endangered species.
- Encourage the use of non-regulatory measures, such as stewardship agreements and cost-share programs, to support sustainable and healthy forests.
- Effectively manage data on land ownership, beneficial use, sensitive resource sites, reforestation compliance, and activity tracking and reporting.
- Maintain frequent contact with landowners and operators to help consistently apply best management practices.
- Provide effective education:
- Urban interface: Focus on local government and public meetings to address emerging issues and coordinate on land-use planning.
- Family forestland: Partner with Oregon State University Extension, Oregon Tree Farm System, Oregon Small Woodlands Association, and Oregon Forest Resources Institute on education and training. Conduct pre-operation inspections, which are critical for family forestland owners.
- Industrial / Investment forestland: Coordinate with certification programs; continue joint training with Associated Oregon Loggers.

Forest Resources Narrative

- Interagency and Inter-program: Coordinate and conduct interagency and inter-program training for consistent application of forestry laws and appropriate consulting with other agencies.
- Recognize performance of operators that perform above and beyond the FPA standard protections.
- Through effective enforcement, create accountability for activities not in compliance with the FPA, and correct or mitigate resource damage.
- Address public safety related to rapidly moving landslides that may come from forestlands.
- Protect scenic values along specified highways.
- Conduct monitoring on the effectiveness of rules and report the findings.
- Audit rule compliance and utilize findings to target internal and external training.
- Maintain certification of wood harvested in Oregon under the FPA as responsibly sourced under ASTM international standard D7612-10.

Water Quality. Oregon forestlands provide a critical source of clean water and fish habitat. Protecting, maintaining, and enhancing the health of Oregon's forests, soil and water resources is a key strategy in the 2011 Forestry Program for Oregon, the Oregon Board of Forestry's overarching policy document. The Forest Resources Division serves a critical role in ensuring high water quality by implementing and enforcing rules that protect drinking water and fish habitat from unnecessary human-caused impacts. The division supports the implementation and reporting of voluntary measures to protect and maintain water quality and fish habitat. The division also embraces its statutory requirement to conduct research and monitoring to verify that current forest management practices are indeed protective and develop new rules or policies where needed to maintain water quality and fish habitat. Executing recent legislation will further protect and maintain water quality and aquatic habitat. This will also be done through new laws and a habitat conservation plan, which gives regulatory certainty while protecting natural resources, particularly aquatic species.

The division works with other state natural resource agencies to plan for a secure and resilient future by protecting water resources. This work recognizes that Oregon's local economies and communities are vulnerable to drought, fires, and floods. To address these challenges, including climate change and urban

growth, the division is working to include forestlands as key contributors to supporting a resilient natural infrastructure and maintaining ecosystem services for long-term benefits. The Monitoring Unit played a key role in updating the department-DEQ Memorandum of Understanding. The unit continues to collaborate with DEQ to maintain and improve water quality throughout Oregon forestlands by formalizing cooperative interagency policy and technical efforts.

In addition, the division'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 continue to implement voluntary measures, support collaborative monitoring, and gather information for addressing the Board's indicators of sustainable forests. Oregon Plan voluntary restoration measures are Oregon's home-grown response to listings of some salmon species under the federal Endangered Species Act. Stewardship foresters help forestland owners identify opportunities for improving riparian function and stream habitat, such as large wood placement, and work with local watershed councils to implement restoration projects and conduct monitoring.

Adaptive management and training. This program has 11 positions funded through with general fund and harvest tax and needs \$6 million through a policy option package to fund research directed by the Adaptive Management Program Committee for the Independent Research and Science Team to perform. The committee and team are new to the agency as part of the Private Forest Accord bills which did not fund the science and research program because it needed to be established first. The department has submitted a policy option package to fund the Adaptive Management Program Committee and the Independent Research and Science Team.

Committee members and research team will start work in early 2023. The ongoing investment here will more firmly ground changes to the forestry laws in science to help protect natural resources and account for climate changes. This unit will deliver the civil penalties program and be the hub for delivering current training to staff, forestry professionals, and the public. The program staff will provide support to the committee and team, enforce civil penalties, and deliver training and outreach programs to ensure consistent delivery and enforcement of the FPA, while using the data gained through enforcement and working with

Forest Resources Narrative

the compliance monitoring team to focus training and enforcement efforts to better protect critical natural resources.

Small Forestland Owner Assistance Office – Family Forestland Technical Assistance. The SFO Assistance Office has 18 positions (6 limited-duration positions). The funding is a combination of general fund, harvest tax, and federal funds. A key component that wasn't built into the funding for the Private Forests Accord legislation was the \$10,000,000 per biennium for the Small Forestland Investment in Stream Habitat (SFISH) Program. This is to be continuously appropriated to the Oregon Department of Forestry to be distributed by the SFO Assistance Office as grants under the SFISH program. The department has submitted a policy option package for the SFISH program funds.

Oregon's 3.7 million acres of nonindustrial family forestlands provide important social, ecological, and economic benefits across urban and rural landscapes. At the urban and wildland-urban interface, family forestlands account for 80 percent of forested areas. Family forestlands often occupy ecologically important, lower-elevation settings near residential areas. Family forestlands comprise smaller, diverse parcels, reflecting a broad range of landowner objectives and uses. Managing these forests is critical to maintaining a diverse, resilient, and fire-resistant landscape. Development and delivery of landowner assistance programs that encourage managing forests has been limited due to decreasing federal support. Currently, the state does not fund this work.

Family forestland owners need information and technical assistance to properly manage their lands for multiple resources. These forest owners often face pressure to convert forestland to non-forest uses because the land value exceeds the timber value. As many family forestlands shift ownership to their children, the new owners often lack forest management experience or knowledge and look to the department for help. Landowners seek help with fire and fuels management, post-fire restoration, and response to forest health threats caused by drought, insects, and diseases.

The division aims to protect and enhance these lands' forest value through managing the forests to meet landowner goals, as outlined by the Woodland Management Act of 1979 (ORS 526.450). These forestlands produce important social, ecological, and economic value. Through Senate Bill 1501 the legislature

added capacity to sustain family forestlands and their benefits. Key components of this program include:

- One-on-one technical assistance.
- Planning fuel reduction and forest health projects.
- Developing and delivering incentives.
- Supporting local efforts to build landscape-scale forest restoration projects.
- Implementing the Oregon Plan for Salmon and Watersheds; and
- Administering the Forest Practices Act.

With no dedicated state funding for landowner assistance, the department has relied on grants from the USDA Forest Service State & Private Forestry (USFS), but those funds have decreased. More recently, the department partnered with the USDA Natural Resources Conservation Service (NRCS) and USDA Farm Service Agency (FSA) to connect forest landowners with funds available through federal Farm Bill Programs.

Through these partnerships, Stewardship Foresters provide technical assistance that enables landowners to access federal cost-share programs. The department is looking to increase partnerships with both federal agencies and local organizations to build landscape-scale projects that address forest management needs on public and private lands.

Depending on available funding, the division helps family forestland owners:

- Access technical and financial help programs, especially those available through federal partners like the NRCS and USFS.
- Develop management plans and certify their forests as responsibly managed.
- Learn young-forest management strategies, such as replanting trees, pre-commercial thinning, fuels reduction, and salvaging damaged trees.
- Form cooperatives to better implement forest management activities across ownerships.

Urban and Community Forestry (UCF). Oregon cities face many challenges when balancing competing social demands with the economic and environmental benefits their urban forests provide. The Urban and Community

Forest Resources Narrative

Forestry Assistance Program staff work efficiently and innovatively to help meet the urban forestry needs of Oregon's 241 incorporated cities, other public agencies, colleges and universities and urban forestry-related non-profit organizations. Annually, two Urban Forestry staff assist about 45 percent of Oregon's cities and related entities through trainings, workshops, webinars, email advice, and onsite visits. More than 90 percent of Oregon's population live in these department staff-assisted cities.

Most forestry funding is focused outside of city limits and urban growth boundaries. However, there is a large and growing need for proactive urban forestry management in most Oregon cities. Sound urban forest management benefits rural communities, too. Most salmon-bearing streams pass through cities. Many invasive species get started in cities. Cities and suburbs in drier areas of the state pose significant wildfire risk. Within cities, healthy tree canopy can mitigate stormwater runoff and reduce flooding, cool the ambient summer temperatures, and improve air quality by reducing airborne pollutants. Most cities – especially rural communities with less than 30,000 people – lack the urban forestry technical knowledge and organizational capacity to address these issues or build on these benefits. Day-to-day urban forest management involves managing tree risk in public areas, scheduling pruning and other tree maintenance, anticipating and preparing for invasive insects and extreme weather, and selecting proper trees to augment city infrastructure rather than damage it. Cities often respond to tree-related problems rather than prevent them. The division's Urban and Community Forestry staff help cities of all sizes learn these proactive and planning-based urban forestry management skills.

The ways urban trees can augment economic, environmental, and social well-being are not well understood by the public. In the rush to address the lack of housing in Oregon, some factions pit the need to provide more housing capacity against the importance of retaining and creating healthy tree canopy. However, the "typical" land development process, which often involves the total removal of mature trees, can often degrade water quality, increase flooding and stormwater runoff, reduce air quality, diminish wildlife habitat, reduce community livability, and raise social justice concerns. Increased development in the wildland-urban interface may fragment forested lands and boost the risk of catastrophic wildfire. Well-informed planning and development can include retaining and increasing tree canopy while addressing housing pressure and improving livability. In downtown areas, trees can stimulate economic health,

reduce the heat-island effect, and make streets more attractive to shoppers, workers, and residents. Community and neighborhood parks with generous tree canopy contribute to the improved physical and mental health of the people who use them. Urban Forestry staff help cities understand development trade-offs, urban forestry best management practices, and the importance of investing in urban forests for their many benefits.

Additional state funding could make a huge difference for Oregon's urban and community forests: At present, the Urban and Community Forestry Assistance program relies solely on federal funding, which once was enough to support 3.0 FTE staff members, but now only provides funding for 1.75 FTE. Additional, ongoing, federal, or state funding would be used to restore the number of Urban and Community Forestry Assistance program staff to 3.0 FTE. Additional staffing could be used to:

- Provide ongoing support to city staff, elected officials, and tree advisory committees.
- Develop and teach urban forestry courses to increase the tree management abilities of city staff and develop career pathways into forestry.
- Implement cooperative projects with the USDA Forest Service, OSU Extension, other state agencies, companies, and nonprofits that are focused on growth and livability concerns, environmental justice, and addressing the needs of rural and under-served communities.
- Help communities and neighborhoods address wildland-urban interface issues through programs such as Firewise USA and OSU's Citizen Fire Academy.
- Guide cities on improving the green infrastructure and related economic benefits of trees.
- Increase the use of the Oregon tree inventory software procured through a federal grant that allows tree mapping by cities.
- Add urban forestry support to more remote Oregon cities and communities.

Research-based Urban Forestry Needs in Oregon: In 2018, the National Urban and Community Forestry Advisory Council (NUCFAC) conducted a study funded by the USDA Forest Service called *Urban Forestry 2020*. This study looked at urban forestry-related career access, educational opportunities, and recruitment.

Forest Resources Narrative

There were several key findings that related to Oregon’s urban and community forestry future. The need for good urban foresters and arborists is growing in the Pacific Northwest, especially in areas experiencing increasing development pressure. In Oregon, however, knowledge of and entry pathways into the urban forestry/arboriculture profession is low. With increased funding, the UCF program could work with private and public sector partners to address the deficiencies described in the *Urban Forestry 2020* report and create job-training pathways for underserved and under-represented populations across the state.

The Future Potential of department’s Urban & Community Forestry Program: A 2014 statewide urban forestry survey conducted by UCF program staff showed department’s assistance since 1991 had increased several metrics: the number of cities with active urban forestry programs, the depth and sophistication of these programs, and local urban forest management investment. The survey indicated that department services improved urban forest management and increased the likelihood that cities would proactively address tree problems throughout the state. In 2014, the UCF program supported three experienced urban foresters. After program staffing was decreased to 1.75 FTEs in 2017 UCF staff observed that it was more challenging to reach the cities that are unengaged with urban forestry management and do the desired outreach to underserved populations. As described above, with more funding to increase staff and pursue projects as in the past, the UCF program can make huge strides in engaging cities in urban forest management. As cities continue to develop, the need for Urban Forestry expert technical assistance, access to technical resources such as tree inventory software, and pathways into the urban forestry field will continue to grow throughout Oregon.

Forest Health and Monitoring: Insects, diseases, and invasive species kill many trees and reduce forest growth, damaging the economic and ecological roles of forests. These disturbances also contribute to hazardous wildfire conditions.

ODF’s Forest Health Program invests millions of dollars in federal grant funds to eradicate, control, and prevent pest problems. The program educates, trains, and helps the public, including delivery of cost-share funding, particularly in the wildland-urban interface areas. To deliver on these priorities the program:

- Conducts annual aerial surveys to identify damage from insects, disease, and other agents on 28 million forested acres. Oregon and Washington

lead the nation with the longest consecutive record of annual aerial surveys, started in 1947.

- Provides technical help and training to forest owners, foresters, and agencies about forest health and pest management.
- Slows the spread of the sudden oak death pathogen through intensive treatments.
- Performs surveys to detect Swiss needle cast, sudden oak death, emerald ash borer, gypsy moth, and damage from bears and other pests.
- Analyzes the state’s insect and disease trends. For example, in 2019, the state estimated 753,000 acres had tree damage and mortality due to insects and disease, the highest since 2011.

Invasive Species: Nonnative plants and diseases increasingly threaten forests. As worldwide trade, travel, and shipping increase, so do invasive species. Managing these threats requires integrated and coordinated efforts. To do this, the program closely cooperates with agencies, research institutions, and the U.S. Forest Service. Recent examples include:

- Asian and European gypsy moth eradication efforts among department, Oregon Department of Agriculture, and several federal agencies including the Oregon Invasive Species Council.
- Emerald ash borer (EAB) surveys are jointly conducted with U.S. and Oregon Departments of Agriculture. Nationally, property value loss and control costs for EAB total \$1.7 billion annually. The insect, which kills all species of ash trees including our native Oregon ash, was first detected in Washington County in June 2022. The department and 45 partners developed a readiness and response plan anticipating what actions communities should prepare for. It also contains guidance on what actions they should take now that the pest has arrived in Oregon.
- The Forest Pest Detector Program is a grant-funded partnership with OSU that has trained over 500 tree professionals in the signs and symptoms of invasive species, including emerald ash borer and the Asian long-horned beetle. A civilian graduate of the program was the first to spot and report the presence of emerald ash borer in Oregon.

Insects: Insects are a part of natural forest cycles. Insects can support critical functions, such as pollination and natural control of other insects that damage trees. On the other hand, periodic forest insect outbreaks can cause major tree

Forest Resources Narrative

death and damage. The department engages in activities that support healthy insect population levels and remedies when damaging outbreaks occur. Examples include:

- The Oregon Bee Project that brings Oregonians together to create a science-based strategy to protect, promote, and manage native bees through education, pollinator-friendly practices, and research.
- The bark beetle cost-share program aids landowners taking preventative measures to avoid bark beetle outbreaks in at-risk areas by providing a 50/50 cost share for activities such as thinning, sanitation, slash management and, in some cases, chemical treatments.

Diseases: Forest diseases play an important role in forests but at unhealthy levels can negatively impact forests. In recent years, sudden oak death and Swiss needle cast have become particularly prevalent.

- Sudden oak death kills tanoak and damages understory shrubs along the southwest coast in Curry County. It has been pushing north, intensifying within the quarantine area, and threatens tanoak outside the quarantine. An interagency team has slowed the pathogen's spread. However, due to the large disease footprint that readily spreads and the emergence of a new, more virulent strain that threatens conifer species, it continues to spread.
- Swiss needle cast is a fungus that affects Douglas-fir on over 546,000 acres, mostly in the Coast Range. It causes needles to turn yellow and prematurely fall, which reduces forest growth and survival. The fungus causes the loss of more than 190 million board feet per year.

The damage caused by these insects and diseases, when unchecked, exacerbate the wildfire risk across the state. Forest health is one of the first steps in proactively preventing wildfire and reducing risks of catastrophic wildfires.

J. E. Schroeder Seed Orchard. The J.E. Schroeder Seed Orchard furthers the productivity, health, and economic sustainability of Oregon's forests by growing high-quality tree seed. Goals for the Orchard include meeting the seed production and management objectives of orchard cooperators. This is done to ensure long-term cooperative tree improvement and conserve productive tree species' genes. The seed orchard, a prominent producer of native tree seed since the early 1970s, helps ensure an ongoing supply of high-quality seed adapted to

forest environments. The seed has highly desirable ecological traits, such as improved growth potential, wood quality, and disease tolerance. The Orchard makes these enhancements using conventional plant-breeding methods without genetic engineering or molecular technologies.

The Orchard uses an innovative, long-term, public-private cooperative business model to benefit members. It has 39 cooperative orchards with 24 different cooperative members, including state and federal agencies, and industrial forest companies. Orchards include Douglas-fir from Oregon and Washington, western hemlock, western redcedar, Ponderosa pine, and Willamette Valley ponderosa pine. Yields of cone crops are consistently high and predictable. During the 2020 harvest season, the bearing orchards produced 4,859 pounds of Douglas-fir seed, enough to reforest about 282,500 acres.

Given the structure of the J. E. Schroeder Seed Orchard, the business model depends on recruiting and retaining cooperators. The Orchard complex relies upon the repayment of services by the cooperators, receiving no outside state or federal funding support.

Oregon Seed Bank:

The Seed Bank assures appropriate, climatically adapted tree seed is available for family forest landowners throughout Oregon. The Seed Bank can purchase up to 6 percent of each harvest from the Schroeder Seed Orchard and make it available to purchase at cost for family forest landowners, conservation programs, and tree seed nurseries.

The demand for seed has increased over the years due to a variety of factors. Seed availability has also increased to include seed zones across the state. The major tree species available include Douglas-fir, western hemlock, western redcedar, and Willamette Valley ponderosa pine, but a wide range of other species can also be obtained through the Oregon Seed Bank.

The Seed Bank makes a huge difference. In 2019, the Seed Bank distributed over 168 pounds of seed capable of producing more than 3.2 million seedlings. This seed, comprised of seven important species, is enough to reforest over 8,000 acres. The improved genes of hybrid seeds can produce trees with greater growth. This has the potential to increase profitability for family forest landowners and is consistent with department goals of maintaining a productive forest land base. Ecologically adapted seed is an asset that may further benefit

Forest Resources Narrative

the forestry sector and stimulate Oregon's timber economy. Despite the availability of tree seed through the Seed Bank, family forestland owners still face challenges in finding nurseries to grow seeds into seedling trees needed for forest regeneration following harvest or natural disturbances, such as wildfire. One reason is nursery growing space and labor is limited, resulting in tight supplies when demand for forest seedlings is high.

All Lands Initiatives. The All-Lands Initiatives Unit is designed to increase the pace and scale of forest restoration and improve the resilience of forests across Oregon. The unit does this by protecting, managing, and promoting stewardship of Oregon's forests to enhance environmental, economic and community sustainability. The unit administers all U.S. Department of Agriculture grant programs for state and private forestry, and coordinates with the Federal Forest Restoration Program (FFR) to increase the pace, scale, and quality of forest restoration.

The All-Lands Initiatives Unit leverages other funds to achieve the agency's mission to avoid fragmentation of working forestlands, improve habitat for native fish and wildlife, and other goals outlined in the Board of Forestry's overarching Forestry Program for Oregon. This support includes the identification of federal grant programs, coordination of grant requirements with federal agencies, developing and documenting grants processes and providing resources to ODF field offices doing the work on the ground. Private landowners and other partners use these funds to contract management actions, such as forest fuel reduction, forest health treatments, stream restoration, and management planning activities.

Additional activities of the All-Lands Initiatives Unit include project identification, grant development and management, and working with field staff to identify opportunities and researching various federal and other funding sources. When opportunities are identified, work includes bringing the federal grant into the department, setting monitoring processes to accurately report accomplishments, developing new funding sources, building partnerships with potential public and private funding organizations, developing stronger partnerships with state and federal implementing agencies, non-governmental organizations, and private sector partners to leverage and align programs to increase the amount of work being completed and the collective impact.

The All-Lands Initiatives Unit uses general funds from SB 762 to deliver a treatment program to reduce wildfire risk on public and private forestlands and rangelands, and in communities near homes and critical infrastructure. This is done by restoring landscape resiliency and reducing hazardous fuels. The department works with many partners, including OSU Extension, state and federal agencies, counties, cities, local governments, Indian tribes, public and private forestland and rangeland owners, forest collaboratives, and interested community organizations to select projects for treatment. The Legislature and Governor's Office have clearly communicated that forest restoration and resiliency are key to reducing fire risk.

The department's effort to reduce hazardous fuels is key to protecting lives and livelihoods as well as the state's natural resources. A stable funding source to increase forest resiliency to fire, climate change, insects, and diseases is imperative. The Governor's Council on Wildfire Response highlighted that there are 5.6 million acres urgently in need of restoration and fuels reduction. The cost to cover all these acres has been estimated at \$4 billion over 20 years (a cost of \$400 million per biennium). Scientific literature indicates that the state will see increasing complexity and severity of fire seasons and wildfires due to climate change. Increasing the state's forests resiliency to climate change is a key and important action to both reduce and avoid greenhouse gas emissions from wildfires.

There is a need to increase the department's capacity to support partner organizations and agency staff in identifying, planning, and developing strategic landscape resiliency and small forestland fuel-reduction projects, increasing project alignment with climate-resilient forestry, including informing project priorities and reporting on active projects. The added positions will improve technical support to partners, landowners, and partner agencies.

The unit is primarily funded by federal funds with some general fund. Revenue sources for federal grants typically provide funding over a three- to five-year period. The total funding of all active grants administered during a biennium generally amounts to \$38-40 million. The following sources have historically been the core of the department's grant funding:

Western States Fire Managers & Wildland Urban Interface Community Assistance USDA, US Forest Service—These annual, competitive grants

Forest Resources Narrative

support wildfire education and mitigation work, including fuels treatment/reduction projects, defensible space education, human-caused wildfire prevention and awareness, and community fire plan development assistance.

State Fire Assistance U.S. Forest Service—An annual, non-competitive matching grant that provides financial assistance to state wildland fire protection agencies to offset eligible standby and direct wildland fire emergency management costs.

Natural Resource Conservation Service Technical Assistance—This NRCS program enables department field staff to help non-industrial private forest landowners move through NRCS cost share programs.

Other smaller federal fund opportunities through the U.S. Department of Agriculture including, Forest Stewardship, Forest Health Monitoring, Forest Health Cooperative Assistance, Urban and Community Forests, Landscape-Scale Restoration, and Volunteer Fire Assistance.

Federal Forest Restoration. The Federal Forest Restoration (FFR) Program exists to increase the pace, scale, and quality of forest restoration to increase the resilience of Oregon’s federal forests. This is done through joint efforts and contributes to the long-term vitality of the region’s economy and rural communities. The FFR Program is key to achieving the department’s mission “to serve the people of Oregon by protecting, managing and promoting stewardship of Oregon’s forests” on federal lands by:

- Reducing the risk of high severity wildfire to forest ecosystems and communities
- Recovering degraded fish and wildlife habitat
- Creating employment opportunities in rural communities

The federal government owns 60 percent of Oregon’s forests. USDA Forest Service and Bureau of Land Management decide how to manage those forests – greatly influencing the state’s economic, environmental, and community wellbeing. Many of these forests lie in the drier climates of Eastern and Southwest Oregon, with elevated forest health problems and risk of wildfire.

Since the federal government owns so much of Oregon’s forests, the condition of these federal forests has a dramatic effect on the health of the state’s total forestland. This also means there’s a huge impact on the department’s ability to accomplish its mission and ensure Oregonians continue to receive the environmental, economic and social benefits our forests provide.

To deliver on its mission and capture benefits for Oregonians from federal forests, the FFR Program invests in six strategic areas:

1. Collaborative Capacity Grants (CCG)
2. Technical Assistance and Science Support (TASS)
3. Planning Assistance and Science Support (PACE)
4. Project Management
5. Good Neighbor Authority
6. FFR Staff and Crews

1. Collaborative Capacity Grants. Goal: To increase the number, acreage, and complexity of collaboratively planned projects in Oregon, while also increasing the capacity of collaborative groups to achieve this outcome.

The department and Oregon Watershed Enhancement Board (OWEB) jointly administer the Collaborative Capacity Grants. The entities focus on strengthening forest collaborative organizations and advancing zones of agreement for restoration that includes vegetation management on federal lands. These grants help local collaborative groups, which have demonstrated an ability to move beyond gridlock and increase fuel reduction and restoration projects on federal lands. They achieve this, in part, because of increased social license and reduced litigation.

2. Technical Assistance and Science Support (TASS). Goal: To provide technical assistance from outside a forest collaborative group’s core staff to improve the group’s capacity to build common understanding and consensus around active forest management.

Work funded under TASS has clear deliverables, fosters collective learning, and to the extent possible, benefits multiple collaborative groups. TASS projects are intended to provide information, learning, analysis, plans, designs, templates, tools, or other kinds of capacity to local collaborative groups to increase their impact at the local scale. Examples of past projects include:

Forest Resources Narrative

- Fire history and stand development studies that provide site-specific information on historic stand structure and how to move it to a more resilient state
- Outreach and Communications: data collection, planning, product design/development, training
- Workshops, trainings, and other opportunities for collaborative group members, practitioners, and stakeholders to learn from the latest scientific research and literature

3. *Planning Assistance and Categorical Exclusions (PACE)*. Goal: To expedite restoration project planning through data collection, planning innovations, and contracted National Environmental Policy Act (NEPA) categorical exclusions.

The PACE project investments, referred to in previous biennia as State-Federal Investment Partnership (SFIP) investments, are intended to advance more restoration projects through the environmental planning phase of a restoration project. By issuing contracts to perform the data collection, analysis and documentation needed to move projects through the environmental compliance and planning stage, more projects are available to be implemented, increasing the availability of 'NEPA- ready' acres. Restoration project planning is a key bottleneck to increasing the pace and scale of restoration work occurring on federal lands in Oregon.

4. *Project Management*. Goal: To ensure robust third-party program monitoring, communications, administrative support, and Department of Justice review.

5. *Good Neighbor Authority*. Goal: To perform restoration work on federal lands that is additive to the U.S. Forest Service and Bureau of Land Management using federal funds and GNA timber-sale revenues.

6. *FFR Staff and Crews*. Goal: To increase the pace, scale, and quality of forest restoration by implementing the FFR Program components that contribute to more restoration work planned, implemented, and monitored in Oregon.

Oregon has made significant progress in achieving improved economic, ecological, and community outcomes on federal forestlands since the Federal Forest Restoration Program was created. The FFR Program investments have resulted in these outcomes in the 2019-2021 biennium alone:

- Collaborative Capacity Grants (CCG) to 12 collaborative groups that helped prepare project-level restoration plans totaling 859,174 acres of federal forestland across 32 different planning areas resulting in:
 - 40,000 acres of forest restoration, timber sales, pre-commercial thinning, and piling of fuels.
 - 25,000 acres of pile burning and about 3,800 acres of broadcast burning.
 - Approximately 210 million board feet of timber sales that supported 486 jobs harvesting or processing timber and 610 jobs in other sectors.
- Technical assistance and science support (TASS) projects including:
 - Three studies examining historic forest fire and ecological conditions.
 - Outreach, communications, and storytelling support for three forest collaboratives.
- Planning Assistance and Categorical Exclusion (PACE) investments have resulted in:
 - 2.2 million acres surveyed by LiDAR (light detection and ranging).
 - 9,759 acres of NEPA surveys (heritage and botany).
 - 2,550 acres of non-commercial fuels and prescribed fire treatments.
 - Two contracted NEPA Categorical Exclusion projects covering 9,093 acres.

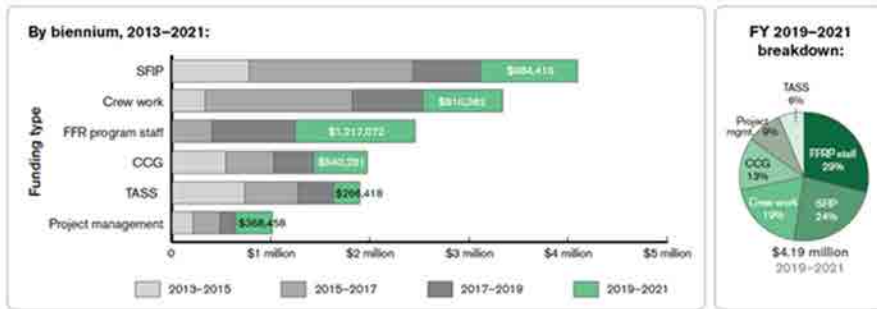
The Federal Forest Restoration Program's forest collaborative support investments (CCG & TASS) and federal partner support components (PACE), and a portion of its staff are funded with General Fund investments. The FFR Program also leverages federal funds and GNA timber sale revenues (Other Funds) via Good Neighbor Authority (GNA) agreements. Overall, the FFR Program is funded 40% by the General Fund and 60% by federal and other funds.

Forest Resources Narrative

Division performance

The figure below shows the investments of General Funds in the FFR Program by investment type. Note that SFIP is now called PACE and FFR program staff and crew work have been combined into one component.

Figure 1 Total investments made through the FFR Program by program area, 2013–2021



The next figure shows the FFR Program’s General Fund investments have translated into Gross Regional Product (GRP) and jobs. In the 2019-21 biennium, the FFR Program investments contributed an annual average of \$3.46 million to GRP and created 33 jobs annually.

Figure 4 Average annual GRP and jobs supported by FFR Program investments during the 2019–2021 biennium, by program area.

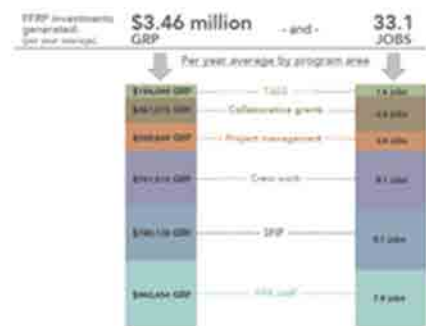
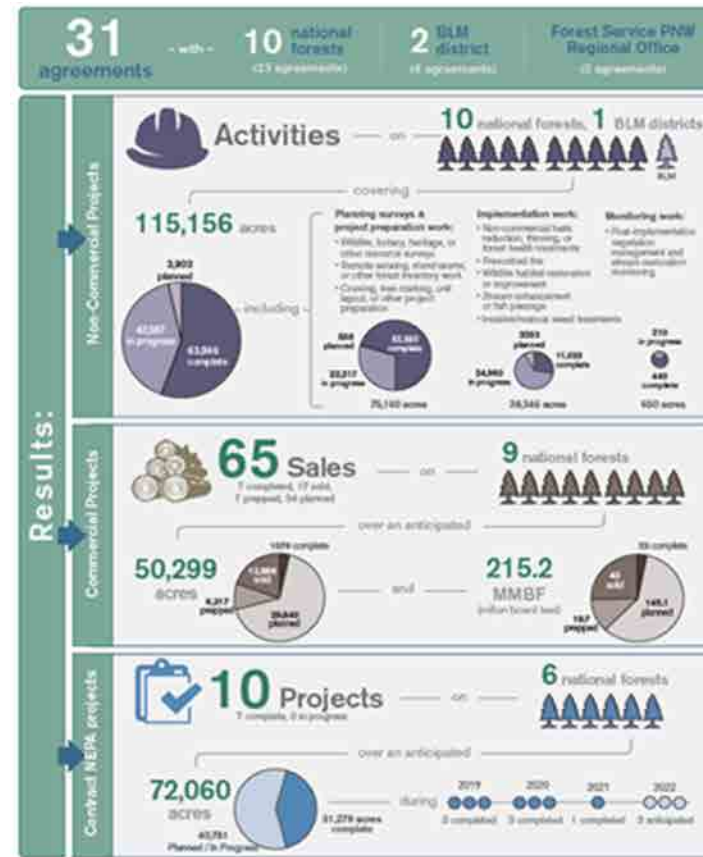


Table 1 FFR Program investment impact on jobs per year and annual GDP by biennium, 2013–2021

	2013-2015	2015-2017	2017-2019	2019-2021
Investment per year	\$1.2 million (actual)	\$2.4 million (actual)	\$1.6 million (actual)	\$2.1 (forecast)
Jobs per year	38.9	49.3	32.9	33.1
GRP per year	\$2.7 million	\$3.9 million	\$2.6 million	\$3.5 million

The final figure (below) shows work the department accomplished under GNA from 2016-2021. Since 2016, the department has completed over 75,000 acres of commercial and non-commercial restoration work, sold 24 timber sales generating 50 million board feet of timber volume, and completed eight NEPA CE projects covering 30,000 acres under Good Neighbor Authority.



HB 4118. Passed in the 2018 Legislative Session, established, “It is the policy of the state to pursue projects under [GNA] that increase timber harvest volume, contribute to job creation, reduce wildfire risk to all lands, improve wildlife habitat and watershed health and stimulate local economies.”

Forest Resources Narrative

Good Neighbor Authority. First passed by Congress in the 2014 Farm Bill and made permanent in the 2018 Consolidated Appropriation Act, the Good Neighbor Authority (16 U.S.C. 2113a) allows state agencies to carry out authorized restoration services on federal land.

SB 762. Tasks department to, “...reduce wildfire risk through the restoration of landscape resiliency...” across all land ownerships, including federal lands.

Important background for decision makers

Since the founding of the Department of Forestry in 1911, Oregon has witnessed a continuous evolution of forest challenges. Starting with wildfire and reforestation laws, and later evolving into maintaining healthy, sustainable forests on both private and public forestland, Oregon has successfully met these challenges. The passage of Oregon’s Forest Practices Act (FPA) in 1971, was brought about by an increase in the public’s environmental awareness and concern regarding natural resource protection. The Private Forest Accord bills underscored that the state is once again using the Oregon Way to raise the bar for forest management. The Accord bills make huge updates to the FPA and associated best management practices. This mandate sets a new standard for administering the FPA, giving regulatory certainty, obtaining a habitat conservation plan and incidental take permit, and protecting natural resources for the next 25-50 years. This emphasizes a strong regulatory approach to ensuring desired public benefits from private forestlands. The Act has continued to adapt over time in response to monitoring and research findings.

Today we are facing the next evolution of challenges to healthy, sustainable forests in Oregon - conversion and fragmentation of forestlands and the associated challenges with increased development.

As Oregon grows it faces greater development and increased population; more and more forest tracts are being converted to other uses or face a heightened risk of conversion. Nationally, the U.S. Forest Service and the National Association of State Foresters identified development and forest fragmentation as critical issues. Development and economic pressures on private lands are driving the splitting and conversion of forestland to other uses. Private lands close to urban areas and family forests are particularly threatened by these trends. Expanding cities into forest areas increases the number of complaints and conflicts with managing forests, and the risk of wildfire starts. This dynamic further complicates the ability to sustain working forests.

A report by the Forest Service states nearly 80 percent of the nation’s freshwater originates from forestland. When forests are lost to conversion, stand-replacing wildfire, or severe insect and disease outbreaks, the quality and quantity of our water supply is affected. Forests, water, fish and wildlife habitat, and people are intricately connected. The challenges of urban sprawl, forest conversion, climate change, invasive species, and severe wildfires are more daunting and complex than when the FPA was enacted in 1971.

These changes and challenges affect the department’s ability to deliver efficient and effective services to private forest landowners and maintain healthy forests. The department faces a significant task in administering the FPA and providing wildland, urban, and community forest education and technical assistance. department field staff spend an increasingly disproportionate amount of time working with complex natural resource situations and conflicts in forests already at risk of conversion and fragmentation. The department must ensure it continues to deliver a mix of services that meets the diverse needs of Oregonians, landowners, communities, developers, regulators, and stakeholders across a broad diversity of forests while promoting and conserving forest lands. Thus, where the regulatory approach was the primary tool in the past, the changing landscape, and socio-economic needs of today highlight the need to develop new and innovative landowner and institutional strategies to address today’s challenges across private and federal ownership boundaries.

Revenue

The Forest Resources Division makes use of multiple funding sources, including:

- Forest Practices – To fund 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 division receives funds from several federal agencies. Most federal funds come from the U.S. Forest Service (USFS) and Natural Resource Conservation Service. Matching funds are usually required and ranges up to 50% for some funding sources.
- Other funds include cooperative projects, private donations, and other receipts. This revenue is estimated based on previous years.
 - Cooperative project partners include Oregon State University, the Oregon Departments of Agriculture, Fish and Wildlife, and Environmental Quality, the Oregon Watershed Enhancement

Forest Resources Narrative

Board, the Oregon Forest & Industries Council, and the federal Natural Resource Conservation Service and the Forest Service.

- Private Donations – Urban and Community Forest Program
 - The Urban and Community Forestry program can, but rarely does, receive, and disburse money and labor, material, seedlings, trees, and equipment donations from public and private sources for urban and community forestry programs.
- Other receipts and fees – Seed sales for family forestland owners, and document-request fees
- Federal Forest Restoration Program- revenue generated by federal GNA timber sales and additional federal funds provided through Supplemental Project Agreements (SPA) with the Forest Service. No match is required. With Shared Stewardship and recommendations from the Governor’s Council on Wildfire Response, the opportunities, and expectations for ODF to staff up significantly to implement projects across both public and private lands will continue to grow.

Essential Packages

Pkg 010-Vacancy Factor and Non-ORPICS Personal Services

This package includes standard inflation of 4.2% on non-ORPICS items such as temporaries, overtime, shift differential, all other differentials, and unemployment compensation, including the OPE associated with them.

Pkg 022-Phase-out Program & One-time Costs

The purpose of this package is to Phase Out one-time budget increases remaining from prior biennia. The Forest Resources program has three items from the 2021-23 biennium being Phased Out: (1) Phasing out on-time funding of (\$1,700,000) General Fund related to Sudden Oak Death control, funding in SB 5518 Package 801. (2) Phasing out (\$5,000,000) of Tree Seedling Nursery Grants funded in HB 5006 Section 183, Package 811. (3) Phasing out (\$10,500,000) of one-time funding for Private Forests Accord provided during the February 2022 Short Session. The net of these three actions is a General Fund budget reduction of (\$17,200,000). There is no change to Position Counts or FTE.

Pkg 031-Standard Inflation

The purpose of this package is to include a set of standardized inflation rates for all agencies, increasing their budgets above their final base amounts for all non-personal-services expenditure accounts. These rates are 4.2% for standard or

“generic” accounts, and then larger rates for “Price List Accounts,” specifically 8.8% for Professional Services and 21.10% for Attorney General charges. There is no change to position counts or FTE

Pkg 032-Above Standard Inflation

The purpose of this package is to record increases to the budget which exceed the standard inflation rate. In Agency Administration this package records the increased State Government Services charges from the DAS Price List, in the amount of \$1,542,456 Other Funds. As one of the operating programs which fund the Agency Administration program through the Admin Prorate, Forest Resources has a corresponding General Fund CSG 6060 increases of \$825,601. There is no change to Position Counts or FTE.

Pkg 033-Exceptional Inflation

The purpose of this package is to recognize budget increases which exceed the standard inflation rate. Increases to the Agency Administration program in this package are funded by the operating programs through the Admin Prorate, from Other Funds revenue transfers and General Fund Special Payments. In the Forest Resources program this results in an increase of \$2,128,939 General Fund in CSG 6060. There is no change to Position Counts or FTE.

Pkg 060-Technical Adjustments

The purpose of this package is to make technical budget adjustment and corrections. The department is making multiple structure changes this biennium due to internal re-organization efforts. As a result the FFR program is being merged into the newly-renamed Forest Resources program, as a sub-program, as well as moving some positions to the newly created Planning Branch SCR 629-060-00-00-00000. These actions are net-zero at the Agency-Wide and Fund level, but increase the Forest Resources program SCR 629-050-00-00-00000 by \$35,190,848 General Fund, \$676,116 Other Funds, and \$7,141,896 Federal Funds, 36 Position Counts and 33.02 FTE.

Forest Resources Narrative

Policy Packages

Package Number	Component Title	All Funds	Positions / FTEs
090	Analyst Adjustments	(\$5,932,217)	(4)/(4.00)
092	Statewide AG Adjustment	(\$10,224)	0/0.00
106	Private Forests Accord Development	\$14,559,273	0/0.00
Total Packages:		\$8,616,832	(4)/(4.00)

Package Narrative

Package 090-Analyst Adjustments

Purpose: This package reduces support programs to the Landscape Resilience Program and the Small Forestland Grant Programs outlined in Senate Bill 762 (2021). This package aligns program expenditures with actual expenditures as a result of program capacity. This package fund shifts positions associated with the Private Forest Accord from 87 percent General Fund support 13 percent Other Funds support to 60 percent General Fund support 40 percent Other Funds support. This package also adjusts vacancy rate on General Fund positions to 5 percent. This package appropriates \$6.0 M General Fund for grant obligations from the 2021-23 biennium for Landscape Resilience grants and Small Forestland Grant program.

Staffing impact: This package eliminates 1 Communications position (1.00 FTE), 2 Public Affairs positions (2.00 FTE), and 1 App Development position (1.00 FTE).

Revenue source:

	<u>Agency Request Budget</u>	<u>Governor's Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	(\$5,819,163)	
Other Funds	\$0	(\$113,054)	
Federal Funds	\$0	\$0	
All Funds	\$0	(\$5,932,217)	
Position/FTE	0/0.00	(4)/(4.00)	

Package 092-Statewide AG Adjustment

Purpose: This package reduces Attorney General rates 4.62 percent to reflect adjustments in the Governor's Budget

Staffing impact: None

Revenue source:

	<u>Agency Request Budget</u>	<u>Governor's Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	(\$6,566)	
Other Funds	\$0	(\$2,646)	
Federal Funds	\$0	(\$1,012)	
All Funds	\$0	(\$10,224)	
Position/FTE	0/0.00	0/0.00	

Package 106-Private Forests Accord Development

Purpose: After mediated meetings over an 18-month period, representatives from the timber industry and conservation organizations agreed to modify Oregon's forest practice laws and regulations to draft a Habitat Conservation Plan. Collectively, these agreements are known as the Private Forest Accord (PFA). Since these agreements, SB1501 was introduced and amended in the 2022 Legislative Session. SB1501 directs ODF to adopt by rule a Small Forestland Owner Investment in Stream Habitat Program (SFISH) and an Adaptive Management Program.

The purpose of the SFISH program is to provide grants to small forestland owners to fund projects that result in environmental benefits to fish or mitigate risks to natural resources arising from the construction, operation or maintenance of forest roads or related activities.

The Adaptive Management Program will rely on an Adaptive Management Program Committee (AMPC) and Independent Research and Science Team (IRST). The AMPC will consist of 10 voting members from clearly defined stakeholder groups, serve as an advisory committee to the Board of Forestry, and will set priorities for IRST. The IRST will serve as an advisory committee to the Board of Forestry and lead research projects prioritized by the AMPC.

Forest Resources Narrative

This policy option package provides funding to support these program elements, and additional investment in Services and Supplies (S&S) for positions associated with SB 1501.

How achieved: This package would establish and partially fund the SFISH Program and Adaptive Management Program. This package would also continue funding for the Compliance Monitoring Program and fully fund the position services and supplies.

\$8,050,000 General Fund for the SFISH Program per biennium to be continuously appropriated to the State Forestry Department to be distributed by the Small Forest Owner Assistance Office (SFO) as grants under the SFISH program. \$4,830,000 General Fund per biennium for the Adaptive Management Program Committee (AMPC) and the Independent Research and Science Team (IRST) to be continuously appropriated. Most funds will be distributed to IRST to conduct research and monitoring projects requested by AMPC. Additionally, funds may be distributed to organizations represented by AMPC and IRST voting members through participation grants as described in SB1501-1 (Sect. 36 and 38).

\$350,000 for the Compliance Monitoring Program funded 60 percent General Fund and 40 percent Other Funds per biennium.

\$1,314,273 services and supplies to be added to the department's budget to fully support positions allocated with SB1501 fund at 60 percent General Fund and 40 percent Other Funds. This is intended to be recurring funding added to existing service and supply amounts.

Staffing impact: None.

Quantifying results: In line with the PFA Report, The SFISH Program will be managed by the Small Forestland Owner (SFO) Assistance Office, in consultation with ODFW. State funding will be provided to qualified small forestland owners. An outreach program through the Partnership for Forestry Education will be developed to inform SFOs about the SFISH Program. The SFO Assistance Office, in consultation with ODFW, will track projects that may qualify for state funding. To optimize state funding, the Assistance Office, in coordination with ODFW, will prioritize funding projects. Coordination and

data sharing with other state agencies may be necessary to determine project prioritization. All completed SFISH projects will be annually reported by ODF with cost and miles of streams improved.

The adaptive management program will consist of the Adaptive Management Program Committee that will set research priorities and the Independent Research and Science Team will oversee the research. Administration of the Adaptive Management Program Committee (AMPC) will be led by a program administrator. This position will be a neutral facilitator whose primary program function is to assist forward progress of the adaptive management process in a timely manner and provide the Board with an annual report about program budgets and schedule. Reports from the Independent Research and Science Team (IRST) will be submitted to the Board for consideration along with a report on alternative options for possible rule changes from the AMPC. Fixed timeframes will be developed for all AMPC and IRST process stages to avoid procedural delays in the decision-making process.

The Compliance Monitoring Program monitors the implementation of the Forest Practices act and includes a committee to guide the program, external statistical review, and requires completion reporting when landowners finish an action.

Revenue source:

	<u>Agency Request Budget</u>	<u>Governor's Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$17,524,273	\$13,893,564	
Other Funds	\$140,000	\$665,709	
Federal Funds	\$0	\$0	
All Funds	\$17,664,273	\$14,559,273	
Position/FTE:	0/0.00	0/0.00	

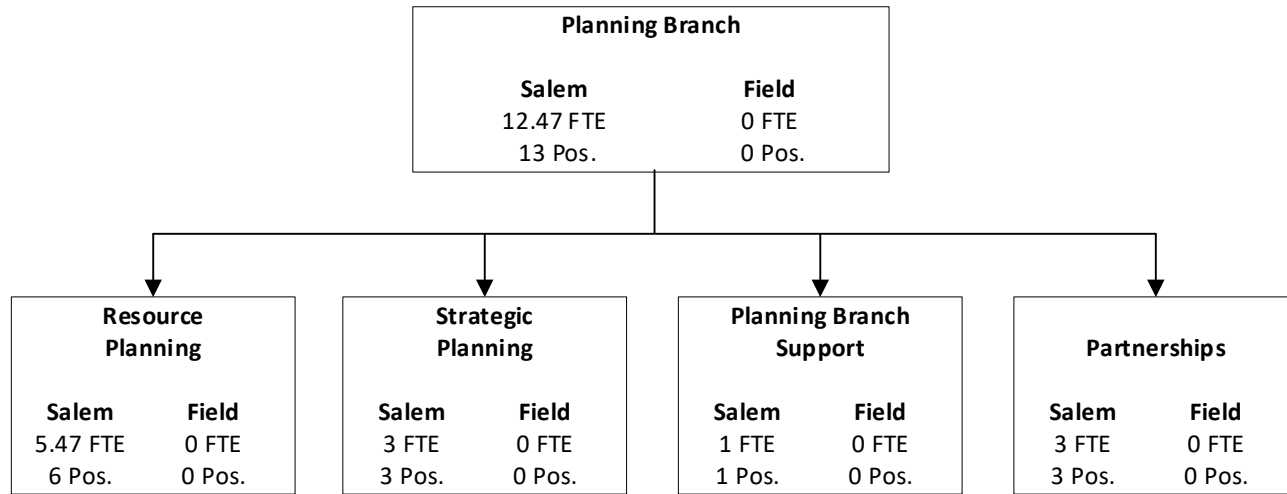
Forest Resources Narrative

Detail of Revenue 107BF07

Source	Fund	ORBITS Revenue Acct	2019-2021 Actuals	2021-23 Legislatively Adopted	2021-23 Estimated	2023-25 Agency Request	2023-25 Governor's	2023-25 Legislatively Adopted
Charges for Services	3400	0410	\$796,567	\$2,540,559	\$2,540,559	\$2,549,819	\$2,549,819	
Admin and Service Charges	3400	0415	\$1,107	\$0	\$0	\$0	\$0	
Rents and Royalties	3400	0510	\$47,100	\$0	\$0	\$0	\$0	
Interest Income	3400	0605	\$26,405	\$0	\$0	\$0	\$0	
Sales Income	3400	0705	\$367,236	\$469,970	\$469,970	\$469,970	\$469,970	
Donations	3400	0905	\$0	\$320,298	\$320,298	\$320,298	\$320,298	
Loan Repayment	3400	0925	\$81,873	\$1,673,741	\$1,673,741	\$1,758,119	\$1,758,119	
Other Revenues	3400	0975	\$1,846	\$0	\$0	\$7,808,743	\$7,808,743	
Federal Funds	6400	0995	\$9,191,230	\$14,640,000	\$14,640,000	\$26,625,472	\$26,625,472	
Transfer In-Intrafund	3400	1010	\$295,161	\$30,400	\$30,400	\$2,628,392	\$2,628,392	
Tsfr From Revenue, Dept of	3400	1150	\$9,856,604	\$21,655,057	\$21,655,057	\$34,166,688	\$15,869,057	

Planning Branch Narrative

Organization Charts



Proposed 2023-25 Structure

Planning Branch Narrative

Planning Branch is a new program being requested in the 2023-25 biennium, created from existing positions from other programs. As such there is no prior structure to show.

Planning Branch Narrative

Executive Summary

Long-term focus areas impacted by the program

The Planning Branch is a new organizational unit emerging from a department-wide reorganization implemented in the fall of 2021. The reorganization comes as executive leadership considered the department's increasingly complex and dynamic operating environment with key challenges such as climate change, increasingly prolonged and severe fire seasons, financial management related to the costs of fire suppression, and substantial investments in department programs (e.g., SB 762, Private Forests Accord related legislation). As these demands strain agency structure and resources, the Planning Branch responds to these challenges by providing leadership and dedicated capacity to undertake strategic planning and decision support for the agency director, executive team, operating programs, and the Board of Forestry.

The Planning Branch maintains primary responsibility for agency strategic planning processes. It also facilitates the Board of Forestry, including maintenance of the board's strategic plan, the *Forestry Program for Oregon*.

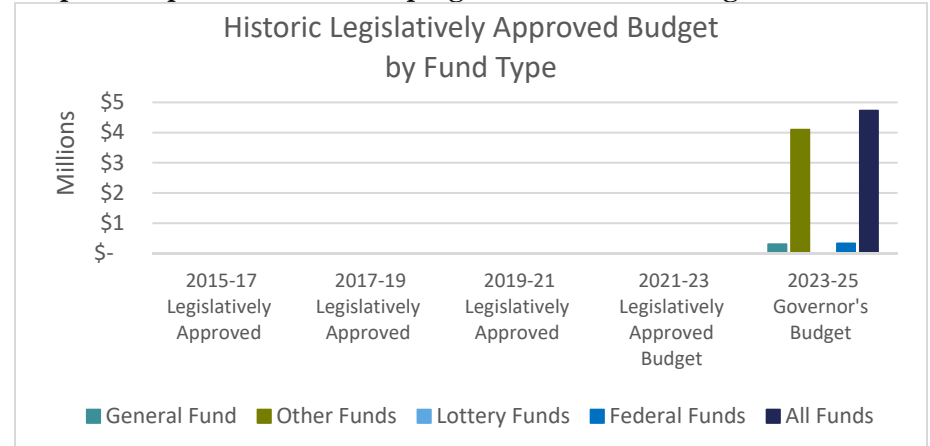
Primary Outcome Area: Provide decision support, analysis, and planning to support delivery of mandated and intentional state services effectively and efficiently across the agency.

Secondary Outcome Area: Build and maintain internal and external relationships to support proactive management of agency affairs, including understanding and acceptance of emerging issues and trends, specifically climate change and equity.

Primary program contact

Ryan Gordon, Planning Branch Director, 503-945-7393,
ryan.p.gordon@odf.oregon.gov

Graphical representation of the program unit's funds budget over time



Program overview

The agency created the Planning Branch to assist agency leadership, the Board of Forestry, and operating programs and its partners to strategically navigate an increasingly complex operating environment.

The Planning Branch provides management support and subject matter expertise to the agency and its core partners. Specifically, the branch focuses on planning and partnership development in climate, carbon, ecology, taxation, forest resilience, land use planning, wood products utilization and provides support to the Board of Forestry. The Planning Branch also includes staff capacity focused on critical external relationships, such as government-to-government relations and legislative coordination.

Program funding request

For 2023-25, the Planning Branch is requesting \$4,726,218 total funds (\$302,387 General Fund; \$4,094,884 Other Funds; and \$328,947 Federal Funds).

Program description

The Planning Branch acts as executive staff support to the State Forester, the Oregon Board of Forestry, the Executive Team and ODF Operating divisions; and builds and maintains external partnerships with stakeholders, partners, and potential funding entities to help achieve ODF's mission.

Planning Branch Narrative

The work of the Planning Branch is critical for the Board of Forestry and the agency to accomplish their respective work and ensure ODF is staffed, prepared and ready to accomplish the agency's mission. The Planning Branch Director reports to the State Forester, serves as a member of the agency's Directors Office and Executive Team, and provides strategic direction and leadership to Planning Branch staff. The Planning Branch is divided into the following work units:

Resource Planning Unit (RPU). The Resource Planning Unit houses core economic, ecological, climate policy, land use, wood utilization, and data coordination functions. The RPU coordinates ODF's internal policy effort with the Governors' Office, and between ODF divisions, and other state and federal agencies. RPU staff develops analyses, programs, and policy to inform policy decisions and actions taken by the State Forester and the Board of Forestry.

Partnerships Unit (PU). The Partnerships Unit focuses on external relations, primarily around state and federal policy and government-to-government coordination. The PU is home to the agency Legislative Coordinator and Government to Government Liaison – both positions represent new, dedicated capacity for this body of work.

Strategic Planning Unit (SPU). The Strategic Planning Unit engages in long-term planning related to forest resilience and Board of Forestry support. The SPU coordinates ODF's internal planning processes, including its Board work plans, Strategic Initiatives, and Annual Operating Plans.

Due to increasing demands and complexity, there are needs for planning, analysis and partnership development that regularly go unmet. The Planning Branch has been structured to add capacity – as possible – to address current and anticipated needs, though an additional management position is needed to address span of control issues.

The estimated cost for 2025-27 is \$4,992,930 and for 2027-29 is \$5,278,731.

Program justification and link to long-term outcome

The branch's direct customers are agency leadership, the Governor's Office, state and federal partners, the Board of Forestry and the agency's operating programs. Indirect customers include forest landowners, local, state, federal agencies and tribal governments, non-profit natural resources organizations,

academic and corporate institutions, and the public in support of the department's operating programs.

The complex cross-cutting issues of climate, equity, wildfire risk and forest resilience require thorough analysis and decisive reasoning to ensure the most positive outcomes over the long-term. Like an incident management team at a wildfire, the Planning Branch analyzes the nuances and tradeoffs of a changing world to inform decision-making across the agency.

Enabling legislation/program authorization

The Planning Branch provides agency-wide decision and planning support for the Board of Forestry, Executive Team, and operating programs. From this perspective, the Planning Branch supports the agency's full mission and suite of enabling statutes. Specific factors contributing to development of the Planning Branch and its functions include:

- An increasingly complex and dynamic operating environment associated with environmental, socio-political, and economic factors;
- the passage of complex legislation, including Senate Bill 762 and the Private Forest Accord, associated investments in the department, and legislative mandates;
- an overdue and unmet need to revise the Board of Forestry's strategic plan, as well as long term capacity for its implementation;
- a clear need to reinvest in agency strategic planning and associated agency management processes; and
- mandates to modernize agency operations, especially with a focus on climate change and equity.

Funding streams

The Planning Branch is funded by the Other Funds and Federal Funds assessed against department programs on a pro-rated basis by funding source, such as state forest timber receipts and the Forest Products Harvest Tax.

Program Narrative

The agency created the Planning Branch to assist agency leadership, the Board of Forestry, and operating programs and its partners to strategically navigate an increasingly complex operating environment.

Planning Branch Narrative

The Planning Branch provides management support and subject matter expertise to the agency and its core partners. Specifically, the branch focuses on planning and partnership development in climate, carbon, ecology, taxation, forest resilience, land use planning, wood products utilization and provides support to the Board of Forestry. The Planning Branch also includes staff capacity focused on critical external relationships, such as government-to-government relations and legislative coordination.

The work of the Planning Branch is critical for the Board of Forestry and the agency to accomplish their respective work and ensures ODF is staffed, prepared and ready to accomplish the agency's mission. The Planning Branch Director reports to the State Forester, serves as a member of the agency's Directors Office and Executive Team, and provides strategic direction and leadership to Planning Branch staff. The Planning Branch is divided into the following work units:

Resource Planning Unit (RPU). The Resource Planning Unit houses core economic, ecological, climate policy, land use, wood utilization, and data coordination functions. The RPU coordinates ODF's internal policy effort with the Governors' Office, and between ODF divisions, and other state and federal agencies. RPU staff develops analyses, programs, and policy to inform policy decisions and actions taken by the State Forester and the Board of Forestry. Upon request, the RPU provides direct support to the Governor's Office regarding forest and broader resource management policies.

The RPU functions as technical and analytical staff to the agency director and Board of Forestry. It coordinates, supports, and directs issues and subject management with other agencies and jurisdictions, develops analyses, and provides guidance and recommends programs and policies to the Board and department. RPU leads and coordinates the analysis of broad forestry, department-wide, or integrated forest resource policy issues and assists in the development of department and Board positions on state and national issues.

The RPU provides leadership during policy work with other state and federal agencies and the private sector on forest sustainability, climate and carbon, land use, forest health, and economic development to support a robust resource sector and retention of resource and working forestland.

The RPU also acquires information and performs scientific and policy analyses essential to development and support of sound statewide natural resource

policies that sustain and enhance the health of Oregon's forest ecosystems, watersheds, and airsheds. This includes coordinating with public and private partners to assimilate, catalogue, and refine data and tools to ensure integrated, statewide, and landscape-scale capability to assess conditions, trends, opportunities, and barriers.

Partnership Unit (PU). The Partnerships Unit focuses on external relations, primarily around state and federal policy and government-to-government coordination. The PU includes the agency Legislative Coordinator and Government-to-Government Liaison.

The Department of Forestry values its partnership with Oregon's tribal nations and recognizes their shared commitment to the stewardship of our natural resources to promote environmental, economic and community sustainability. The department is dedicated to strengthening cooperative relationships with Oregon's nine federally recognized tribal nations and understands that Oregon's rich cultural heritage strengthens our partnership and protects cultural resources for future generations. The agency is pleased to add dedicated support for this important body of work.

The Planning Branch has also added dedicated capacity for legislative coordination. In the past this responsibility has been shared among multiple individuals within the organization, making long-term coordination and relationship retention a challenge. With the addition of this dedicated capacity, the department anticipates more success in proactively tracking and affecting legislative issues that have a nexus with core work.

Strategic Planning Unit (SPU). The Strategic Planning Unit engages in long-term planning related to forest resilience and Board of Forestry support. The SPU coordinates ODF's internal planning processes, including its board work plans, strategic initiatives, and annual operating plans.

More focused capacity for Board of Forestry facilitation is critical as the agency navigates an increasingly complex policy arena, transitions in agency leadership, and significant rulemaking around recent legislation. The Board is also beginning revision of its strategic plan, the *Forestry Program for Oregon*, which requires a sustained commitment of agency resources.

The passage of SB 762 provided dedicated support for a Strategic Planning Coordinator to develop and implement a 20-year strategy for landscape

Planning Branch Narrative

resiliency, as outlined in the Shared Stewardship MOU. This position has been – and will remain – engaged in facilitating shared stewardship among state and federal partner agencies, in support of development and implementation of the 20-year strategy, which intersects a number of the department’s operating programs.

More capacity is needed within this unit, specifically in support of agency planning, decision support, and change management. The department has recruited two limited duration positions to address immediate capacity needs, and has also engaged a third party consultant to assist with strategic planning at the agency level.

Overall, the Planning Branch has been structured to add capacity – as possible – to address current and anticipated needs, though an additional management position is needed to address span of control issues as the program grows.

Essential Packages

Pkg 060-Planning Branch

The purpose of this package is to make technical budget adjustment and corrections. The department is making multiple structure changes this biennium due to internal re-organization efforts. One of these is the creation of a new SCR, taking positions and their related S&S from multiple SCRs. These actions are net-zero at the Agency-wide level, but not at the SCR level. In the Planning Branch it results in a budget increase of \$311,599 General Fund, \$4,096,579 Other Funds, and \$328,947 Federal Funds, for a total of \$4,737,125 All Funds. There was also an increase of 13 Position Counts and 12.47 FTE.

Policy Packages

Package Number	Component Title	All Funds	Positions / FTEs
090	Analyst Adjustments	(\$9,212)	0/0.00
092	Statewide AG Adjustment	(\$1,695)	0/0.00
Total Packages:		(\$10,907)	0/0.00

Package Narrative

Package 090-Analyst Adjustments

Purpose: This package adjusts vacancy rate on General Fund positions to 5 percent

Staffing impact: None

Revenue source:

	<u>Agency Request</u> <u>Budget</u>	<u>Governor’s</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$0	(\$9,212)	
Other Funds	\$0	\$0	
Federal Funds	\$0	\$0	
All Funds	\$0	(\$9,212)	
Position/FTE	0/0.00	0/0.00	

Package 092-Statewide AG Adjustment

Purpose: This package reduces Attorney General rates to 4.62 percent to reflect adjustments in the Governor’s Budget

Staffing impact: None

Revenue source:

	<u>Agency Request</u> <u>Budget</u>	<u>Governor’s</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$0	\$0	
Other Funds	\$0	(\$1,695)	
Federal Funds	\$0	\$0	
All Funds	\$0	(\$1,695)	
Position/FTE	0/0.00	0/0.00	

Planning Branch Narrative

Detail of Revenue 107BF07

Source	Fund	ORBITS Revenue Acct	2019-2021 Actuals	2021-23 Legislatively Adopted	2021-23 Estimated	2023-25 Agency Request	2023-25 Governor's	2023-25 Legislatively Adopted
Federal Funds	6400	0995	\$0	\$0		\$335,208	\$335,208	
Transfer In-Intrafund	3400	1010	\$0	\$0		\$2,523,758	\$2,523,758	
Transfer from General Fund	3400	1060	\$0	\$0		\$2,551,279	\$2,551,279	

Capital Budgeting Program

Debt Service Sub-Program

Financial agreements and COPs

The purpose of the Debt Service Sub-Program is to repay long-term financial obligations (both principal and interest) acquired through the issuance of bonds or certificates of participation (COPs) to fund the Department of Forestry’s capital construction and deferred maintenance projects. The summary construction information on each phase is included in the “History and Purpose” section.

This is the continuation of a program structure created pursuant to Policy Package #094 (2003 Session Legislative Fiscal Office initiative package). Prior to the 2003 Legislative Session, all material related to debt service was included in Agency Administration. The Department of Forestry currently has long-term financial obligations for its Salem Headquarters, Gilchrist State Forest land purchases, Elliot State Forest COP and Toledo facility replacement projects.

<u>COP</u>	<u>Working Title</u>	<u>Final Payment</u>
2012 Series A	Gilchrist land purchases	April 1, 2032
2015 Series E	Partial refunding, 2009 Series D	April 1, 2029
2015 Series F	Gilchrist land purchases	May 1, 2035
2017 Series C	Partial refunding, 2012 Series A	April 1, 2032
2018 Series A	Toledo construction	May 1, 2038
2019 Series A	COP Elliott	May 1, 2039
2019 Series K	Toledo facility replacement	May 1, 2023

Essential Packages

None.

Policy Packages

Package	Component Title	All Funds	Positions / FTEs
091	Additional Analyst Adjustments	\$103,422	0/0.00
Total Packages:		\$103,422	0/0.00

Package Narrative

Package 091-Additional Analyst Adjustments

Purpose: This package provides cost issuance for the reauthorization of the Toledo Phase II project as well as reauthorization for remaining 2021-23 Capital Improvement and Renewal bonds.

Staffing impact: None

Revenue source:

	<u>Agency Request</u> <u>Budget</u>	<u>Governor’s</u> <u>Budget</u>	<u>Legislatively</u> <u>Adopted Budget</u>
General Fund	\$0	\$0	
Other Funds	\$0	\$103,422	
Federal Funds	\$0	\$0	
All Funds	\$0	\$103,422	
Position/FTE	0/0.00	0/0.00	

Capital Budgeting Program

Acquisition, Construction or Improvement of Real Property, Equipment or IT Systems							
Description of Property/Equipment/System Project	Owned or Operated by the State (if operated, who owns?)	Estimated Useful Life of Capital Asset	Total Estimated Cost of Project	Amount Requested to be Financed in 2023-25	XI-Q Bonds or Lease Financing	Date Financing Needed (list separate rows for different dates ¹)	Debt Service Funding Source
Deferred Maintenance & Capital Improvement of Real Property	State Owned	50 years	\$4,820,771	\$4,820,771	XI-Q Bonds	October 2022	100% GF
Toledo Facility Replacement - Phase 3	State Owned	50 years	\$1,300,000	\$1,300,000	XI-Q Bonds	October 2022	41.85% GF / 58.15% OF
Santiam Facility Replacement	State Owned	50 years	\$2,500,000	\$0	XI-Q Bonds	N/A	
Klamath Facility Replacement	State Owned	50 years	\$1,500,000	\$0	XI-Q Bonds	N/A	
State Foresters Office Renovation	State Owned	50 years	\$17,000,000	\$17,000,000	XI-Q Bonds	October 2022	66% GF / 34% OF
Totals			\$27,120,771	\$23,120,771			

1. Sale dates for Article XI-Q Bonds are for budgeting purposes only and are subject to change.

Capital Improvement Sub-Program

Program overview

The Capital Improvement Program supports the Department of Forestry through the improved functionality and extended life of its facilities assets to meet current and future business needs.

Statutory authority

ORS 276.227(5)

ORS 276.229

ORS 291.216(8)(D)

Purpose, customers, and source of funding

The purpose of the Capital Improvement Program is to maintain the department's investment in its capital assets, improve the function of its buildings and to renew obsolete facilities and system components. Capital improvement projects are those capital projects that are capitalized, have a cost of less than \$1 million, increase the value and extend the useful life or adapt a capital asset to a different use. The primary funding resources are state General Fund appropriations,

assessments from forest landowners, net proceeds from state forest operations, and Department of Forestry operating programs.

To maximize the effectiveness of limited funding resources, the focus of the Capital Improvement Program is on the following categories of needs that emphasize improved safety and function of the department's facilities:

- Code and Life Safety — Improvements to older facilities to meet modern building code and life-safety requirements.
- Service Life — Renewal projects to offset the wear and decline of operational facilities due to intensive, long-term use.
- Programmatic Changes — Revisions to meet changing program needs to maintain staff productivity and work capacity.
- Functional Obsolescence — Renovations to facilities to remove functional obstacles and to install technological improvements.

Capital improvement projects are identified through a collaborative budget development process with stakeholders each fiscal year utilizing the department's facilities operation and capital investment account (FOCIA), which is the agency's facilities management planning process tool.

Capital Budgeting Program

Detail of Revenue 107BF07

Capital Improvement:

Source	Fund	ORBITS Revenue Acct	2019-2021 Actuals	2021-23 Legislatively Adopted	2021-23 Estimated	2023-25 Agency Request	2023-25 Governor's	2023-25 Legislatively Adopted
Rents and Royalties	3010	0510	\$36,699	\$0	\$0	\$0	\$0	
General Fund Obligation Bonds	3010	0555	\$0	\$4,820,772	\$4,820,772	\$10,223,244	\$10,223,244	
Dedicated Fund Oblig Bonds	3010	0560	\$0	\$0	\$0	\$0	\$4,820,771	
Interest Income	3010	0605	\$748	\$0	\$0	\$0	\$0	
Other Revenues	3010	0975	\$8,804	\$0	\$0	\$0	\$0	
Transfer In-Intrafund	3010	1010	\$715,748	\$4,989,489	\$4,989,489	\$5,199,047	\$5,199,047	
Tsfr From Lands, Dept of State	3010	1141	\$65	\$0	\$0	\$0	\$0	

Facilities:

Source	Fund	ORBITS Revenue Acct	2019-2021 Actuals	2021-23 Legislatively Adopted	2021-23 Estimated	2023-25 Agency Request	2023-25 Governor's	2023-25 Legislatively Adopted
Charges for Services	3400	0410	\$502	\$0	\$0	\$0	\$0.0	
Rents and Royalties	3400	0510	\$4,382,479	\$0	\$0	\$0	\$0.0	
Intrest Income	3400	0605	\$68,068	\$0	\$0	\$0	\$0.0	
Other Revenues	3400	0975	\$705,868	\$0	\$0	\$0	\$0.0	
Transfer In-Intrafund	3400	1010	\$0	\$5,887,024	\$5,887,024	\$6,146,321	\$6,146,321.0	

Debt Service:

Source	Fund	ORBITS Revenue Acct	2019-2021 Actuals	2021-23 Legislatively Adopted	2021-23 Estimated	2023-25 Agency Request	2023-25 Governor's	2023-25 Legislatively Adopted
Dedicated Funds Ltd	0560	3400	\$0	\$0	\$0	\$0	\$103,422	
Intrest Income	4430	0605	\$18,839	\$0	\$0	\$0	\$0	
Intrest Income	3430	0605	\$16,792	\$0	\$0	\$0	\$0	
Transfer In-Intrafund	3400	1010	\$0	\$0	\$0	\$330,000	\$330,000	
Transfer In-Intrafund	3430	1010	\$604,135	\$636,664	\$636,664	\$2,036,453	\$2,481,996	
Tsfr From Administrative Svcs	4430	1107	\$2,514,973	\$2,560,320	\$2,560,320	\$2,557,080	\$2,557,080	

Capital Construction:

Source	Fund	ORBITS Revenue Acct	2019-2021 Actuals	2021-23 Legislatively Adopted	2021-23 Estimated	2023-25 Agency Request	2023-25 Governor's	2023-25 Legislatively Adopted
General Fund Obligation Bonds	3020	0555	\$0	\$1,632,842	\$1,632,842	\$1,300,000	\$1,300,000	
Dedicated Fund Oblig Bonds	3020	0560	\$0	\$0	\$0	\$21,000,000	\$21,000,000	

Capital Budgeting Program

Essential Packages

Pkg 031-Standard Inflation and State Government Service Charge

The purpose of this package is to include a set of standardized inflation rates for all agencies, increasing their budgets above their final base amounts for all non-personal-services expenditure accounts. These rates are 4.2% for standard or “generic” accounts, and then larger rates for “Price List Accounts,” specifically 8.8% for Professional Services and 21.10% for Attorney General charges. There is no change to position counts or FTE.

Policy Packages

Package	Component Title	All Funds	Positions / FTEs
091	Additional Analyst Adjustments	\$4,820,771	0/0.00
Total Packages:		\$4,820,771	0/0.00

Package Narrative

Package 091-Additional Analyst Adjustments

Purpose: This package provides cost of issuance and expenditure limitation for the reauthorization of 2021-23 Capital Improvement and Renewal bonds.

Staffing impact: None

Revenue source:

	<u>Agency Request Budget</u>	<u>Governor’s Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	\$0	
Other Funds	\$0	\$4,820,771	
Federal Funds	\$0	\$0	
All Funds	\$0	\$4,820,771	
Position/FTE	0/0.00	0/0.00	

Capital Construction Sub-Program

Program overview

The Capital Construction Program supports the department through the renewal, acquisition and construction of the highest priority major construction/acquisition projects to meet current and future business needs.

Statutory authority

ORS 291.224

ORS 291.216(8)(C)

Purpose, customers, and source of funding

The purpose of the Capital Construction Program is to maintain and develop functional capital assets through the renewal, acquisition and construction of major construction/acquisition projects to meet programmatic changes and to replace obsolete facilities. Major construction/ acquisition projects are those projects that are capitalized, have a cost of more than \$1 million, and are used to build, acquire, adapt, replace or change the function of a facility.

The department proposes to use XI-Q bond financing. The debt service for the XI-Q bond financing will be a combination of General Fund and Other Funds resources comprised of program prorate and rent-back funds, direct assessments from forest landowners, and where appropriate, net proceeds from state forest operations.

To maximize the effectiveness of limited revenue sources, the focus of Capital Construction Program is on the following categories of needs that emphasize improved safety and function of the department’s facilities:

- Code and Life Safety—Improvements to our older facilities to meet modern building code and life-safety requirements.
- Service Life—Renewal and replacement projects to offset the wear and decline of our facilities due to intensive, long-term use.
- Programmatic Changes—Revisions to meet changing program needs and to maintain staff productivity and work capacity.
- Functional Obsolescence—Renovation and replacement projects to eliminate functional limitations.

Capital Budgeting Program

Facility Plan - Major Construction/ Acquisition Project Narrative

**Facility Plan - Major Construction/ Acquisition Project Narrative 107BF11
2023-25 Biennium**

Note: Complete a separate form for each project.

Agency	Oregon Department of Forestry					
Project Name	State Forester's Office Building Restoration	Cost Estimate	\$13-\$17M	Cost Est. Date	May-22	Schedule
Address/Location	2600 State St., Salem, OR 97310	GSF		# Stories	3	Start Date
					incl basement	TBD
					Y	Est. Completion
					N	TBD
						Land Use/Zoning Satisfied
						N

Funding Source/s: Show the distribution of dollars by funding source for the full project cost.					
General Funds	\$	8,588,400	Lottery	N/A	\$
					8,411,600
					Federal
					N/A

Description of Agency Business/Master Plan and Project Purpose/Problem to be Corrected

The State Forester's Office Building, constructed under the auspices of the WPA and opened for use in 1938, represents the best design and highest degree of historical integrity among the facilities constructed by the Department. The State Forester's Office Building and adjacent stone walls and walkways were placed on the National Register of Historic Places in 1982. The Department has completed several studies and condition assessments, culminating in an updated Historic Preservation Plan for the restoration of the State Forester's Office Building.

The Historic Preservation Plan for the restoration of the State Forester's Office Building. The Historic Preservation Plan was prepared by Architectural Resources Group, Inc., the historic preservation architectural firm for the State Hospital and the Capital Building projects. As part of the planning process, the Department presented the project to the City of Salem Community Development and Building Department, to the Historic Landmarks Commission and to the Oregon Department of Energy.

The architectural scope of the project includes: masonry repointing; seismic improvements; reroofing; window restoration; accessibility improvements including installation of an elevator; restoration of interior woodwork; restroom, copy room and basement restoration and functional improvements; and the restoration of the Old Board Room ceiling which was damaged during an earlier remodel. The mechanical, plumbing, and electrical scope of the project includes: new hot water biomass boiler and hydronic piping system; new chilled water cooling system; new ventilation air system; new fire sprinkler system; new plumbing system; upgrade of electrical service and distribution system; upgrade of voice and data system; upgrade of fire alarm system; and upgrade and restoration of interior lighting.

The project has been reviewed and accepted by CPAE in 2006, 2008, 2010, 2012, and 2014.

Project Scope and Alternates Considered

The scope of this project includes the replacement and renovation of the building's mechanical, plumbing, and electrical systems, and the restoration of interior and exterior architectural components along with the rehabilitation of the adjacent sidewalks, walls, and the grand chimney. It is important to note that the vast majority of the proposed work at the basement level is unrelated to the conversion to office space and is being performed to improve the building's (1) structural stability, (2) water-tightness, (3) accessibility and (4) MEP performance.

Seismic work in the basement will include:

- A connection will be added to transfer lateral forces from the wood shear walls into the basement concrete walls because there is a lack of connection between the wood shear walls and the concrete basement perimeter walls.
- In addition to the basement perimeter concrete shear walls, the new lateral-force-resisting system will utilize the existing concrete vault walls at both the first floor and basement levels. Currently, the first floor vault walls are not continuous to the foundation. The strengthening scheme proposed to extend these walls down to the foundation. Connections will be made from the diaphragms to the walls to utilize these concrete walls as shear walls.

- Since there is an elevator planned for the restoration, two of the elevator core walls will be reinforced concrete shear walls and can be utilized to resist lateral loads from all diaphragms.

- A new stud wall will be inserted to brace the hollow clay tile walls for out-of-plane loading. There is one known location where a hollow clay tile is a load-bearing wall. In this location, a new stud wall will be added to provide secondary gravity support of the floor joists to prevent a collapse of the first floor in the event of an earthquake.

- The existing large chimney represents a significant falling hazard during a seismic event. This chimney is located adjacent to the State Forester's Office and is an important feature of this historic building. The strengthening scheme involves the careful removal of the stonework and supporting structure from the exterior face of the entire chimney height, providing access to the interior of the chimney to construct full height, reinforced concrete strengthening elements. A new footing will be constructed at the basement level inside the existing building accompanied by an anchor below grade outside the building footprint. A strut ties the anchor to the new concrete chimney shear walls near the ground floor level.

Water-proofing work will include:

- Excavate around the entire building foundation and install new damp-proofing, drainage mat, gravel, insulation and new foundation drains that will tie into existing storm lines.
- Replace existing 5" slab with new concrete slab over compacted soil and water-proofing.

Accessibility improvements:

- Per meeting with the building officials at the outset of the project, it was confirmed that 25 percent of the project budget has to go to go towards eliminating accessibility barriers. In addition to improvements that allow better access to the building from the parking lot, an elevator was added to the project for universal access to the conference room on the second floor. By installing the elevator this also allows universal access to the basement level, where currently the non-accessible kitchen is located. The new kitchen would be slightly enlarged and made accessible.

MEP Improvements:

- Currently the Basement level is used for storage of archival materials and as a meeting space. The rooms are currently not heated. The preservation plan would call for heating and cooling these spaces which would make the basement level more conducive as an archival storage and meeting space.

The added benefit to the above mentioned work (all of which is required for seismic, accessibility and building maintenance reasons) is that with minimal upgrades to the finishes, the already existing office spaces can once again be used as they were historically.

Capital Budgeting Program

Project Budget Estimate - Escalate to the mid-point of construction. Use 4.5% Annual Escalation.

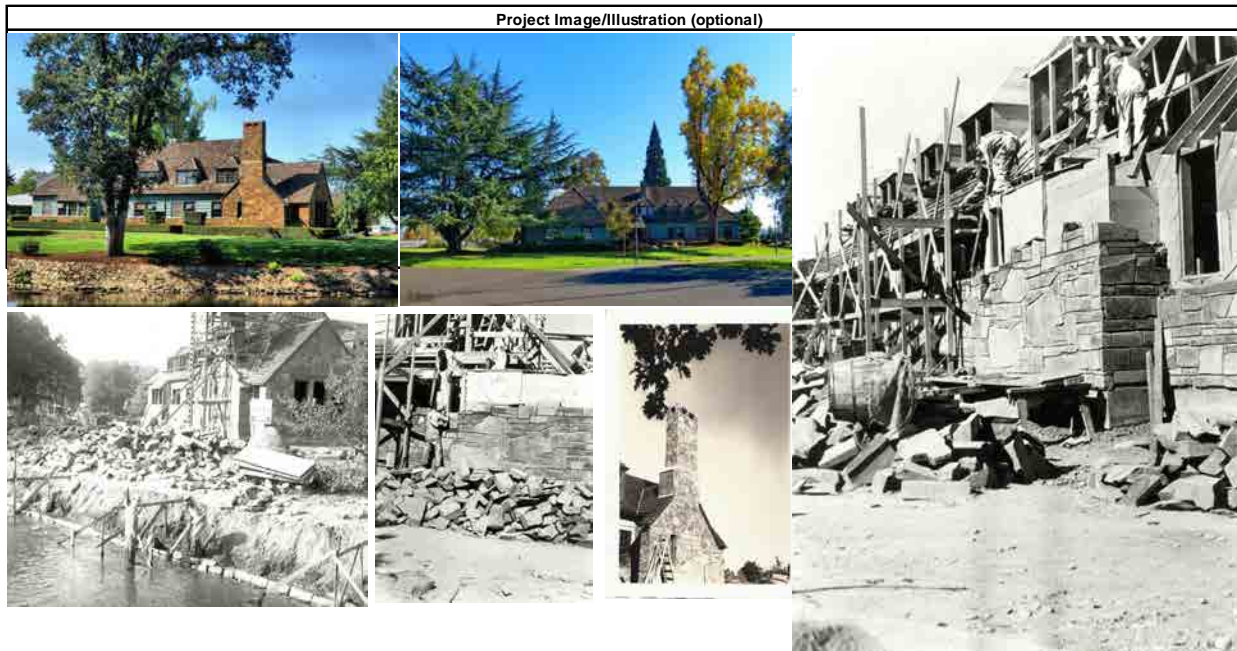
DIRECT CONSTRUCTION COSTS	\$	% Project Cost	\$/GSF
1 Building Cost Estimate			
2 Site Cost Estimate (20 Ft beyond building footprint)			
3 TOTAL DIRECT CONSTRUCTION COSTS	=		

INDIRECT CONSTRUCTION COSTS	\$	% Project Cost	\$/GSF
4 Owner Equipment / Furnishings / Special Systems			
5 Construction Related Permits & Fees			
Other Indirect Construction Costs Including 1% Art, 1.5% Renewable Energy			
6 and other state requirements			
7 Architectural, Engineering Consultants			
8 Other Design and PM Costs			
9 Relocation/Swing Space Costs			
10 TOTAL SOFT COSTS			

11 OWNER'S PROJECT CONTINGENCY

TOTAL PROJECT COST	\$	% Project Cost	\$/GSF

Cost Estimate Source (EG Agency, Cost Estimator, A/E, etc.) Architectural Resources Group, Inc.



Facility Plan - Major Construction/ Acquisition Project Narrative 107BF11
2023-25 Biennium

Note: Complete a separate form for each project.

Agency	Oregon Department of Forestry	Cost Estimate		Schedule	
Project Name	Klamath Lake Fire Cache Bldg. Replacement Project	\$1.5M	May-22	TBD	Est. Completion TBD
Address/Location	3200 Delapl Rd, Klamath Falls OR 97601	GSF	# Stories	Land Use/Zoning Satisfied	
		3,674	2	Y	N

Funding Source/s: Show the distribution of dollars by funding source for the full project cost.	General Funds	Lottery	Other	Federal
	\$ 1,155,000	N/A	\$ 345,000	N/A

Description of Agency Business/Master Plan and Project Purpose/Problem to be Corrected

Description: replacement of the Fire Cache Facility destroyed by fire in 2021.

Purpose/Need: fire cache supply storage.

Planning Phase: master planning phase in process.

Estimated Cost: \$1.5M

Timeline: 2023/25 biennium at the earliest. Possible 25/27 biennium deferral pending master plan findings.

Project Scope and Alternates Considered

The department is currently undertaking a master plan study to determine programming needs and to evaluate opportunities prior to the reconstruction of the fire cache facility. This facility, along with all KLD campus facilities, were evaluated by Faithful & Gould, who produced the 2017 Facilities Condition Assessment (FCA). To augment the FCA, ODF is soliciting A&E services to perform a district-wide program and master plan. The primary goal of the plan has been to establish the physical space needs and other facilities improvements necessary for efficient and effective district operations.

Project Budget Estimate - Escalate to the mid-point of construction. Use 4.5% Annual Escalation.

DIRECT CONSTRUCTION COSTS	\$	% Project Cost	\$/GSF
1 Building Cost Estimate			
2 Site Cost Estimate (20 Ft beyond building footprint)			
3 TOTAL DIRECT CONSTRUCTION COSTS	=		

INDIRECT CONSTRUCTION COSTS

4 Owner Equipment / Furnishings / Special Systems			
5 Construction Related Permits & Fees			
Other Indirect Construction Costs Including 1% Art, 1.5% Renewable Energy and other state requirements			
7 Architectural, Engineering Consultants			
8 Other Design and PM Costs			
9 Relocation/Swing Space Costs			
10 TOTAL SOFT COSTS			

11 OWNERS PROJECT CONTINGENCY			
--------------------------------------	--	--	--

TOTAL PROJECT COST

\$ 1.5M Est.	% Project Cost	\$/GSF
--------------	----------------	--------

Cost Estimate Source (EG Agency, Cost Estimator, A/E, etc.) | DAS Insurance + ODF Internal

Project Image/Illustration (optional)



Capital Budgeting Program

Capital Budgeting Program

Facility Plan - 10-Year Space Needs Summary Report

Facility Plan - 10 Year Space Needs Summary Report
2023-25 Biennium

Agency Name Oregon Department of Forestry

Note: List each project/lease or disposal separately.

Proposed New Construction or Acquisition - Complete for 5 Biennia

Biennium	Agency Priority	Concept/Project Name	Description	GSF	Position Count ¹	General Fund	Other Funds	Lottery Funds	Federal Funds	Estimated Cost/Total Funds
2023-25		NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2025-27										
2027-29										
2029-31										
2031-33										

Proposed Lease Changes over 10,000 RSF - Complete for 3 Biennia

Biennium	Location	Description/Use	Term in Years	Total RSF ² +/- (added or eliminated)	USF ³	Position Count ¹	Biennial \$ Rent/RSF ²	Biennial \$ O&M ⁴ /RSF ² not included in base rent payment	Total Cost/Biennium
				A	B	C	D	E	(D+E) * A
2023-25	None	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2025-27									
2027-29									

Proposed Lease Changes over 10,000 RSF - Complete for 3 Biennia

Biennium	Location	Description/Use	Term in Years	Total RSF ² +/- (added or eliminated)	USF ³	Position Count ¹	Biennial \$ Rent/RSF ²	Biennial \$ O&M ⁴ /RSF ² not included in base rent payment	Total Cost/Biennium
				A	B	C	D	E	(D+E) * A
2023-25	None	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2025-27									
2027-29									

Planned Disposal of Owned Facility

Biennium	Facility Name	Description
2023-25	Toledo Unit Office	Toledo Unit Office
2025-27		
2027-29		

Capital Budgeting Program

Capital Financing Six-Year Forecast Summary

Capital Financing Six-Year Forecast Summary 2023-25

Department of Forestry
62900

Provide amounts of agency financing needs for the 2023-25 biennium, by expected use and repayment source. Include proposed project amounts only (do not include debt service from either previously issued debt or from new debt issuance).

Use of Bond Proceeds	Bond Type		Totals by		
	General Obligation Bonds	Revenue Bonds	Repayment Source		
Major Construction / Acquisition Projects					
General Fund Repayment	\$ 11,524,050	\$	\$	11,524,050	GF
Lottery Funds Repayment				-	LF
Other Funds Repayment	11,975,950			11,975,950	OF
Federal Funds Repayment				-	FF
Total for Major Construction	\$ 23,500,000	\$ -	\$	23,500,000	
\$500,000					
General Fund Repayment	\$	\$	\$	-	GF
Lottery Funds Repayment				-	LF
Other Funds Repayment				-	OF
Federal Funds Repayment				-	FF
Total for Equipment/Technology	\$ -	\$ -	\$	-	
Debt Issuance for Loans and Grants					
General Fund Repayment	\$ 1,219,005	\$	\$	1,219,005	GF
Lottery Funds Repayment				-	LF
Other Funds Repayment	1,179,243			1,179,243	OF
Federal Funds Repayment				-	FF
Total for Loans and Grants	\$ 2,398,248	\$ -	\$	2,398,248	
Total All Debt Issuance					
General Fund Repayment	\$ 12,743,055	\$ -	\$	12,743,055	GF
Lottery Funds Repayment	-	-		-	LF
Other Funds Repayment	13,155,193	-		13,155,193	OF
Federal Funds Repayment	-	-		-	FF
Grand Total 2023-25	\$ 25,898,248	\$ -	\$	25,898,248	

Capital Budgeting Program

Capital Financing Six-Year Forecast Summary 2025-27

Department of Forestry
62900

Provide amounts of agency financing needs for the 2025-27 biennium, by expected use and repayment source. Include proposed project amounts only (do not include debt service from either previously issued debt or from new debt issuance).

Use of Bond Proceeds	Bond Type		Totals by Repayment Source			
	General Obligation Bonds	Revenue Bonds				
Major Construction / Acquisition Projects						
General Fund Repayment	\$	\$	\$	-	GF	
Lottery Funds Repayment				-	LF	
Other Funds Repayment				-	OF	
Federal Funds Repayment				-	FF	
Total for Major Construction	\$	-	\$	-	-	
Equipment/Technology Projects over \$500,000						
General Fund Repayment	\$	\$	\$	-	GF	
Lottery Funds Repayment				-	LF	
Other Funds Repayment				-	OF	
Federal Funds Repayment				-	FF	
Total for Equipment/Technology	\$	-	\$	-	-	
Debt Issuance for Loans and Grants						
General Fund Repayment	\$	1,881,551	\$	1,881,551	GF	
Lottery Funds Repayment				-	LF	
Other Funds Repayment		1,778,788		1,778,788	OF	
Federal Funds Repayment				-	FF	
Total for Loans and Grants	\$	3,660,339	\$	-	\$ 3,660,339	
Total All Debt Issuance						
General Fund Repayment	\$	1,881,551	\$	-	\$ 1,881,551	GF
Lottery Funds Repayment		-		-	-	LF
Other Funds Repayment		1,778,788		-	1,778,788	OF
Federal Funds Repayment		-		-	-	FF
Grand Total 2025-27	\$	3,660,339	\$	-	\$ 3,660,339	

Capital Budgeting Program

Capital Financing Six-Year Forecast Summary 2027-29

Department of Forestry
62900

Provide amounts of agency financing needs for the 2027-29 biennium, by expected use and repayment source. Include proposed project amounts only (do not include debt service from either previously issued debt or from new debt issuance).

Use of Bond Proceeds	Bond Type		Totals by		
	General Obligation Bonds	Revenue Bonds	Repayment Source		
Major Construction / Acquisition Projects					
General Fund Repayment	\$	\$	\$	-	GF
Lottery Funds Repayment				-	LF
Other Funds Repayment				-	OF
Federal Funds Repayment				-	FF
Total for Major Construction	\$	-	\$	-	-
Equipment/Technology Projects over \$500,000					
General Fund Repayment	\$	\$	\$	-	GF
Lottery Funds Repayment				-	LF
Other Funds Repayment				-	OF
Federal Funds Repayment				-	FF
Total for Equipment/Technology	\$	-	\$	-	-
Debt Issuance for Loans and Grants					
General Fund Repayment	\$	1,880,712	\$	1,880,712	GF
Lottery Funds Repayment				-	LF
Other Funds Repayment		1,778,247		1,778,247	OF
Federal Funds Repayment				-	FF
Total for Loans and Grants	\$	3,658,959	\$	-	\$ 3,658,959
Total All Debt Issuance					
General Fund Repayment	\$	1,880,712	\$	-	\$ 1,880,712 GF
Lottery Funds Repayment		-		-	-
Other Funds Repayment		1,778,247		-	1,778,247 OF
Federal Funds Repayment		-		-	-
Grand Total 2027-29	\$	3,658,959	\$	-	\$ 3,658,959

Facilities Maintenance & Management Narrative

Essential Packages

None.

Policy Packages

Package	Component Title	All Funds	Positions / FTEs
114	Klamath Facility Replacement	\$1,500,000	0/0.00
115	Santiam Facility Replacement	\$2,500,000	0/0.00
Total Packages:		\$4,000,000	0/0.00

Package Narrative

Package 114-Klamath Facility Replacement

Purpose: This policy option package supports the needed investment to facilitate the replacement of the Klamath Lake District HQ's Fire Cache Facility destroyed by fire.

Staffing impact: None.

Revenue source:

	<u>Agency Request Budget</u>	<u>Governor's Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	\$0	
Other Funds	\$1,500,000	\$1,500,000	
Federal Funds	\$0	\$0	
All Funds	\$1,500,000	\$1,500,000	
Position/FTE:	0/0.00	0/0.00	

Package 115-Santiam Facility Replacement

Purpose: This policy option package supports the needed investment to facilitate the replacement of the North Cascade District HQ's Santiam Administration Office building destroyed by fire.

Staffing impact: None.

Revenue source:

	<u>Agency Request Budget</u>	<u>Governor's Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	\$0	
Other Funds	\$2,500,000	\$2,500,000	
Federal Funds	\$0	\$0	
All Funds	\$2,500,000	\$2,500,000	
Position/FTE:	0/0.00	0/0.00	

Executive Summary

Long-term focus area impacted by the program

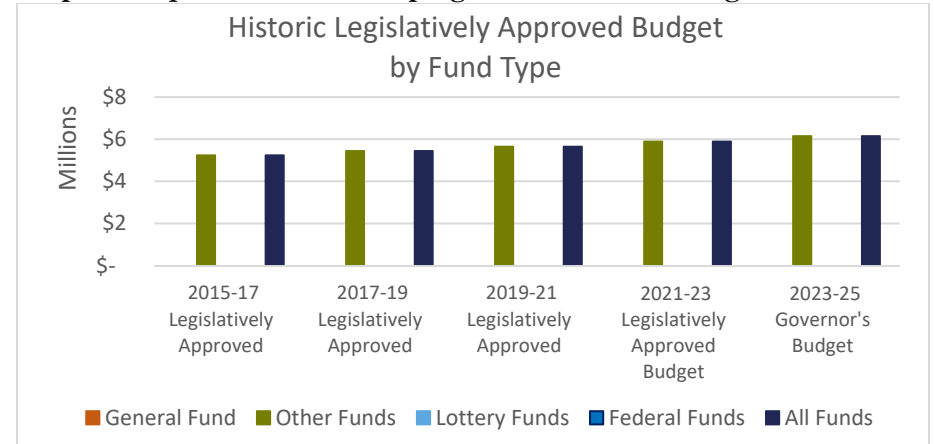
Primary outcome area:

- Excellence in state government
- Effective facilities management
- Good stewardship of agency assets
- Sustainable facilities
- Effective long-range capital planning

Primary program contact

D. Chris Stewart, P.E., Facilities Program Manager, 503-945-7375,
david.c.stewart@odf.oregon.gov

Graphical representation of the program unit's funds budget over time



Facilities Maintenance & Management Narrative

Program overview

The Facilities Capital Management Program supports the Department of Forestry's missions through an integrated facilities management plan that protects the health and safety of the public and personnel, protects and preserves the department's capabilities and capital investments, and minimizes life-cycle facilities costs. The objective of the Facilities Maintenance and Management Program is to ensure that sufficient funds are available for the department's routine maintenance program, the reduction of deferred maintenance, and the implementation of prioritized capital construction and improvement projects.

Program funding

For the 2023-25 biennium, the Facilities Capital Management Program is requesting \$6,146,269 all Other Funds.

Program description

Since its establishment in 1911, the department and the state's forest protection landowner associations have constructed and acquired facilities to support the department's major program areas. The department's current building inventory includes 381 buildings with a current replacement value of approximately \$277 million. Outside of the Salem headquarters buildings, which house the department's centralized operational and business functions, the balance of the buildings is within 12 fire protection districts and five state forests. The Facilities Capital Management Program manages the lifecycle of the Department of Forestry's facilities assets. The department regularly repairs or replaces those facilities and components that have served their useful life.

The department's facilities support a wide range of activities, including administrative functions, firefighter support and dispatch, fire engine and equipment storage, vehicle repair and fabrication, reforestation activities, radio communication sites, and forest fire lookouts. The acquisition of these facilities spans decades of building design, construction, and workplace technologies. Operations, maintenance, and capital renewal budgets are established throughout the department on a fiscal year basis through a collaborative budget development process with stakeholders.

Facilities are the physical foundation of the department's service delivery and contribute to the socioeconomic fabric of their communities. These facilities must be safe, energy efficient and provide the appropriate functional environment to

meet the needs of the department's operational divisions. The program's customers include employees, as well as stakeholders who visit department facilities for services.

Enabling legislation/program authorization

ORS 276.227(5)

ORS 276.229

ORS 276.285

ORS 291.215

ORS 291.216(8)(C)

ORS 291.216(8)(D)

ORS 291.224

Funding streams supporting the program

Revenue for the program comes from a revenue transfer of Other Funds from the department's operating divisions (Fire Protection, State Forests, Federal Forest Restoration, and Forests Resources Division).

Program Unit Narrative

The major activity of the Facilities Capital Management Program during the 2021 -23 biennium is the development of a long-range capital renewal plan that addresses all facility needs, including major maintenance, deferred maintenance reduction, capital improvement and major construction.

The central point of the department's capital plan is that it is strategically and analytically driven with a long-term view of how funding and debt service may be accomplished. The capital planning process is focused on:

- Linkage of the capital plan with the department's strategic priorities.
- Centralized leadership of facilities capital planning with stakeholder involvement.
- Comprehensive needs assessments addressing all capital needs.
- Credibility of information, project prioritization and capital investment decisions.
- Development of a consistent funding framework.

Department leadership is currently developing a strategic planning context that identifies key planning issues, opportunities and priorities.

Facilities Maintenance & Management Narrative

Completion is nearing on acquisition of a facilities asset management system to provide a foundation for informed decision-making through improved capacity to quantify, track and analyze facilities needs and costs.

Revenue

Revenue for the Facilities Capital Management program comes from a revenue transfer of Other Funds from the department’s operating divisions (Fire Protection, State Forests, Federal Forest Restoration, and Forests Resources Division). No new revenue streams are proposed for the 2023-25 biennium.

Essential Packages

Pkg 031-Standard Inflation

The purpose of this package is to include a set of standardized inflation rates for all agencies, increasing their budgets above their final base amounts for all non-personal-services expenditure accounts. These rates are 4.2% for standard or “generic” accounts, and then larger rates for “Price List Accounts,” specifically 8.8% for Professional Services and 21.10% for Attorney General charges. There is no change to position counts or FTE.

Policy Packages

Package	Component Title	All Funds	Positions / FTEs
092	Statewide AG Adjustment	\$52	0/0.00
Total Packages:		\$52	0/0.00

Package Narrative

Package 092-Statewide AG Adjustment

Purpose: This package reduces Attorney General rates by 4.62 percent to reflect adjustments in the Governor’s Budget

Staffing impact: None.

Revenue source:

	<u>Agency Request Budget</u>	<u>Governor’s Budget</u>	<u>Legislatively Adopted Budget</u>
General Fund	\$0	\$0	
Other Funds	\$0	\$52	
Federal Funds	\$0	\$0	
All Funds	\$0	\$52	
Position/FTE:	0/0.00	0/0.00	

Facilities Maintenance & Management Narrative

Operations and Maintenance Report

Facility Plan - Facility O&M/DM Report 107B16b
2023-25 Biennium

Agency Name Oregon Department of Forestry

**Facilities Operations and Maintenance (O&M) Budget
excluding Capital Improvements and Deferred Maintenance**

	1	2019-21 Actual	2021-23 LAB	2023-25 Budgeted	2025-27 Budgeted
Personal Services (PS) Operations and Maintenance					
Services and Supplies (S&S) Operations and Maintenance	\$	1,089,401.00	\$ 3,389,247.00	\$ 3,389,247.00	\$ 3,528,206.13
Utilities not included in PS and S&S above	\$	2,028,147.00	\$ 3,574,205.00	\$ 3,574,205.00	\$ 3,720,747.41
Total O&M	\$	3,117,548.00	\$ 6,963,452.00	\$ 6,963,452.00	\$ 7,248,953.53
O&M \$/SF		3.77	8.42	8.42	8.77

Total O&M SF 827,029 Include only the SF for which your agency provides O&M funding.

	2	General Fund	Lottery Fund	Other Funds	Federal Funds
O&M Estimated Fund Split Percentage %		0.00%	0.00%	99.96%	0.04%

Deferred Maintenance Funding In Current Budget Model

**Total Short and Long Term Deferred Maintenance Plan for
Facilities**

	3	2023-25 Biennium		Ongoing Budgeted (non POP)	Ongoing Budgeted (non POP)
	4,5,6	Current Costs 2021	Ten Year Projection	2023-25 Budgeted SB 1067 (2% CRV min.)	2025-27 Projected SB 1067 (2% CRV min.)
Priorities 1-3 - Currently, Potentially and Not Yet Critical	\$	26,736,859	\$ 69,460,724	\$ 3,063,222	\$ 6,260,229
Priority 4 - Seismic & Natural Hazard	7	-	-		
Priority 5 - Modernization	8				
Total Priority Need	\$	26,736,859	\$ 69,460,724	\$ 3,063,222	\$ 6,260,229
Facility Condition Index (Priority 1-3 Needs/CRV)	9	10.8%	28.1%	9.6%	25.6%

Assets CRV \$ 246,755,026 Current Replacement Value Reported to Risk or Calculated Replacement Value Reported from Facility Conditions Assessment (FCA)

Process/Software for routine maintenance (O&M)	Replaced outdated ACCESS database with the iPlan™ platform (new software TBD by DAS)	Provide narrative
Process/Software for deferred maintenance/renewal	iPlan™ (new software TBD by DAS)	Provide narrative
Process for funding facilities maintenance	Policy Option Packages (POPs)	Provide narrative

2023-25 Governor's Budget



	2021-23 Legislatively Adopted Budget	2021-23 Legislatively Approved Budget	2023-25 Current Service Level	2023-25 Agency Request Budget	2023-25 Governor's Budget
General Fund	\$167,377,154	\$230,245,653	\$161,851,833	\$226,663,537	\$169,120,330
Lottery Fund	\$2,564,210	\$2,564,210	\$2,557,080	\$2,557,080	\$2,557,080
Other Funds	\$310,849,227	\$397,503,110	\$335,376,852	\$372,310,300	\$347,242,173
Federal Funds	\$41,395,153	\$41,779,100	\$43,838,515	\$48,599,636	\$43,813,031
Total Funds	\$522,185,744	\$672,092,073	\$543,624,280	\$650,130,553	\$562,732,617
Positions	1,335	1,393	1,371	1,434	1,367
Full-Time Equivalent	1,006.07	1,027.03	1,039.21	1,096.77	1,035.21

Budget Highlights: Recommended Packages

Forest Resource Division: Private Forest Accord Development – Package 106

Provides the necessary General Fund to support establishment of the Small Forestland Owner Investment in Stream Habitat Program (SFISH) and Adaptive Management Program as part of the continued implementation of the Private Forest Accord and Senate Bill 1501 (2022). This package also provides for additional investment in services and supplies for positions associated with SB 1501 at the 60/40 General Fund and harvest tax split.

Fiscal Impact: \$13,893,564 General Fund, \$665,709 Other Funds, 0.00 FTE, 0 Positions

Continuation of Funding for Fire Severity Resources and Insurance Costs – Package 110

As in previous biennia, establishes a Special Purpose Appropriation in the Emergency Board Fund to provide critical supplemental firefighting mobile resources—primarily contract air tankers and helicopters—positioned where and when fire danger is the highest.

Fiscal Impact: \$15,232,000 General Fund, 0.00 FTE, 0 Positions



Capital Construction: Klamath Facility Replacement – Package 114

Provides Other Funds limitation to enable the department to use insurance proceeds and other revenue sources to rebuild the Klamath facility lost to fire.

Fiscal Impact: \$1,500,000 Other Funds 0.00 FTE, 0 Positions

Capital Construction: Santiam Facility Replacement – Package 115

Provides Other Funds limitation to enable the department to use insurance proceeds and other revenue sources to rebuild the Santiam facility lost during the 2020 fire season.

Fiscal Impact: \$2,500,000 Other Funds 0.00 FTE, 0 Positions

Budget Highlights: Reductions, Fund Shifts and Other Actions

The Governor's Budget recommends numerous reductions, fund shifts and other budgetary actions throughout the department, including:

- Reduction of four Administrative Branch positions.
- Reauthorization of both Toledo Phase II and Capital Improvement and Renewal bonding authority.
- Shift to a 60 percent General Fund and 40 percent Forest Products Harvest Tax split for seven positions established under SB 1501 (Private Forest Accord).
- General Fund reductions from the landscape resiliency (\$7.87 million) and small forestland grant programs (\$1.97 million).
- A carryforward of \$6 million in unspent General Fund for obligations associated with implementation of the Private Forest Accord.



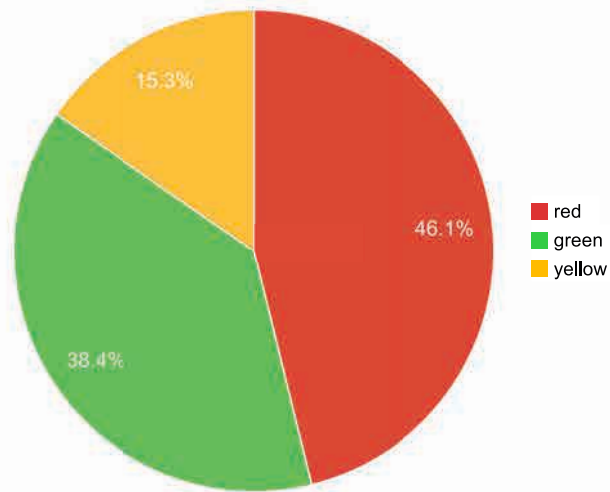
Forestry, Department of

Annual Performance Progress Report

Reporting Year 2022

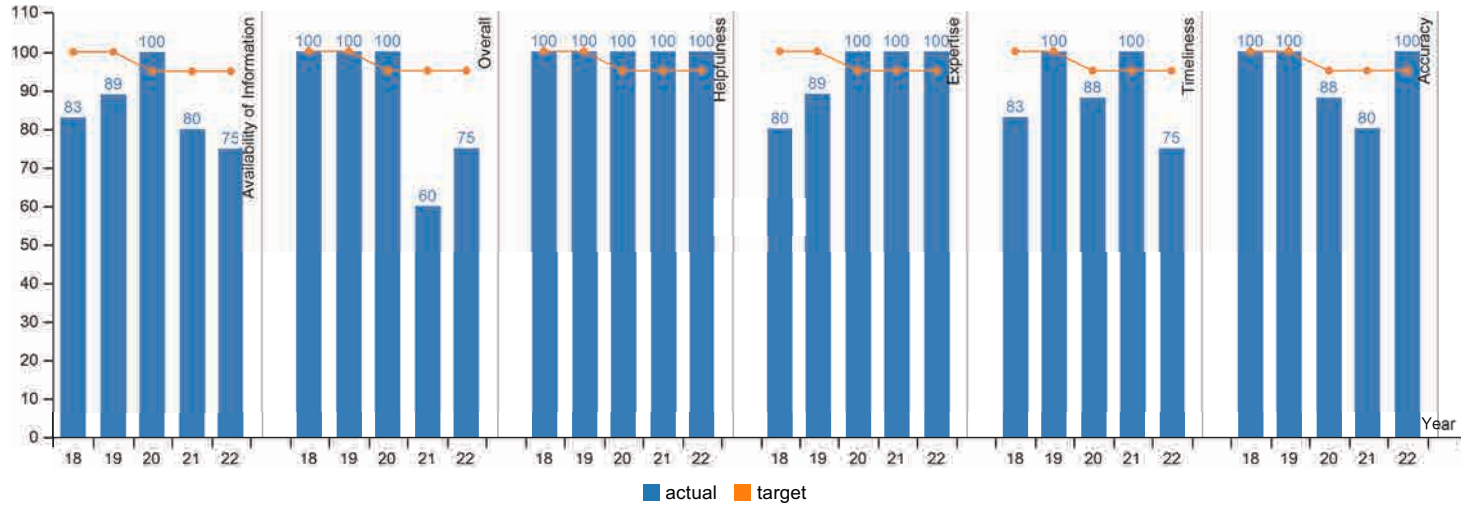
Published: 7/28/2022 11:36:34 AM

KPM #	Approved Key Performance Measures (KPMs)
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.
2	BOARD OF FORESTRY PERFORMANCE - Percent of total best practices met by the Board of Forestry.
3	FOREST PRACTICES ACT COMPLIANCE - Percent of forest operations that are in compliance with the Forest Practices Act
4	URBAN AND COMMUNITY FOREST MANAGEMENT - Percent of Oregon cities actively managing their urban and community forest resources.
5	STATE FORESTS TOTAL REVENUE - Percent increase in total revenue produced by State Forests
6	AIR QUALITY PROTECTION - Total number of smoke intrusions into designated areas per total number of units burned.
7	PERCENTAGE OF PRIVATE FORESTLAND MANAGED AT OR ABOVE FOREST PRACTICES ACT STANDARDS. - Percentage of industrial private forestlands managed under an approved certification system, stewardship agreement, or other approved management plan including wildlife habitat conservation and management plans
8	FOREST STREAM WATER QUALITY - Percent of monitored stream sites associated predominately with forestland with significantly increasing trends in water quality.
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.
10	STATE FORESTS NORTH COAST HABITAT - Complex forest structure as a percent of the State Forests landscape.
11	FIRE SUPPRESSION EFFECTIVENESS - Percent of wildland forest fires under ODF jurisdiction controlled at 10 acres or less.
12	PREVENTION OF HUMAN-CAUSED WILDLAND FOREST FIRES - Number of Oregon residents per human-caused wildland forest fires. (population expressed in thousands of residents) This metric measures the ability to maintain or reduce the number of human-caused wildfires as the population of Oregon increases. An upward trend indicates a positive result.
13	DAMAGE TO OREGON FORESTS FROM INSECTS, DISEASES, AND OTHER AGENTS - Percent of forest lands without significant damage mortality as assessed by aerial surveys.



Performance Summary	Green	Yellow	Red
	= Target to -5%	= Target -5% to -15%	= Target > -15%
Summary Stats:	38.46%	15.38%	46.15%

KPM #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.
	Data Collection Period: Jan 01 - Dec 31



Report Year	2018	2019	2020	2021	2022
Availability of Information					
Actual	83%	89%	100%	80%	75%
Target	100%	100%	95%	95%	95%
Overall					
Actual	100%	100%	100%	60%	75%
Target	100%	100%	95%	95%	95%
Helpfulness					
Actual	100%	100%	100%	100%	100%
Target	100%	100%	95%	95%	95%
Expertise					
Actual	80%	89%	100%	100%	100%
Target	100%	100%	95%	95%	95%
Timeliness					
Actual	83%	100%	88%	100%	75%
Target	100%	100%	95%	95%	95%
Accuracy					
Actual	100%	100%	88%	80%	100%
Target	100%	100%	95%	95%	95%

How Are We Doing

The Department of Forestry strives to exceed expectations in service to Oregon's forested counties and forest protective associations. Results from this year's survey indicate that while Department employees have demonstrated local success in building strong relationships within our communities and providing service to Oregonians, the complex sociopolitical environment surrounding State Forest land management continues to challenge our ability to meet expectations in service to all.

Factors Affecting Results

Our department's mission is to serve the people of Oregon by protecting, managing, and promoting stewardship of Oregon's forests to enhance environmental, economic, and community sustainability. One of our core values is excellent, efficient, and effective service.

Sentiments shared this year indicated that our employees are proactively engaged in their service to Oregonians with several participating on local forest or land use committees and providing invaluable expertise in county land management documents; staff are responsive and helpful when requests for right-of-way, timber harvest, prescribed fire, or wildfire needs are initiated; and the service has been provided by competent staff, professionally attune to local conditions and dynamics within their communities.

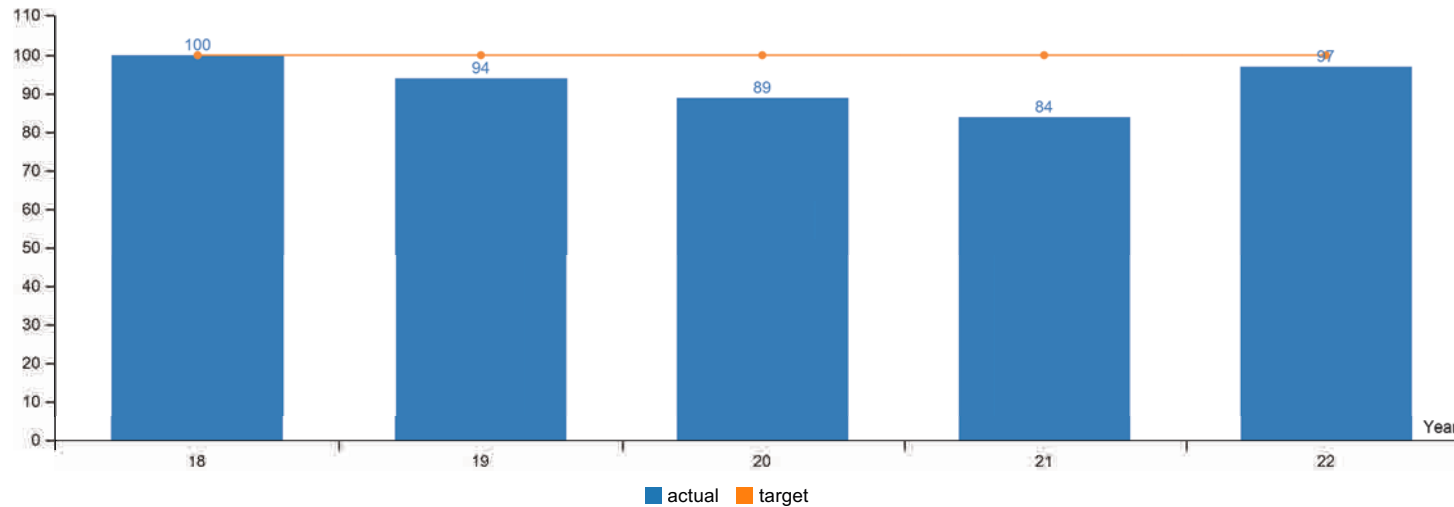
The positive results of this performance measure directly correlate to the investments made between Department staff and county commissioners, county officials, forest protective associations and forest landowners to build effective working relationships across all jurisdictions and forestry programs.

Notably, in a few rated categories, we did not achieve the recommended target of the performance measure, a direct reflection of concerns expressed in management of State Forest lands and related political pressures, court rulings, and legislation; disagreement with employees on the direction of policy work on county revenue producing lands; frustrations in the standardized level of input and participation in Habitat Conservation Plan development as Forest Trust Land counties; and concerns that the department is not financially sustainable in its current structure based on low returns from timber sales and perception that the agency is more focused on environmental and recreational policy instead of sustained yield management.

State Forests were intended to be managed for economic, environmental, and social values, providing a sustainable harvest while balancing conservation, scenic, recreational, and other factors included in the Greatest Permanent Value, serving Oregonians and Forest Trust Land counties over the long-term. Maintaining balance across these sociopolitical factors is complex and the tensions embedded within this landscape are reflected in our ratings of customer service in this year's performance measure.

KPM #2	BOARD OF FORESTRY PERFORMANCE - Percent of total best practices met by the Board of Forestry.
	Data Collection Period: Jan 01 - Dec 31

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Oregon Board of Forestry Governance					
Actual	100%	94%	89%	84%	97%
Target	100%	100%	100%	100%	100%

How Are We Doing

The Board of Forestry concluded the annual board governance performance evaluation with common agreement in meeting 97 percent of the standard best-practices criteria. Disagreement found in just one best practices criterion limited the Board from reaching their 100 percent target.

Factors Affecting Results

Five of the seven board members serving in the 2021 calendar period completed the evaluation. Results of the evaluation suggest that current board members see the board functioning in a highly effective manner across the majority of best practices in governance with only one criterion affecting the Board's ability to meet their performance measure target of 100% for 2022. The Board found common agreement in reaching 97% of their best-practices, a significant upward trend from the prior year's evaluation of 84%.

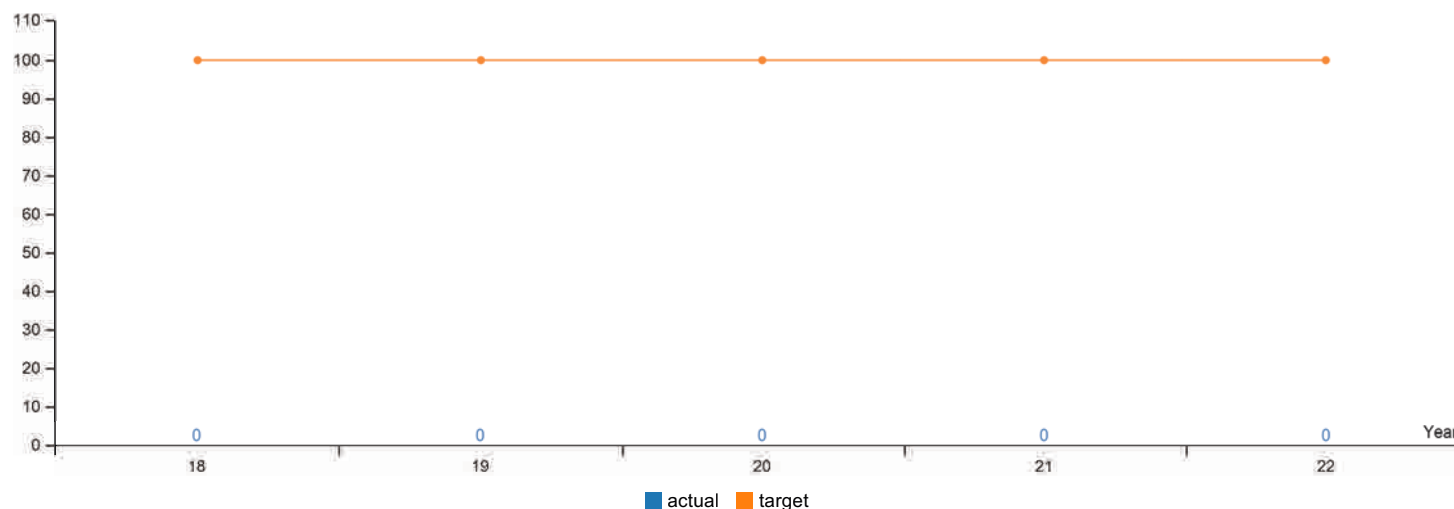
The upward trend can be attributed to: improvements occurring with the recent hiring process for the State Forester; the Board's engagement in policy-making activities and resulting communications; increased oversight and reporting of the department's financial accounting; time spent in the field learning the technical aspects of Forestry's mission; and the significant input received by members of the public.

Areas for further improvement include: completion of the Board's *Forestry Program for Oregon*; strategically planning agendas to focus on priority issues with greater consideration to the urgency of key matters and limited time of the volunteer board; increasing collaboration with other agencies around shared goals including monitoring and climate-smart forestry; building stronger alignment in budgeting and investment strategies; defining a sustainable funding solution for State Forests; expanding public input to assess values held by all Oregonians; continuing to meet across the state, connecting with the public in the field; and revisiting the current committee structure used to delegate work amongst the Board.

Overall, the Board had positive reflections on their effectiveness as a board with recognition to the significant volume of complex issues requiring their attention.

KPM #3	FOREST PRACTICES ACT COMPLIANCE - Percent of forest operations that are in compliance with the Forest Practices Act
	Data Collection Period: Jan 01 - Dec 31

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Percent of Operations in Compliance with Oregon's Forest Practices Act					
Actual					
Target	100%	100%	100%	100%	100%

How Are We Doing

The Oregon Forest Practices Act (FPA) outlines standards of practice for forest operations on non-federal and non-tribal lands in Oregon. The FPA is administered by the Oregon Department of Forestry's (ODF) Forest Resources Division. Program delivery is performed by Stewardship Foresters who operate from District Offices. Within the Forest Resources Division, the Monitoring Unit is tasked with collecting information on the efficacy and implementation of the FPA rules at statewide scale.

A statewide study of Forest Practices Act compliance was conducted from 2013 –2018. Results of the study were provided in Key Performance Measures reporting. In 2019, concerns for some of the statistical processes employed in the study were raised.

In 2020, the Monitoring Unit contracted with Mt. Hood Environmental to review statistical elements of the 2013-2018 Forest Practices Act Compliance Study and make recommendations for improvement. In 2021, the Monitoring Unit and Mt. Hood Environmental completed the review of processes and provided a report to the Board of Forestry in which individual elements of previous work were considered and discussed. Mt. Hood Environmental identified several aspects of the study design and analysis that limited the scope of inference and introduced potential bias into the compliance estimates.

MHE proposed process changes related to study design, data collection methods, and analysis, that specifically focused on improving efficiency, meeting performance criteria for agency goals, and addressing the current limitations. These are:

1. Explicitly define all sampling elements.
2. Narrow research questions to address agency goals.

3. *Quantify the population.*
4. *Account for nonresponse bias.*
5. *Reduce potential for systematic error with standardized training and QA/QC protocols.*
6. *Include large harvests (greater than 500 acres) with a sub-sampling protocol.*
7. *Apply within-unit stratification for roads and streams to mitigate autocorrelation and increase sampling efficiency.*
8. *Determine sample size using power analysis or a similar approach.*

ODF will implement all eight of these recommendations in future compliance monitoring efforts.

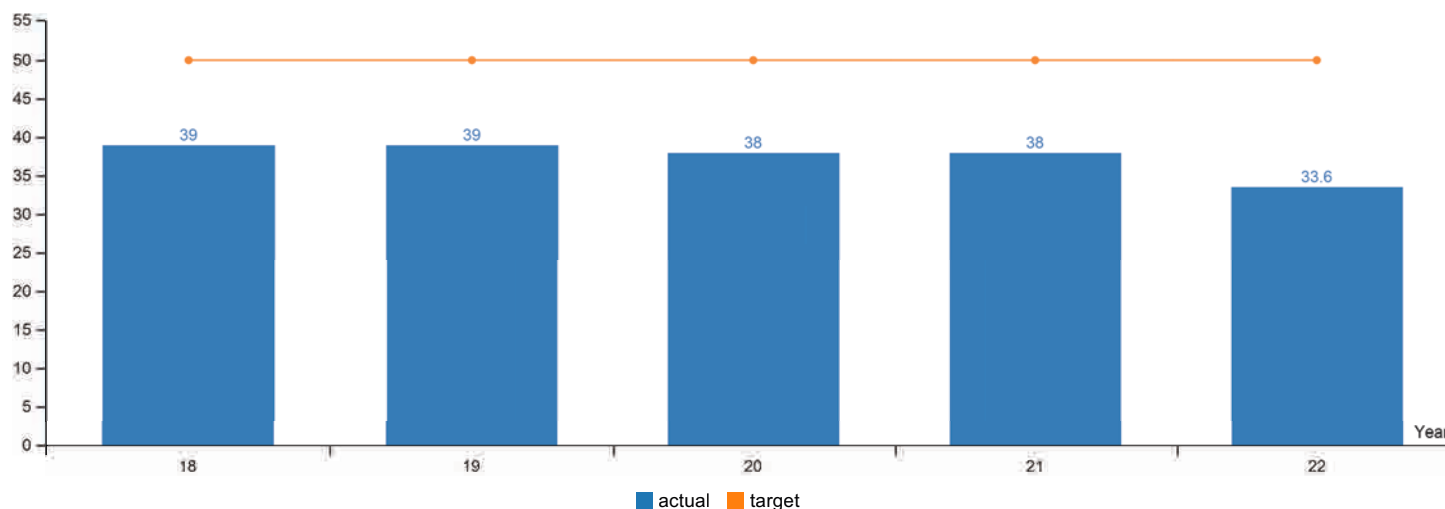
Factors Affecting Results

Recently, the Governor's mediated discussions on forest policy and practices were memorialized in the Private Forest Accord Report of 2022. The Private Forest Accord was the foundation of legislation (Senate Bill 1502 – 2022) and set in motion substantial changes in Department of Forestry standards, organizational structure and relationships with other agencies and stakeholders. This work will be in process for several years to come. The goal of the Accord is a Habitat Conservation Plan for aquatic species in Oregon.

The report from Mt. Hood Environmental (MHE) was noted in Private Forest Accord Report which was referenced in Senate Bill 1501 of 2022. That legislation directed the Department of Forestry to make substantial changes in standards of practice for forest operations on non-Federal forestlands and provided regulatory assurance for landowners.

KPM #4	URBAN AND COMMUNITY FOREST MANAGEMENT - Percent of Oregon cities actively managing their urban and community forest resources.
	Data Collection Period: Jan 01 - Dec 31

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Percent of Oregon cities actively managing their urban and community forest resources					
Actual	39%	39%	38%	38%	33.60%
Target	50%	50%	50%	50%	50%

How Are We Doing

The ODF Urban and Community Forestry Assistance Program has spent the last few years "ground truthing" the urban forestry (UF) components we track for Federal reporting purposes. Our goal is to update the information we have on 20 percent of Oregon cities each year over five years. The components we track are whether cities have (1) trained UF staff, such as an International Society of Arboriculture-certified arborist on staff; (2) a tree ordinance; (3) a tree board or advisory committee; and (4) an inventory-based urban forest management plan. KPM #4 tracks how many Oregon cities have at least two of these four attributes. Over time, we expect to find changes in cities abilities to meet these components. Based on our most recent federally reported data, we see the percentage of cities with two UF components -- indicating that they are actively managing their urban forests -- has dropped slightly to 33.6 percent from 37.7 percent in 2021 (from 91 to 81 cities). These percentages and city counts can be misleading as indicators of program effectiveness, however. The population of these 81 cities comprise 84.7 % of the total population residing in Oregon's incorporated cities (2010 Census data). This means that close to 85% of Oregon's city residents live in cities that are intentionally managing their city trees.

In 2022, the UCF Assistance Program again celebrated 69 Tree City USAs (for their urban forestry efforts in 2021). However, this number reflects the return of a former Tree City USA, Reedsport, and the loss of another, Hood River. The colleges and universities recognized as a "Tree Campus Higher Education," a program like Tree City USA sponsored by the Arbor Day Foundation, gained a new campus, Central Oregon Community College, which was the first new campus in the program in several years. In 2021, Oregon Community Trees and the UCF program staff decided to hold the Oregon Annual Urban and Community Forestry Conference virtually due to pandemic restrictions. The conference was well attended by approximately 120 people. The conference theme was "Water-wise Community Forests – Strategies for our Future." The UCF program granted OCT \$5000 to offset the costs of the virtual conference coordinator, Social Enterprises. Despite our inability to travel and provide onsite technical assistance for most of 2021, we assisted 90 of Oregon's incorporated cities, several receiving more than one assist. With our limited staff, we made over 300 assists statewide – not only to cities, but also to schools and universities, nonprofit organizations, other government sectors, and the general public.

Factors Affecting Results

The Department receives no state funds for its UCF Assistance Program and thus relies solely on federal funds to achieve our mission and this KPM. Based on the availability and uses of federal sources, the Department has a very limited staff to serve the entire state (1.75 FTE). A statewide survey conducted in 2014 clearly shows that if cities receive assistance from the Department of Forestry, they were more likely to have components of an actively managed urban forest program.

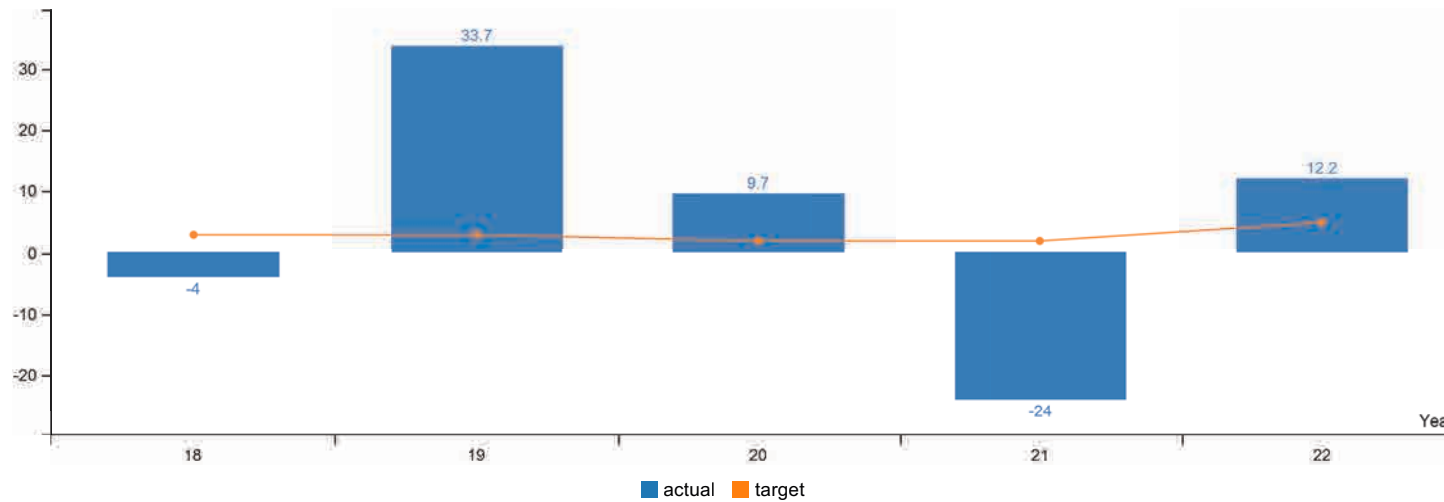
For the second year in a row, due to the worldwide pandemic restrictions, travel and onsite visits were severely limited for UCF program staff. However, this year, as all became more familiar with videoconferencing, UCF staff was able to establish good communication with cities in need of assistance. In addition, the Green Legacy Hiroshima Peace Tree project turned out to be a particularly meaningful way for UCF staff to connect with cities and communities.

A couple years ago, UCF staff noticed that many cities have new, young municipal employees who are not familiar with urban forestry management concepts or the mission of the program. Also, throughout Oregon very few urban forestry professionals are people of color, or representative of underserved groups. These areas need more focused attention than UCF program staff is currently able to provide, especially when travel is limited. In 2020, Oregon Community Trees established a Diversity, Equity, and Inclusion (DEI) committee that is reviewing the organization's by-laws and providing guidance in organizational outreach to marginalized groups. UCF staff has focused more on its DEI outreach as well.

The UCF Assistance Program continues to promote TreePlotter™ INVENTORY (TPI) software, approximately 11 cities are beginning to use the software, with a few more promising to share their existing tree inventory data. (The goal is to engage at least 25 cities in using the inventory over the 5-year grant life). The UCF Program will be renegotiating its contract for the TPI software in August 2022. In Oregon, urban and community forestry professionals continue to expand their interest in using urban-grown lumber, grapple with fire-preparedness in cities and suburbs, improve the use of trees in storm-water mitigation, and increase the awareness of the role trees play in urban resident health. The UCF Assistance program is a recognized hub that provides, guides, and manages information on these UCF trends in Oregon.

KPM #5	STATE FORESTS TOTAL REVENUE - Percent increase in total revenue produced by State Forests
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Percent increase in revenue produced by State Forests compared to the previous year					
Actual	-4%	33.70%	9.70%	-24%	12.20%
Target	3%	3%	2%	2%	5%

How Are We Doing

The FY 2021 data show a 12.2 percent increase in total revenues from the previous year, up to \$121,546,724. The amount of revenue distributed to counties increased 3.3 percent from the previous year, \$69,204,678 to \$71,454,915. This KPM focuses on the percent change in total revenue produced from the sale of timber from State Forests. The Oregon Department of Forestry is committed to sustainable management of these lands. Harvest levels that contribute to the revenue flow for this measure are set annually by the Division at the direction of the State Forester.

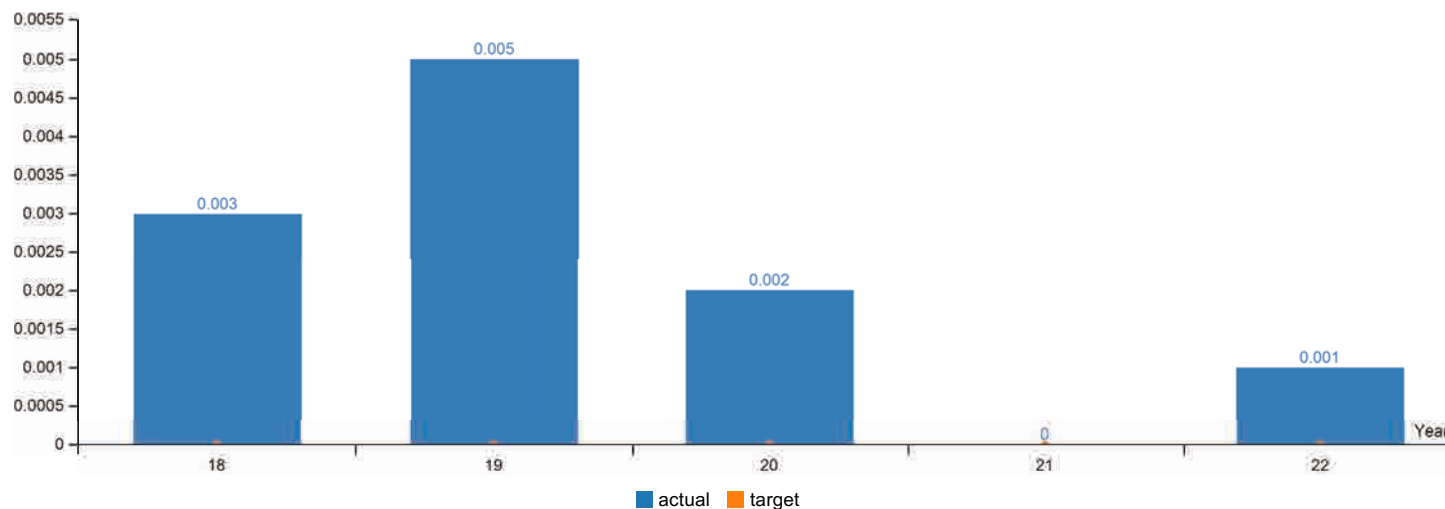
The KPM targets establish an objective for management activities to predictably generate revenue for the State. The Division is implementing business improvements to increase revenue while continuing to provide a balanced range of social and environmental values.

Factors Affecting Results

The major factor affecting FY 2021 increase in timber sale revenue was harvest volumes (264.3 MMbf) were 9.1% higher than FY 2020. FY2021 timber sale revenue was 19.4 percent above the 10-year average of \$101,732,429.

KPM #6	AIR QUALITY PROTECTION - Total number of smoke intrusions into designated areas per total number of units burned.
	Data Collection Period: Jan 01 - Dec 31

* Upward Trend = negative result



Report Year	2018	2019	2020	2021	2022
Total number of smoke intrusions into designated areas per total number of units burned					
Actual	0.003	0.005	0.002	0	0.001
Target	0	0	0	0	0

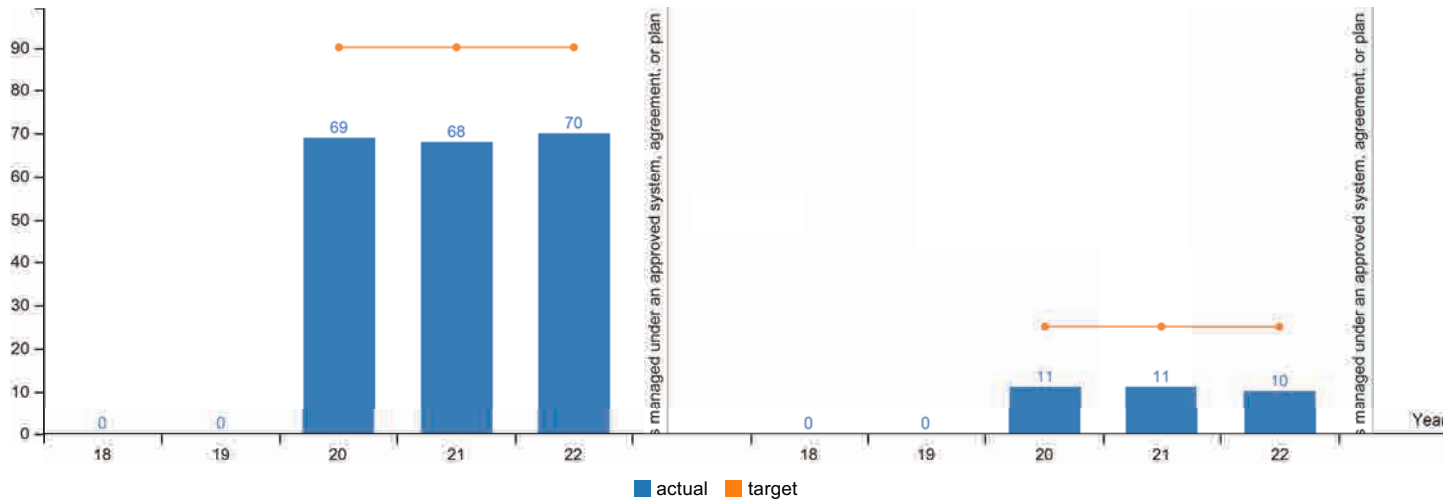
How Are We Doing

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. 2 intrusions occurred from 2476 units burned. The intrusion definition changed in 2019 to allow for some smoke to enter Smoke Sensitive Receptor Areas at a level that remained below 75 percent of the National Ambient Air Quality Standards. This change will allow for the increase in prescribed burning to eventually reduce the size and damage created by catastrophic wildfire.

Factors Affecting Results

In addition to restoration burning, weather variations and economic market conditions can also influence the outcome, by substantially increasing or decreasing the number of units available for burning. In 2021 heightened wildfire risk, due to persistent drought conditions, had a direct effect in reduction of the number of units burned, relative to the long-term average. The two smoke intrusions that were recorded in 2021 were both a result of burning done in the "West Bend Project" area, which has proven to be an extremely difficult region to burn within without overnight smoldering producing smoke impacts to sections of the Bend, OR SSRA.

KPM #7	PERCENTAGE OF PRIVATE FORESTLAND MANAGED AT OR ABOVE FOREST PRACTICES ACT STANDARDS. - Percentage of industrial private forestlands managed under an approved certification system, stewardship agreement, or other approved management plan including wildlife habitat conservation and management plans
	Data Collection Period: Jul 01 - Jun 30



Report Year	2018	2019	2020	2021	2022
a. Percentage of total industrial private forestlands managed under an approved system, agreement, or plan					
Actual			69%	68%	70%
Target			90%	90%	90%
b. Percentage of non-industrial private forestlands managed under an approved system, agreement, or plan					
Actual			11%	11%	10%
Target			25%	25%	25%

How Are We Doing

Key Performance Measure #7 was modified during the 2019 Legislative Session to report as a percentage of forestland compared to previously reporting on acreage. With previously set legislative targets reporting by acres, prior year acreage data has been omitted from this report table. Results for the 2019 reporting year are reflected in the following narrative. The legislatively approved target for this measure in 2021 is 90 percent of industrial private forestlands and 25 percent of non-industrial private forestlands managed under an approved system, agreement, or plan.

a. Three certification systems operate in Oregon. The American Tree Farm System (ATFS) provides certification endorsed by the Program for the Endorsement of Forest Certification schemes (PEFC). The PEFC is an international, independent, non-profit, non-governmental organization, founded in 1999, which promotes sustainably managed forests through independent third-party certification. Forest Stewardship Council (FSC) U.S. provides certification verified by Accreditation Services International, an independent accreditation body offering international, third-party accreditation for voluntary certification schemes. The Sustainable Forestry Initiative (SFI) provides certification endorsed by the PEFC.

The Department of Forestry (ODF) approves and monitors management plans, under the USDA-Forest Service's State and Private Forestry Program and enters into Stewardship Agreements (ORS 541.423) with forestland owners, who agree to manage beyond FPA standards.

ODF requested information on acres of industrial private forestland certified or approved under each system, and 68 percent (4.4 of the 6.5 million acres) of industrial private forestlands are managed under an approved certification system or stewardship agreement, as summarized below:

• Sustainable Forestry Initiative, Inc.	3,889,098 acres
• American Tree Farm System	495,368 acres
• Forest Stewardship Council U.S.	144,735 acres
• ODF Stewardship Agreements	29,395 acres
• Total	4,558,596 acres

b. ODF requested information on acres of non-industrial private forestland certified or approved under each system and 11 percent (0.4 of the 3.7 million acres) of non-industrial private forestlands are managed under an approved certification system, stewardship agreement, or forest management plan, as summarized below:

• ODF; USDA-FS Forest Stewardship Plan	113,992 acres
• ODF Stewardship Agreements	3,131 acres
• American Tree Farm System ^[1]	223,738 acres
• Forest Stewardship Council U.S.	27,569 acres
• Total	368,430 acres

[1] The Forest Stewardship Plan reported acres are similar to last year's reporting however, the multi-year trend, as well as the outlook, is for an overall reduction in the number of plans developed each year due to the steadily declining amount of funds that are awarded to the state from the USDA-FS through the FSP program.

Factors Affecting Results

a. Along with forestry-related agencies and organizations, the marketplace encourages forest certification. Forestland owners wanting to sell timber increasingly find that milling facilities are requiring their log supply come from certified forests. This market access requirement is motivating landowners to obtain certification from recognized third-party systems. Industrial forestland owners generally have the capacity to develop procedures to maintain certification.

Domestically and internationally, voluntary forest certification systems are used as a mechanism to recognize forest products originating from lands meeting specific management and harvesting requirements. Certification involves observation of management and harvesting requirements and is validated through third-party review. Costs are incurred by landowners to certify lands. In turn, certified forest products are able to access certain markets, which are otherwise closed and/or differentiated from uncertified competing goods. Regardless of certification status, all of Oregon's private and state forestlands are subject to the requirements of the Oregon Forest Practices Act and comprehensive land use plans and as such, are held to standards that in many respects are similar to those of certification systems.

In 2018, Oregon achieved certification with the American Society for Testing and Materials (ASTM) standard on forest certification systems D7612-10 for wood grown and harvested under the Oregon Forest Practices Act and compliance of subject wood to the 2012 and 2015 International Code Council (ICC) International Green Construction Code (IgCC). The recognition from ASTM will provide opportunities for private and state forestlands to access additional markets for their forest products.

In 2019, the KPM was modified to reflect the percentage of industrial and non-industrial acres whose land is under an approved certification or management system. The percentage is based upon the total acres of forestland in either the industrial or non-industrial classification. This revised reporting measure may improve understanding of the overall importance of this measure.

b. Along with forestry-related agencies and organizations, the marketplace encourages forest certification. Forestland owners wanting to sell timber increasingly find that milling facilities are requiring their log supply come from certified forests. This market access requirement is motivating landowners to develop management plans, since forest certification systems require forest management planning.

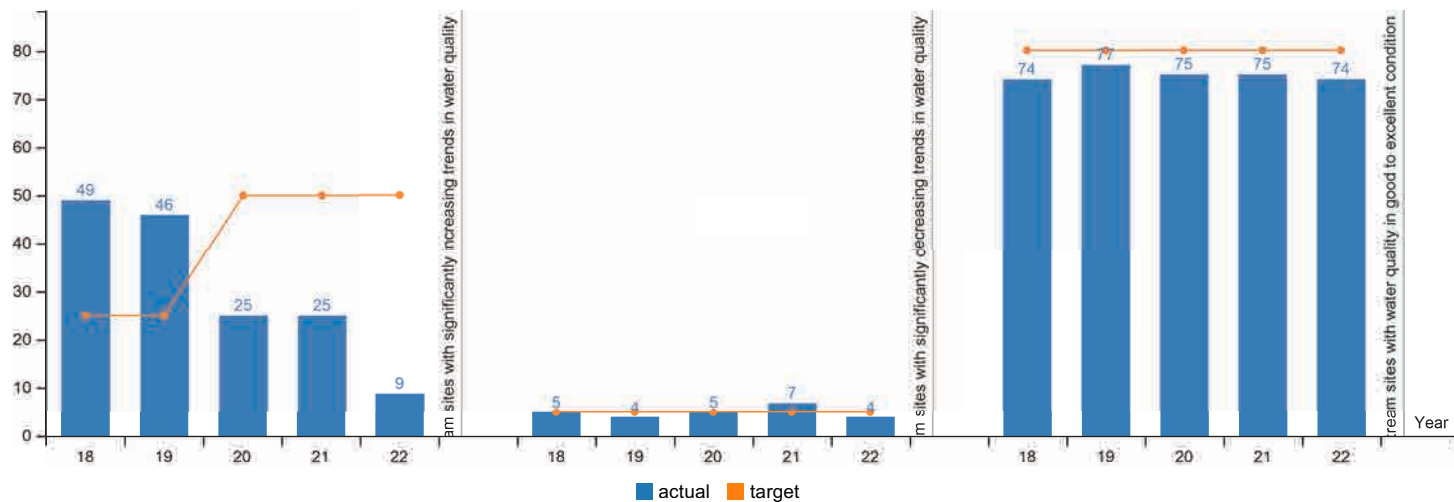
Non-industrial forestland owners often need assistance in developing inventory data and management documentation needed for certification. The cost of certification may represent a barrier for smaller ownerships. Approximately 133 thousand owners hold forestland between 1 and 9 acres in size, accounting for 328,000 acres of forests. Another 27 thousand owners have forestland holdings between 10 and 99 acres in size, accounting for 887,000 acres of family forests. The large number of owners with smallholdings creates a significant challenge to achieving certification on all non-industrial forestlands.

To increase certification on non-industrial forestlands, ODF needs to provide additional technical and financial assistance to landowners for development of management plans and procedures. ODF does not receive any state support for this effort and relies solely on federal funding to conduct this work. ODF works with multiple organizations to promote the development of forest management plans and the mutual recognition of approved plans.

In 2019, the KPM was modified to reflect the percentage of industrial and non-industrial acres whose land is under an approved certification or management system. The percentage is based upon the total acres of forestland in either the industrial or non-industrial classification. This revised reporting measure may improve understanding of the overall importance of this measure. NOTE: Collection dates varied for KPM 7 as follows:

- SFI and America Tree Farm data collected - June 30, 2022
- FSC data collected - June 2022
- ODF; USDA-FS Forest Stewardship Plan data collected - June 2022

KPM #8	FOREST STREAM WATER QUALITY - Percent of monitored stream sites associated predominately with forestland with significantly increasing trends in water quality.
	Data Collection Period: Oct 01 - Sep 30



Report Year	2018	2019	2020	2021	2022
a. Percent of monitored forested stream sites with significantly increasing trends in water quality					
Actual	49%	46%	25%	25%	9%
Target	25%	25%	50%	50%	50%
b. Percent of monitored forested stream sites with significantly decreasing trends in water quality					
Actual	5%	4%	5%	7%	4%
Target	5%	5%	5%	5%	5%
c. Percent of monitored forested stream sites with water quality in good to excellent condition					
Actual	74%	77%	75%	75%	74%
Target	80%	80%	80%	80%	80%

How Are We Doing

a. In 2021, 9 percent of monitored forest stream sites showed increasing trends in water quality. While the percent of forested streams with increasing trends in water quality has remained higher than all other land uses (8% of all land uses show increasing trends in water quality) the target for monitored forest streams was not attained this year. However, most forested stream sites continue to remain in good or excellent condition (74%). No increasing or decreasing trend was observed on about 88 percent of monitored forest stream sites.

The performance is based on the Oregon Water Quality Index (OWQI). The OWQI describes general stream water quality status and trends. The OWQI also shows the general effectiveness of water quality management activities. No industry standards exist. However, 2021 data for agricultural lands in Oregon indicate 5 percent of monitored agricultural stream sites with increasing trends in water quality. Statewide data for 2021 for all land uses, including agricultural and forest lands indicate 8 percent of monitored stream sites with increasing trends in water quality.

b. In 2021, two monitored sample points (4 percent) showed significantly decreasing trends in water quality. Compared to last year, when four monitored sampled points (7 percent) indicated significantly decreasing trends in water quality, this represents a slight increase in overall water quality trends. This year the target was met, which is an improvement compared to 2020 when it was not. It is important to note that about half of the ambient sites statewide, and a large majority (74%) of forest monitoring sites continue to have "good" or "excellent" water quality and that has remained consistent over the last eleven years. No increasing or decreasing trend was observed on nearly 88 percent of monitored forest stream sites.

The performance is based on the Oregon Water Quality Index (OWQI). The OWQI describes general stream water quality status and trends. The OWQI also shows the general effectiveness of water quality management activities. No industry standards exist. However, 2021 data for mixed land use in Oregon indicate two monitored stream sites showing a decreasing trend in water quality. Statewide, data for 2021 for all land uses, including agricultural and forest lands indicate 18 monitored stream sites (11 percent) with decreasing trends in water quality, which is a slight decrease to overall stream water quality in Oregon.

c. In 2021, 74 percent of monitored forest stream sites showed "good" to "excellent" water quality, which is just slightly below the target of 80 percent. With the exception of the past 5 years, monitored sites on forestland met or exceeded the target (which increased in 2018) every year since 2009 when this measure was established. About half of the ambient sites statewide continue to have "good" to "excellent" water quality and that has remained consistent over the last ten years.

The performance is based on the Oregon Water Quality Index (OWQI). The OWQI describes general stream water quality status and trends. The OWQI also shows the general effectiveness of water quality management activities. No industry standards exist. However, 2021 data for agricultural lands in Oregon indicate about 31 percent of monitored agricultural stream sites with water quality in good to excellent condition. Statewide data for 2021 for all land uses, including agricultural and forest lands indicate about 49 percent of monitored stream sites with water quality in good to excellent condition. These comparisons demonstrate that maintaining forestlands in forest use is an effective and efficient way to maintain water quality.

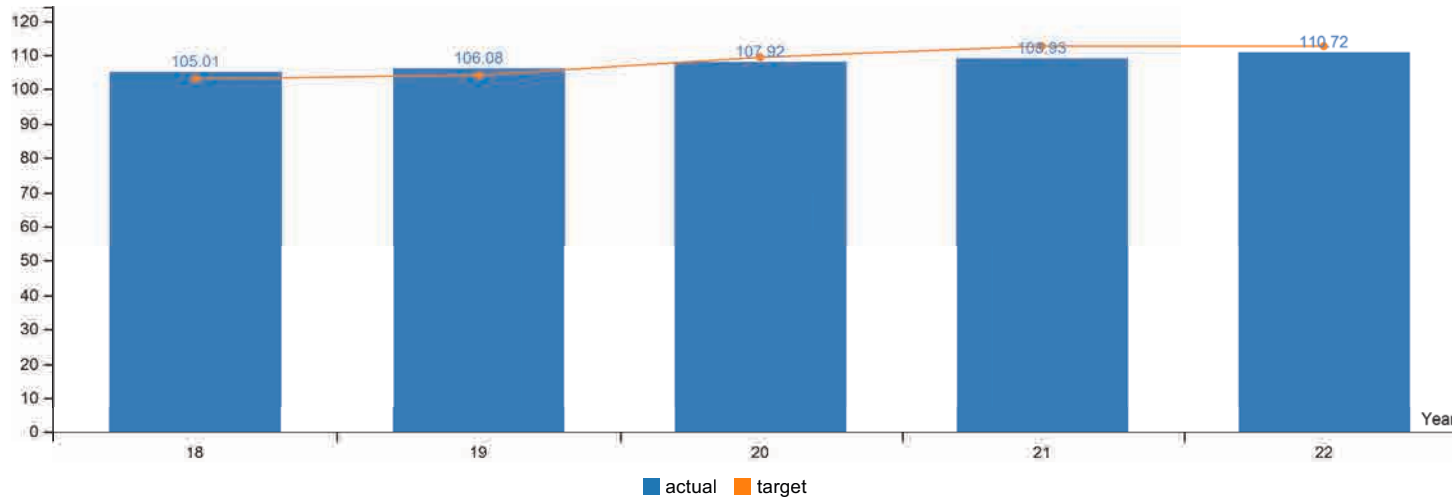
Factors Affecting Results

Additionally, statewide targets were revised in 2019. Where sites show significant improvement that is not affected by point source discharges, such improvements may be attributed to the following: reduced levels of non-point source activity, increased education about water quality impacts, and watershed restoration efforts. Underlying all these factors are stream flow conditions as Oregon transitions between drought and wet years, changes in stream flows may indirectly affect observed water quality. A variety of activities occurring on forestlands, including forest management (timber harvesting and road construction/use), fire suppression, recreation, and livestock grazing may impact soil and water resources. Disturbances that trigger large erosion events can produce important changes in aquatic conditions. These episodic changes are critical in maintaining aquatic habitat over time, even though they may temporarily decrease water quality.

Disclaimer: The OWQI used in this KPM is one of many tools to understand Oregon water quality conditions statewide. The ambient network is not a randomly selected, statistically valid sample of water quality conditions statewide. Sampling sites were selected to reflect the integrated effects of land use and point source discharges upstream of them. The data is representative of just the sampling site and does not represent the water quality conditions of other locations in the same basin or of the whole river (DEQ, 2019).

KPM #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.
	Data Collection Period: Jan 01 - Dec 31

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Private forestland owner investment in Oregon Plan habitat restoration projects - \$ in millions					
Actual	\$105.01	\$106.08	\$107.92	\$108.93	\$110.72
Target	\$103.03	\$104.06	\$109.25	\$112.50	\$112.50

How Are We Doing

Private forestland owners have made significant investments in improving water quality and fish habitat. Reported cumulative investments for 2020 was \$110.7 million compared to a target of \$112.5 million. The 2021 accomplishment level represents the third year out of seven, that cumulative private investments in Oregon Plan for Salmon and Watersheds (Oregon Plan) did not meet the target. In 2021, private forestland owners invested \$1.79 million which continues to show the high level of contribution private forestland owners provide to improve water quality and fish habitat through voluntary restoration measures. 2021 also represents an increase in contribution from 2020. The Department had expected the rate of expenditures to decline over time as more projects were completed and opportunities for restoration decreased. The great recession caused a steep drop in investment, corresponding with the decline in timber harvest. However, during 2013-2021 period, restoration activities are increasing based on the average annual contributions and are approximately \$1.9 million average investment per year. At this time, data is not available for investments under the Conservation Strategy.

Private forestland owners are the major contributor to the Oregon Plan accomplishments, providing over 80 percent of reported private land accomplishments. Oregon is unique among western states in its focus on voluntary measures, which work in concert with regulatory approaches to achieve additional habitat protection and restoration.

Voluntary restoration activities by landowners, combined with continued regulatory compliance, provide a foundation for the success of the Oregon Plan in protecting and restoring water quality and fish habitat on forestland. The Oregon Conservation Strategy provides an analogous voluntary framework for restoration of all habitat types. The Conservation Strategy emphasizes proactively conserving declining species and habitats to reduce the possibility of future federal or state listings. The strategy presents issues and opportunities and recommends voluntary actions that will improve the efficiency and effectiveness of conservation in Oregon. The Department revised its stewardship agreement program to improve efficacy of encouraging forestland owners to self-regulate to meet

and exceed applicable regulatory requirements and achieve conservation, restoration and improvement of fish and wildlife habitat and water quality. The Department continues to implement a programmatic Safe Harbor Agreement for Northern Spotted Owls to provide regulatory certainty and encourage voluntary enhancement of owl habitat for landowners who choose to participate. In 2019, the stewardship agreement tool had increased interest and resulted in nearly 32,000 acres enrolled because of a new agreement with one large landowner in Northwest Oregon who focused on aquatic and terrestrial conservation strategies for listed threatened and endangered species.

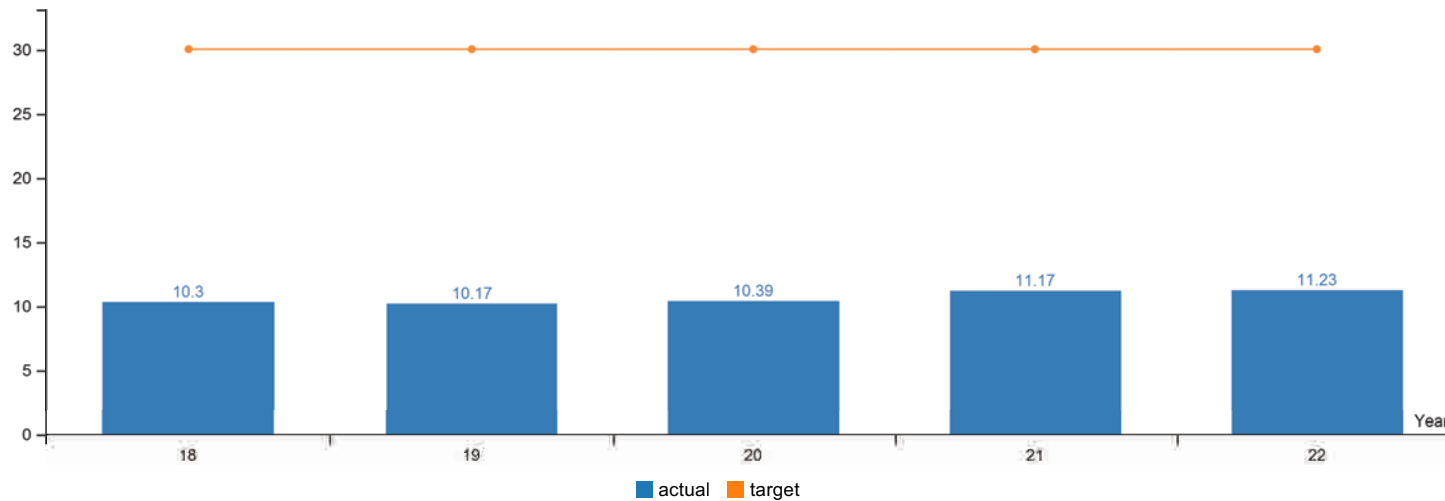
Factors Affecting Results

The Oregon Plan has been successful because of the strong forestland owner community who work with watershed councils and the Department to achieve restoration and protection goals for natural resources. There continues to be broad support for voluntary measures coupled with regulatory mandates. ODF Stewardship Foresters provide education and technical assistance to landowners in support of restoration activities. The previous economic downturn in the late 2000's significantly affected the housing market and corresponding demand for wood products. Economic conditions have improved since 2012 resulting in steady investments and contributions to watershed restoration efforts. Moving forward, the Department will be working to implement a revised regulatory and landowner assistance program that is associated with recently approved legislation. This legislation will provide additional resources to help implement programs including the Oregon Plan. The Oregon Plan funding supports coordination with watershed councils and other groups that encourage restoration.

The Department is aware that reporting and implementation of voluntary restoration projects is not occurring at a high enough percentage to capture a comprehensive view or encourage additional investments by private forestland owners.

KPM #10	STATE FORESTS NORTH COAST HABITAT - Complex forest structure as a percent of the State Forests landscape.
	Data Collection Period: Jul 01 - Jun 30

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Complex structure as a percent of the State Forests landscape					
Actual	10.30%	10.17%	10.39%	11.17%	11.23%
Target	30%	30%	30%	30%	30%

How Are We Doing

The amount of complex structure on State Forests demonstrates a steady or slightly increasing trend since 2018. The decrease from 2017 to 2018 was largely a result of a change in how the amount of complex structure is estimated. When considered by District, the fiscal year 2021 data show that 16.74% of Astoria district, 10.96% of Forest Grove district, and 8.35% of Tillamook district are in complex forest structure.

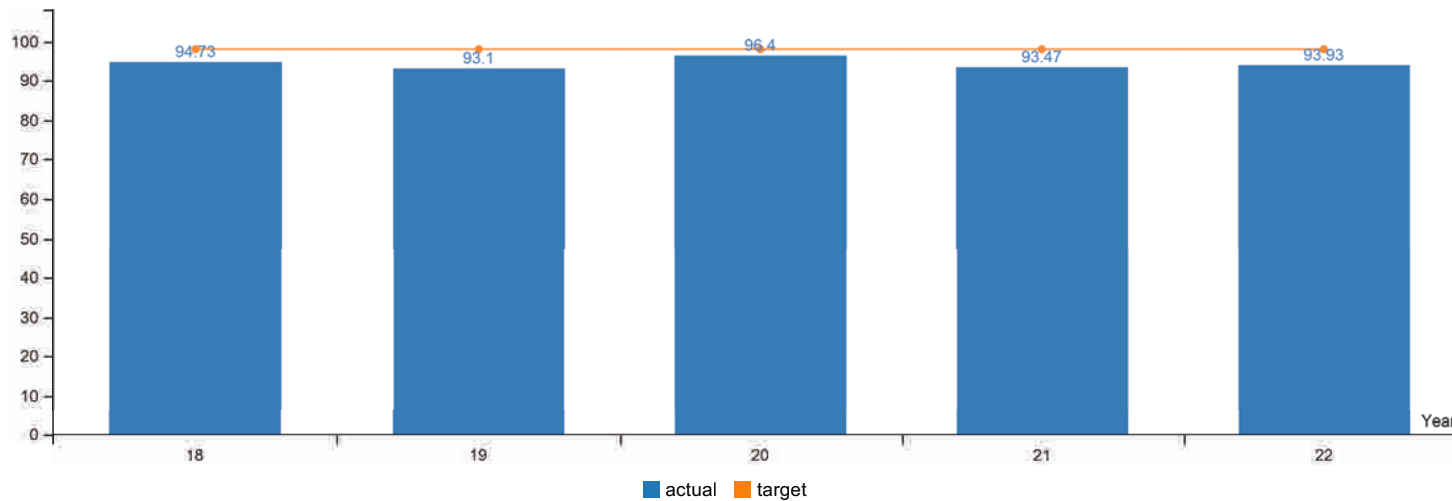
Factors Affecting Results

Complex forest structure develops very slowly, and it is anticipated to take decades to achieve the range of 30 to 50% complex structure now described in the forest management plans. ODF's Stand Level Inventory (SLI) system is not designed to report on year-to-year difference but rather reflect our updated understanding of the landscape.

The year-to-year changes in complex structure are the result of updates to SLI data as well as active management designed to enhance the development of complex forest structure over time. Following an external expert review, ODF adopted a new growth model in 2018 to improve consistency of inventory estimates. The new growth model provides improved estimates of stand growth and development; however, further refinements are needed to accurately estimate complex forest structure. As a result the estimates may change as the refinements are implemented and new information becomes available.

KPM #11	FIRE SUPPRESSION EFFECTIVENESS - Percent of wildland forest fires under ODF jurisdiction controlled at 10 acres or less.
	Data Collection Period: Jan 01 - Dec 31

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Percent of wildland forest fires controlled at 10 acres or less					
Actual	94.73%	93.10%	96.40%	93.47%	93.93%
Target	98%	98%	98%	98%	98%

How Are We Doing

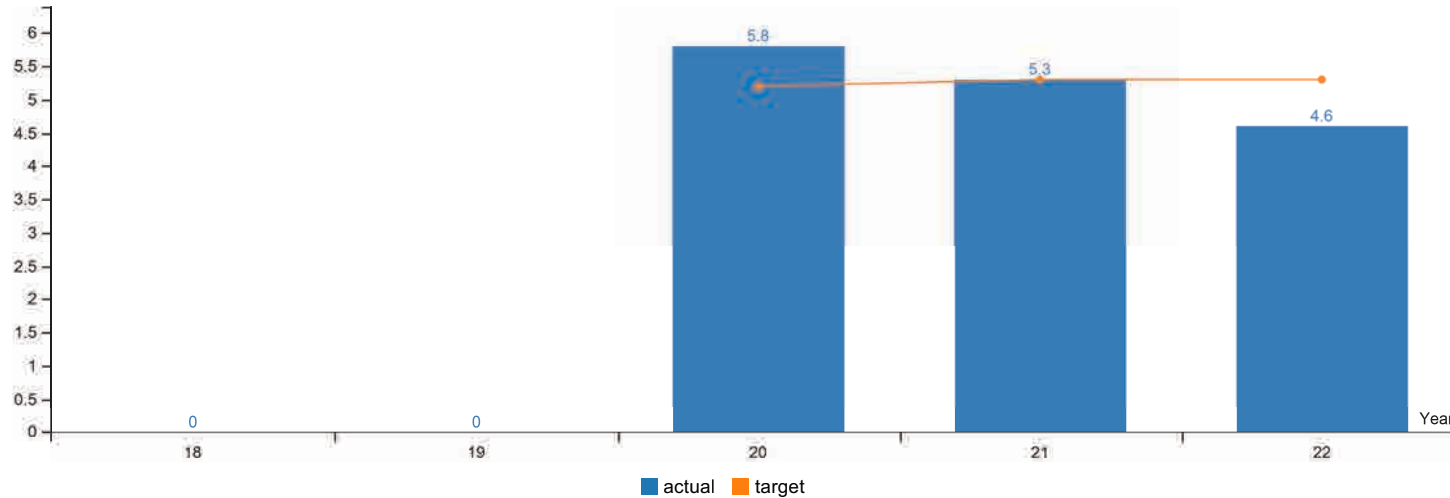
The Department was not able to meet the target of suppressing 98 percent of all wildfires at ten acres or less in size for the 2021 fire season. We were 4.1% under target at 93.9%.

Factors Affecting Results

Influencing factors: A pattern of unusually dry weather in the months leading up to fire season 2021 prolonged persistent drought conditions throughout the region. The geographic extent and severity of the drought conditions worsened as temperatures consistently remained well above average in June, July, and August. The most notable example of this trend was the extraordinarily strong heatwave in June 2021. The impact of these drought conditions was most severe in Central and South-Central Oregon, portions of which experienced extreme or extraordinary drought conditions throughout the duration of fire season. These weather factors resulted in the highest number of days at Preparedness Levels 4 and 5 (76 days total) ever recorded in the Northwest in a single season. At the same time, active fire seasons in the Rocky Mountain, Southwest, Great Basin, Northern Rockies and both California Geographic Areas compounded weather-related challenges by impacting resource availability. The arrival of moisture on the western side of the Cascades produced notable lightning activity on dry fuels. The NWCC recorded 7,444 strikes across the region in the month of June alone, a 48% increase relative to the 20-year average (2000-2020). Despite suppression challenges presented by June lightning, ODF suppressed 92% of fires in June 2021 at less than 10 acres. The notable exception is the Cutoff fire, which required mobilization of an ODF Incident Management Team and reached a final size of 1,288 acres. Increasingly austere conditions and continued lightning events resulted in multiple IMT deployments in July and August. Most of those deployments, including Bootleg (413,717 acres), Grandview (6,032 acres), Elbow Creek (22,960 acres), and Fox Complex (9,740 acres) were to Central and Eastern Oregon, where drought conditions were the most severe statewide. In Western Oregon, a significant lightning event in early August produced multiple complexes spanning the length of the Cascade crest. That event required IMT mobilization to the Skyline Ridge Complex (5,760 acres). Despite consistently challenging conditions created by both the fire environment and resource drawdown, early detection and initial attack success kept 94% of ODF fires at less than 10 acres.

KPM #12	PREVENTION OF HUMAN-CAUSED WILDLAND FOREST FIRES - Number of Oregon residents per human-caused wildland forest fires. (population expressed in thousands of residents) This metric measures the ability to maintain or reduce the number of human-caused wildfires as the population of Oregon increases. An upward trend indicates a positive result.
	Data Collection Period: Jan 01 - Dec 31

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Number of Oregon residents per human-caused wildland fire					
Actual			5.800	5.300	4.600
Target			5.200	5.300	5.300

How Are We Doing

Key Performance Measure #12 was modified during the 2019 Legislative Session to report as a number of Oregon residents per human-caused wildland forest fire compared to previously reporting the number of human-caused wildland forest fires per 100,000 Oregon residents. With previously set legislative targets reporting on the number of fires, prior year data has been omitted from the report table. Results for the 2021 reporting year are reflected in the following narrative. The legislatively approved target for this measure in 2021 is 5.2 thousand Oregon residents per human-caused wildland forest fire (population expressed in thousands of residents).

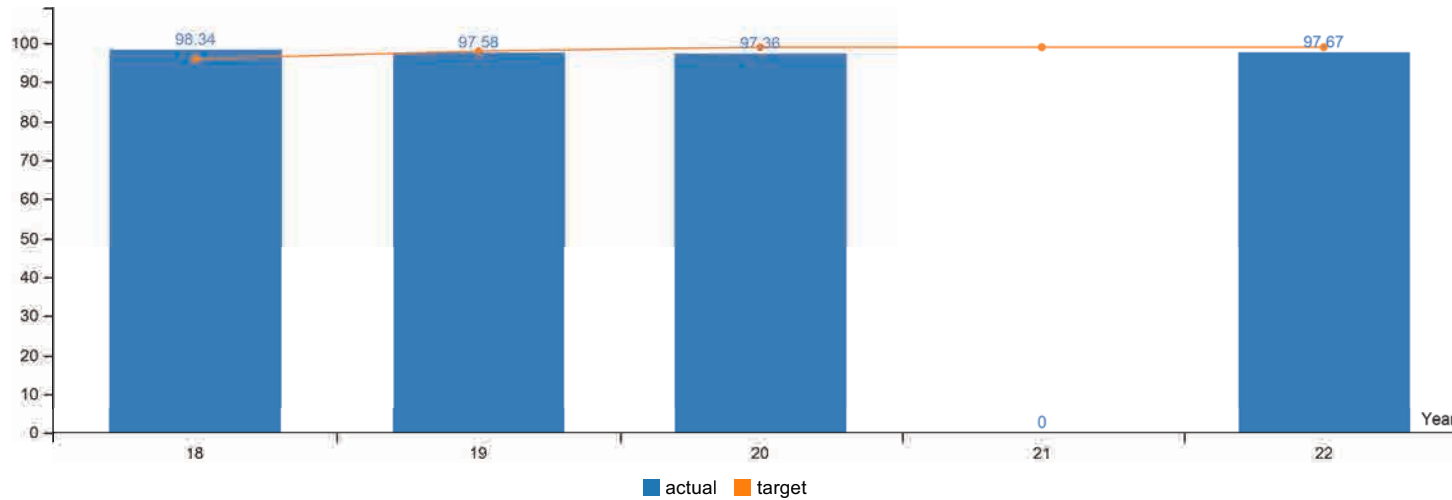
The fire prevention program continues to examine new and effective approaches to prevent human-caused wildland fires. There were 924 human-caused wildland fires in 2021. With Oregon's population increasing 1/2 percent to 4,266,620 the resulting fire prevention rate of 4.6 thousand Oregon residents per human-caused wildland forest fire exceeded the target. The 10-year average of human-caused wildland fires is 730 fires annually.

Factors Affecting Results

Steady increase in Oregon's population and the use of forestland for recreation as well as increasing rural residential home sites are key components for these results. Heavily populated areas of the state, where weather and fuel conditions are aided by public activities, such as debris burning, equipment use, and forest recreation, drive the data.

KPM #13	DAMAGE TO OREGON FORESTS FROM INSECTS, DISEASES, AND OTHER AGENTS - Percent of forest lands without significant damage mortality as assessed by aerial surveys.
	Data Collection Period: May 01 - Oct 31

* Upward Trend = positive result



Report Year	2018	2019	2020	2021	2022
Percent of Oregon forestlands without significant damage from insects, diseases and other agents					
Actual	98.34%	97.58%	97.36%		97.67%
Target	96%	98%	99%	99%	99%

How Are We Doing

The percent of Oregon forestlands without significant damage from insects, diseases and other agents has held steady the last few years but is below recent KPM targets, which have increased over the years. The ongoing statewide drought continues to reduce the resilience of our forests to additional stressors, and we will likely see the percent of Oregon forestlands without significant damage hold steady or decrease over time as our forestlands continue to be stressed by drought.

In 2021, our aerial survey was reduced to approximately 80% of our normal coverage area due to interruptions from wildfire, and aircraft and staffing shortages. We conducted ground checks in known problem areas and areas damaged by disturbance events such as recent storms, wildfire and chronic drought. From aerial and ground surveys it was clear that the trend from the last decade continues, and most tree mortality detected has been due to a combination of climate change impacts and secondary attack by bark beetles. The “heat dome” anomaly also resulted in a sudden pulse of damaged trees across the state. Over 144,000 acres of heat scorch from this event was observed in 2021 although many more acres of heat damage were not captured in time due to the timing of flights. Storm and wildfire damage, drought stress exacerbated by overstocking, unsuitable site selection for drought-intolerant species, and unchecked root disease are other major primary stressors that are often paired with secondary attack by bark beetles. Some pest agents are on the rise such as the non-native, sap-sucking insect balsam woolly adelgid which attacks true firs and remains an ongoing and untreated problem primarily on higher elevation U.S. Forest Service ownerships. Management is often not feasible in these remote areas and the number of fir trees continues to diminish. The Department completed a project to map Western redcedar dieback from the ground and correlations determined that reduced early spring precipitation is having a strong impact on the ability for this species to survive across its range. We assisted collaborating researchers in obtaining funding and site access to relate dendrochronology to climate variables to determine if there are other influential climate factors. Cooperative statewide trapping surveys and monitoring for invasive spongy moth (previously gypsy moth) was conducted where this insect was detected in 2020. No moths were found in 2021 and the area will be surveyed again in 2022 to affirm that it has not established in this area. Emerald ash borer remains undetected in the state with no reports, to date, of this invasive insect.

Efforts to quarantine and slow the spread of Sudden Oak Death, an exotic disease affecting tanoak, have been ongoing along the southwestern coast of Oregon. A new clonal lineage of Sudden Oak Death (NA2) was detected outside Port Orford in the spring of 2021. Since then, this infestation has been the SOD program's top priority. We surveyed over 400 acres with ground transects and aerial surveys, resulting in over 200 samples and 154 positive detections of the NA2 variant. Previously found only in nurseries, this is the first time that variant has been found in wildlands. A tentative 600 ft treatment buffer has been placed around the confirmed positive trees totaling 581 acres in the buffer zone. Treatment has been completed on 141 acres with 130 acres currently undergoing treatments.

Factors Affecting Results

Over the last decade, an average of over 1 million acres of forest lands have been designated as having been significantly affected by insects, diseases, and other damaging agents during aerial surveys. Thousands more acres are unhealthy and under-producing due to being overstocked, planted with off-site species, exposed to environmental stresses such as drought, and stagnating from the suppression of natural fire cycles. These acres are becoming increasingly susceptible to damage by environmental stressors, insects and diseases. While the statewide aerial survey data provides valuable information about key forest damaging agents, aerial surveys are just an estimate and are not able to evaluate the impact of many forest diseases, nor indicate the current or future risk of forests to damage by environmental stressors, insects and diseases. In Oregon, thousands of acres of forests need active management to reduce the risk of insect outbreaks and catastrophic wildfires to produce resilient and sustainable forests. A century of fire suppression and inconsistent forest management has resulted in thousands of acres of Oregon's forests becoming overstocked and unhealthy. In addition, changing climatic conditions that contribute to drought directly cause damage or increase susceptibility to insects and disease. Thinning stands to reduce competition, promote tree health and vigor, and increase age and species diversity, have been shown to reduce the risk associated with many damaging insects and diseases. Federal bark beetle mitigation grants, administered by the Department's stewardship foresters, provide cost share funds to landowners to implement activities to improve forest health and increase stand resistance to bark beetles. Federal National Fire Plan funds also provide cost-share to landowners to improve forest health and prevent damage within the wildland-urban interface. However, as limited funds are available each year, the total acres of private forest lands treated annually is relatively limited and is unlikely to affect overall statewide trends. Additionally, statewide targets were revised in 2020.

Private Forest Accord & Forest Practices Act



SUMMARY

The **Private Forest Accord** (PFA) was a landmark agreement between Oregon's forest industry and conservation coalitions with two key objectives: provide long-term regulatory certainty for timber harvesting and protections for key fish and aquatic species.

To achieve regulatory certainty requires an incidental take permit (ITP) approved by key federal agencies. To get the take permit for private lands will require substantial changes to the Forest Practices Act and an approved Habitat Conservation Plan (HCP).



BABY COHO SALMON

The Oregon Department of Forestry completed the rule-writing process, and the new FPA rules will be phased in starting July 1 of this year for large landowners and Jan. 1, 2024 for all private landowners. The draft HCP was approved by the Board of Forestry in December 2022 and submitted to the federal agencies. ODF has until 2027 to complete the considerable amount of work required to get the HCP and the ITP.

Completing this body of work along with meeting the other requirements established through the Private Forest Accord will require continued and additional investments of time, money and people.

HISTORICAL TIMELINE

In February 2020, conservation and forest industry groups offered to revise the Forest Practices Act and administrative rules through a memorandum of understanding to include mediated discussions, known as the Private Forest Accord. The accord concluded in late 2021.

The agreements made by these groups were formalized in the Private Forest Accord Report, which included specific direction and timelines for the work of ODF and the Board of Forestry. The PFA Report further detailed the recommended changes to the Forest Practices Act and rules and a pathway for a HCP.

In March 2022, the Legislature adopted the accord recommendations through Senate Bills 1501 and 1502 and House Bill 4055. SB 1501 incorporated by reference to the Private Forest Accord Report dated Feb. 2, 2022.





FISH-BEARING STREAM

RESOURCES NEEDED AND ACTIONS UNDERWAY

There is significant work ahead of ODF to fully implement these requirements resulting from the accord. The agency requested a policy option package for the necessary funding to support key elements of SB 1501. The elements include establishment of two new programs: an Adaptive Management Program with an Independent Research and Science Team and a Small Forestland Investment in Stream Habitat Program to assist small forestland owners. This program would provide assistance with the replacement of fish stream culverts that are no longer functioning or do not allow for fish passage and addressing roads that present a hazard to fish-bearing streams. The POP also requests additional investments in services and supplies for positions associated with SB 1501.

Without funding to complete this work, we risk the ability to obtain an incident take permit with the federal service by the statutory deadline defined in SB 1501.

The board and department are producing a report describing progress to date on implementation as required by SB 1501, which is expected to be delivered to the Legislature in March 2023.

Work continues on HCP development with stakeholders and the federal services through 2023 with the plan to initiate the National Environmental Policy Act Review (NEPA) process by the end of 2024. Rulemaking for post-disturbance logging is underway as directed by SB 1501, which is required to be completed by Nov. 30, 2025. Interagency coordination is ongoing to implement the programs and rules described in SB 1501, SB 1502 and HB 4055.

The department will be launching a significant training effort in 2023 for agency employees and landowners and operators on the new requirements under the Forest Practices Act before they go into effect.

PARTNER DEPARTMENT FUNDING

It is also important to note that Oregon Department of Fish and Wildlife will be requesting funding for a Mitigation Subaccount under the Oregon Conservation and Recreation fund that is also requirement of SB 1501 and will be a support measure in obtaining an HCP.

Have questions or need more information?

Derrick Wheeler, Legislative Coordinator
Oregon Department of Forestry

Derrick.Wheeler@odf.oregon.gov
(971) 375-1258



State Forests: Habitat Conservation and Forest Management Plans



Management of state forests is guided by forest management plans adopted by the Board of Forestry. These plans are designed to provide the blend of social, economic, and environmental outcomes that constitute “greatest permanent value” for Oregonians.

HABITAT CONSERVATION PLAN

ODF is working with NOAA Fisheries and the U.S. Fish and Wildlife Service to obtain a Habitat Conservation Plan (HCP) for state forests it manages west of the Cascade crest to streamline compliance with the federal Endangered Species Act. This HCP will provide the regulatory assurance that will allow the forest management plan to fully realize the greatest permanent value of state forestlands.



Currently, ODF avoids “take”—harming, capturing, killing or otherwise harassing a threatened/ endangered species or destroying or otherwise disturbing their habitat—based on a “survey and manage” approach. Under this approach, areas proposed for harvest are surveyed for the presence of protected species. If the presence of any protected species are discovered during the survey or at any point during the site preparation or harvest process, harvest plans must be adjusted or deferred. In the case of discoveries

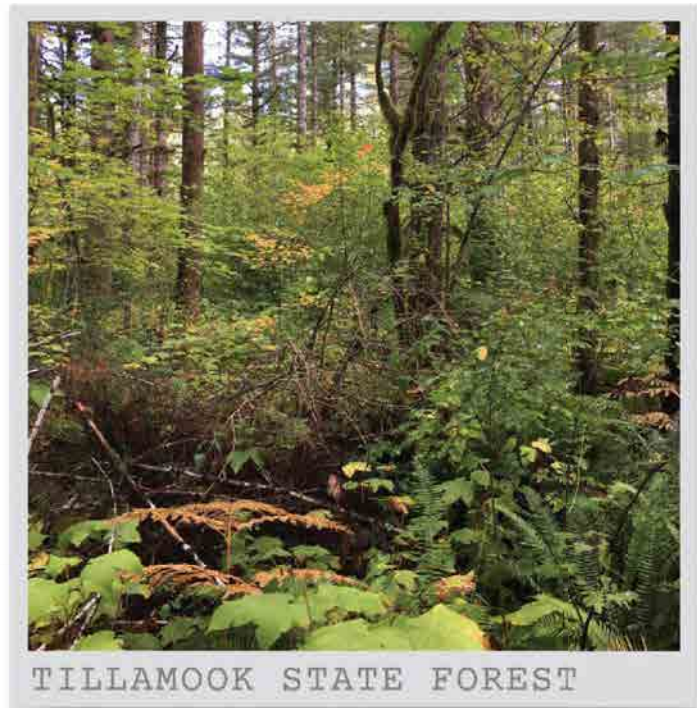
during active harvests, all operations are halted pending plan changes. If plans can’t be adjusted to allow for protection of the species or habitat, the harvest will be halted indefinitely. This approach is inefficient and opens the department up to risk of enforcement actions and, more commonly, third-party lawsuits—in addition to being costly and time consuming.

The robust conservation strategies detailed in the HCP are intended to protect and encourage recovery of 17 aquatic and terrestrial species and their habitats. In implementing these strategies, ODF would receive a permit for “incidental take,” which is the unintentional take of a threatened or endangered species while performing otherwise lawful activities. This means more certainty for both timber harvests and conservation efforts on state forestlands for the next 70 years.



FOREST MANAGEMENT PLAN

After four years of negotiations with the federal services and state partner agencies, and a robust public engagement process, the HCP is nearing its final draft form. At the same time, ODF is drafting a new forest management plan for the lands included under the HCP. The plan will address goals beyond those in the HCP, such as drinking water, carbon storage, harvest, cultural resources and more. ODF is working with state partner agencies and using a robust public engagement process in the plan's development.



KEY UPCOMING MILESTONES

HCP

June/July 2023 – The federal services finalize an Environmental Impact Statement and Biological Opinions and, if the HCP submitted meets their standards, they will issue incidental take permits

September 2023 – Board of Forestry decides whether to direct ODF to implement the HCP and associated incidental take permits

FMP

June 2023 – Draft forest management plan and projected outcomes shared with the public for feedback

Sept. 2023 – Board of Forestry provides input on draft forest management plan and projected outcomes

Jan. 2024 – Board of Forestry decides on whether to move final draft forest management plan into administrative rule

Have questions or need more information?

Derrick Wheeler, Legislative Coordinator

Oregon Department of Forestry

Derrick.Wheeler@odf.oregon.gov | (971) 375-1258



www.oregon.gov/ODF





February 1, 2023

Sen. Elizabeth Steiner Hayward, Co-Chair
Rep. Tawna Sanchez, Co-Chair
Joint Committee on Ways and Means
900 Court St. NE, H-178
Salem, OR 97301

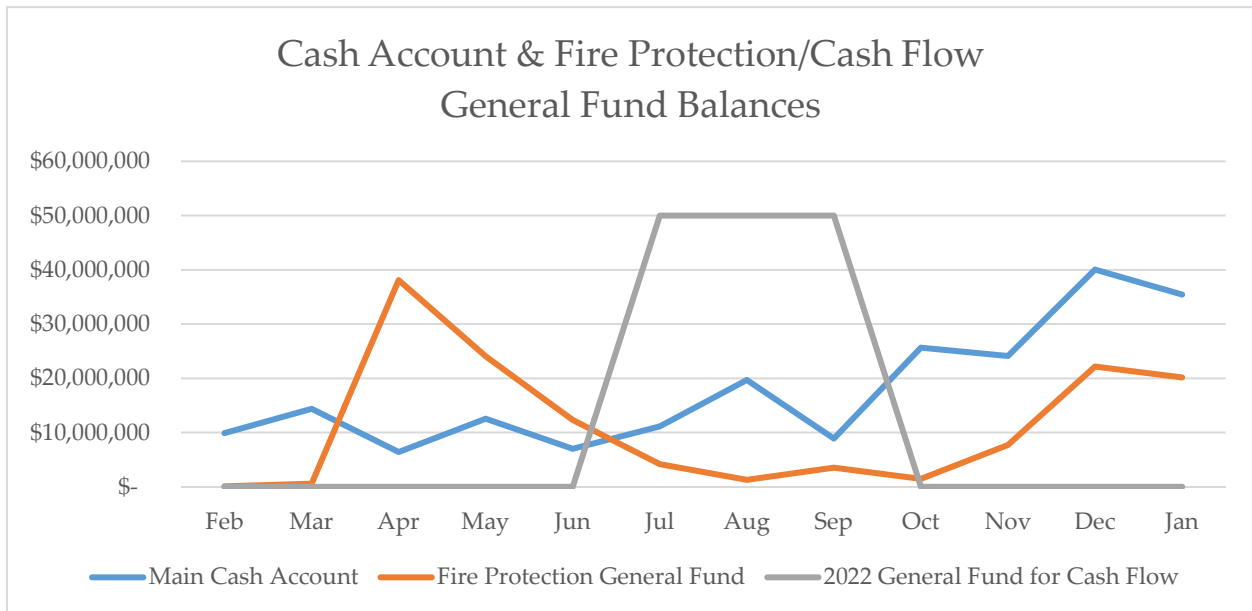
Re: Oregon Department of Forestry (ODF)—Monthly financial condition report

Dear Co-Chairs,

Cash and General Fund Balances

As of Jan. 23, ODF's main cash account balance was \$35.4 million and the Protection Division General Fund appropriation balance was \$20.2 million (Figure 1). Between November and January, the cash account balance increased \$11.3 million, and the Protection Division General Fund appropriation balance increased \$12.5 million.

Figure 1 - Cash Account and Fire Protection/Cash Flow General Fund Balances as of Jan. 23, 2023



The cash balance increase was primarily attributed to a \$10.4 million reimbursement from the Oregon Department of Emergency Management (ODEM) for a 2020 FEMA-Public Assistance (PA) grant. The increase in the Protection Division General Fund appropriation balance was due to December 2022 Emergency Board special purpose appropriation allocations for 2022 severity costs and the state’s portion of net 2022 fire season costs.

Financial Projections

Net financial activity for December 2022 resulted in an increase to the department’s end of month main cash balance (Table 1). Quarterly distributions to counties for their respective portion of timber sales revenue will occur by the end of January. These distributions will be offset by a cash reimbursement in transit from the FEMA-Fire Management Assistance Grant (FMAG) program for the 2021 Bootleg fire.

With a projected cash balance available to cover current financial obligations, the department can proceed with processing the last fire season 2021 cash flow reimbursement totaling \$10 million. This final reimbursement will result in an increase to the Federal Forest Restoration General Fund appropriation. Once processed, all department programs will be made whole from prior cash flow mitigation efforts.

Transfers related to FEMA-PA grant reimbursements continue to prove difficult to project due to variances in timeframes for grant review completion.

Table 1 - Financial Projections through Jan. 23, 2023 (in thousands)

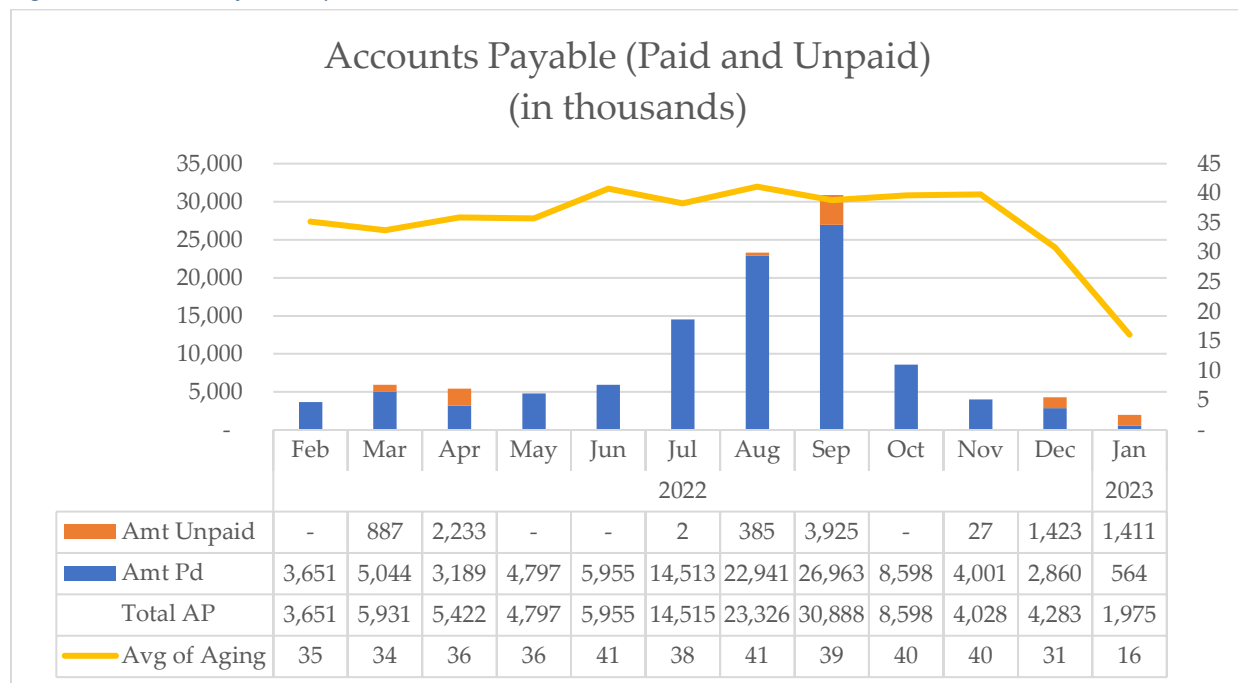
	22-Dec		23-Jan	23-Feb
	Projection	Actual	Projection	Projection
Total Revenue	\$36,100	\$28,579	\$25,498	\$36,549
Total Expenditures	(\$28,402)	(\$16,319)	(\$14,737)	(\$21,408)
Net Total Exp/Rev	\$7,698	\$12,260	\$10,762	\$15,141
Beginning Cash Balance	\$34,000	\$34,000	\$56,516	\$67,278
End of Month Cash Balance*	\$41,699	\$56,516	\$67,278	\$82,419
Less: Dedicated Funds	(\$11,502)	(\$16,328)	(\$17,037)	(\$17,970)
End of Month Main Cash Balance	\$30,197	\$40,189	\$50,241	\$64,450
Available GF Appr	\$52,677	\$53,082	\$58,731	\$54,379
Available Resources	\$82,874	\$93,271	\$108,971	\$118,829

* Includes reconciliation for non-cash revenue and expenditure transactions.

Accounts Payable

The total accounts payable balance decreased \$2.3 million between December and January (Figure 2). ODF’s Disbursements Unit continues to receive a high volume of accounts payable transactions potentially due to additional funding allocated to the agency over the last few legislative sessions. Analysis continues to assess whether the increased volume of off-season transactions is an anomaly or a new normal.

Figure 2 - Accounts Payable as of Jan. 23, 2023



Accounts Receivable

The total accounts receivable balance decreased by \$10.4 million between December and January due to the 2020 Archie Creek fire reimbursement (Figure 3). Amounts owed by FEMA and federal partners represent \$69.8 million, or 79.5%, of the total accounts receivable outstanding balance.

Accounts aged over 120 days equate to \$64.5 million, or 73.4%, of the total balances owed to ODF (Figure 4). Of these aged accounts, the majority are due from FEMA (\$50.1 million), federal partners (\$6.5 million), and private parties for cost recovery (\$5 million).

Figure 3 – Total Accounts Receivable as of Jan. 23, 2023

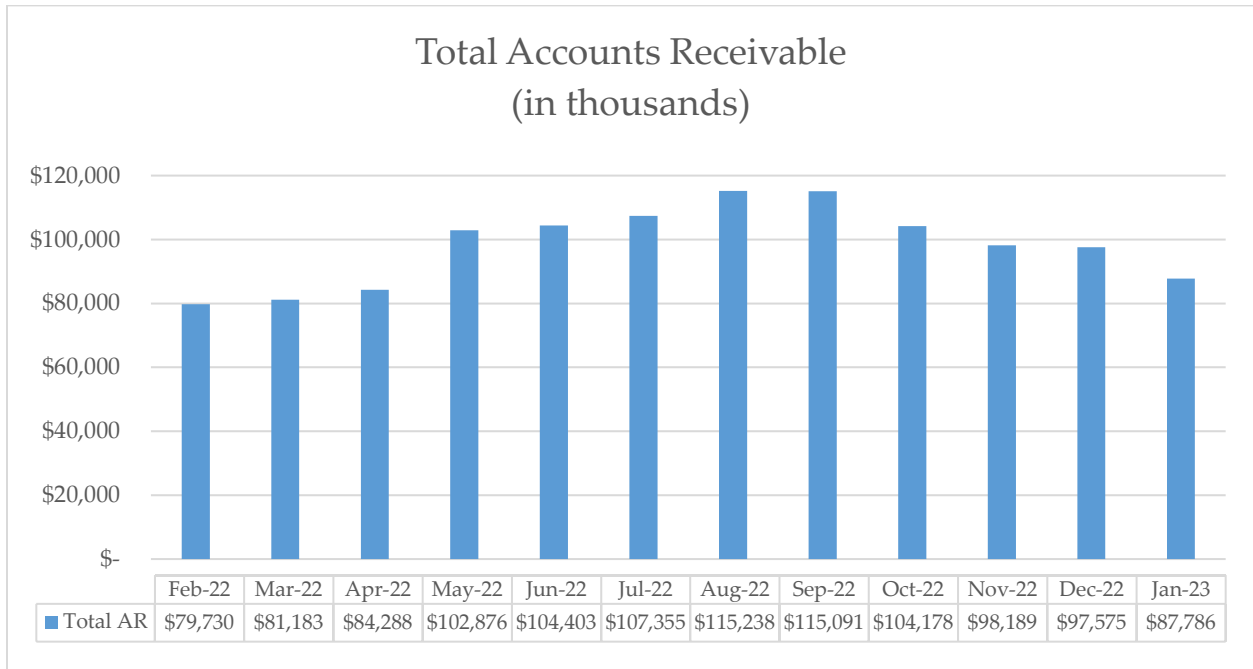
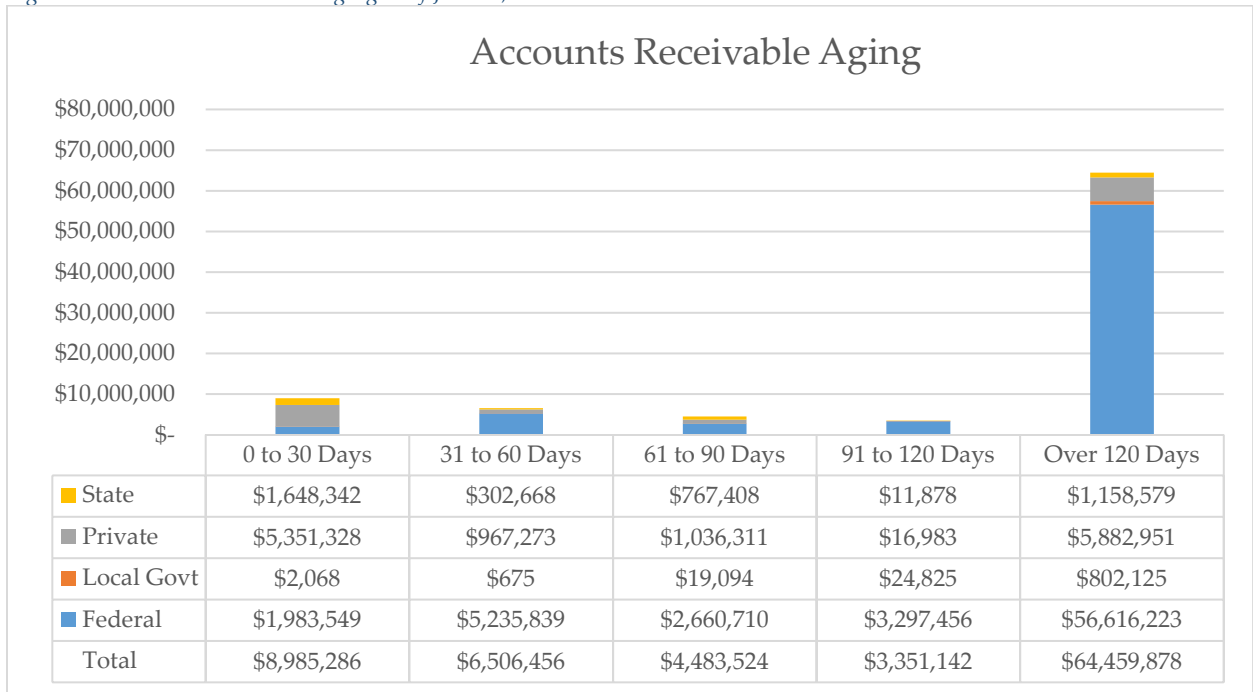


Figure 4 – Accounts Receivable Aging as of Jan. 23, 2023



Large Fire Costs

The department primarily recovers large fire costs through two FEMA programs. FEMA-PA grants are awarded to ODEM who, in turn, passes the funds through to ODF. FEMA-FMAG grants are awarded directly to ODF, and the department has immediate access to the funds once obligated.

As of Jan. 23, grant applications totaling \$56.9 million have been submitted to and are due from FEMA. Of that total, amounts associated with FEMA-PA grants equate to \$37.6 million and amounts associated with FEMA-FMAG grants equate to \$19.2 million.

The status of the department's 2020 PA grant applications is as follows (listed in the order applications are processed):

- Six grant amendments (\$1.1 million) are with ODEM pending initial grant application.
- One grant (\$864 thousand) is pending FEMA final review.
- Thirty-two grants (\$35.7 million) have been obligated by FEMA and are pending ODEM audit/review and distribution to ODF.

The status of the department's FMAG applications is as follows (listed in the order applications are processed):

- Twelve grants (\$860,000) are pending FEMA initial review.
- One grant (\$477,000) is pending Environmental and Historic Preservation Review.
- One grant (\$1.2 million) is pending assignment to the Large Project Notification Queue.
- Two grants (\$16.7 million) were obligated and the related funds are in transit to ODF.

An additional \$8.8 million in estimated grant applications have yet to be submitted to FEMA. The estimated costs for those applications are as follows:

- Six grants (\$427,000) are related to 2018 FMAG estimated administrative costs.
- One grant (\$180,000) is related to 2019 FMAG estimated administrative costs.
- Two grants (\$805,000) are related to supplemental 2020 FMAG estimated suppression costs.
- Five grants (\$698,000) are related to 2020 PA estimated supplemental suppression costs.
- Three grants (\$424,000) are related to 2020 FMAG estimated administrative costs.
- Two grants (\$5.3 million) are related to 2021 FMAG estimated supplemental suppression costs.
- Three grants (\$898,000) are related to 2022 FMAG estimated suppression and repositioning costs.

Applications associated with administrative costs cannot be submitted to FEMA until all ODF and subrecipient grants have been obligated by FEMA. Applications associated with estimated

suppression costs will be submitted to FEMA after all cost-share reconciliations have been completed.

Not all large fire costs are recovered through FEMA, reimbursement amounts may also be invoiced via cost share agreements, cooperative agreements, and/or private party cost recovery (Table 2).

Table 2 – Gross Large Fire Cost Summary (red indicates estimates – in millions) as of Jan. 19, 2023

Fire Protection Large Fire Cost Summary							
Fire Season	2017	2018	2019	2020	2021	2022	Total
Fire Costs	61.35	108.09	33.66	138.82	147.47	47.43	536.82
Currently Invoiced	(0.17)	(0.22)	(0.24)	(35.52)	(22.90)	(1.35)	(60.40)
Outstanding to Invoice	(0.08)	(0.38)	(0.43)	(2.74)	(33.05)	(27.03)	(63.71)

MGO Update

In January, the department began a technical collaboration effort with Macias, Gini & O’Connell (MGO) focused on building efficiencies into our cash flow projection tools. This effort builds upon incremental improvements occurring in our financial accounting practices and harnesses the value of having external professional expertise assessing our processes.

Sincerely,



Cal Mukumoto
Oregon State Forester

c:
Legislative Fiscal Office
Chief Financial Office
Oregon State Treasury
Board of Forestry
Governor’s Office

OREGON DEPARTMENT OF FORESTRY

Implementation Management Plan Review

November 2022



Certified
Public
Accountants

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

Table of Contents

Page

OVERVIEW 2

SCOPE AND OBJECTIVES 2

METHODOLOGY FOR IMPLEMENTATION MANAGEMENT PLAN REVIEW 3

DISCLAIMER 4

RECOMMENDATION STATUS 5

AREAS TO HIGHLIGHT 8

IMPLEMENTED 11

SUBSTANTIALLY COMPLETED 14

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

OVERVIEW

Macias Gini & O'Connell LLP (MGO) was engaged by the Oregon Department of Administrative Services (DAS) to provide an independent third-party assessment of the Oregon Department of Forestry's (ODF) Accounts Receivable (AR) and Accounts Payable (AP) practices. MGO performed the work in accordance with the Statements on Standards for Consulting Services issued by the American Institute of Certified Public Accountants. The objective of the engagement was to review, reconcile, evaluate, and make recommendations on ODF's:

- AR and AP functions as a whole.
- AR and AP policies and procedures.
- Policy and procedures involving the Federal requirements for submission of claims and reimbursement, focusing on the Federal Emergency Management Agency (FEMA) Fire Management Assistance Grant (FMAG) Program.
- AR and AP statutory and policy structure.

The final report was published on April 22, 2021 and contained 28 recommendations in the thematic areas of budgeting, financial resources, information technology, oversight, and policies and procedures. The report also categorized recommendations into the three risk categories of high, medium, and low. In October 2021, MGO was engaged by ODF to assess the status of the Implementation Management Plan (IMP).

SCOPE AND OBJECTIVES

The scope of our review includes the assessment of the implementation activities related to the 28 recommendations in the April 2021 MGO Report. The objectives of the review are to:

1. Assess the status of the IMP and ODF's efforts to implement the MGO recommendations.
2. Monitor ODF progress by providing written status reports and making recommendations for keeping implementation on time and in alignment with objectives.
3. Provide background, observations, and context of MGO recommendations.

This is the third review cycle of ODF's progress towards recommendation implementation and covers the period of July 1, 2022 through October 31, 2022. We issued the first report in April 2022 and covered the period of April 2021 (the release of the report) through April 2022. The second report was released in June 2022 and covered the period of May 1, 2022 through June 30, 2022. Each report has focused review on a subset of recommendations and/or board member requests as compared to all recommendations in their entirety.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

METHODOLOGY FOR IMPLEMENTATION MANAGEMENT PLAN REVIEW

To assess and monitor the status of the IMP, we:

1. Reviewed the MGO April 2021 Report to identify the documentation necessary to deem recommendations implemented.
2. Completed a recommendation prioritization matrix, organized by category (e.g., policies and procedures, information technology, etc.), theme (e.g., cost share agreements, cost estimates, etc.), risk rating (low, medium, and high), and due date to identify the items of primary focus for this round of review. We also inquired with ODF as to recommendations that have been implemented or that demonstrated significant progress towards completion. Risk ratings were based on the definitions below.

High	<ul style="list-style-type: none"> • Design of controls is ineffective in addressing key risks or no process exists to manage the risk. • Controls/policies/procedures documentation is incomplete, unclear or outdated, not monitored and/ or does not exist. • Controls are not in operation or have not yet been implemented. • There is non-compliance with laws/regulations/policies/procedures and there are opportunities to develop new controls to provide a more appropriate level of assurance. • Immediate need for corrective and/or improvement actions to be undertaken.
Medium	<ul style="list-style-type: none"> • Design of controls only partially addresses key risks and does not provide adequate assurance that all objectives will be achieved. • Controls/policies/procedures are documented, up-to-date, and monitored, but there are some gaps in the documentation relied upon to provide evidence that the key controls are operating effectively. • Controls are not operating consistently and/or effectively or have not been fully implemented. Identified general compliance with laws regulations/policies/procedures with a few minor exceptions. • There are some opportunities to improve existing controls, strengthen compensating controls and/or awareness of the controls. • There is a cost/benefit advantage to implement improvement opportunities.
Low	<ul style="list-style-type: none"> • Design of controls is adequate in addressing key risks, providing a reasonable level of assurance that objectives are being achieved. • Controls/policies/procedures are documented, up-to-date, and monitored. • Controls are fully implemented and operating effectively and efficiently. • Identified high level of compliance with laws/regulations/policies/procedures. • Some improvement opportunities have been identified but not yet actioned.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

3. Requested documentation for recommendations under review and created a ShareFile to serve as a central repository for document facilitation. For this period of review, items for review pertained to foundational documentation (e.g., policies and procedures), high-risk items, and items that had overlap with multiple recommendations.
4. Evaluated and submitted documentation against criteria identified for deeming the recommendations implemented and via conversations with ODF staff.
5. Summarized the recommendation status and rationale in this report. During November 2022, we added substantially completed as a status option. Recommendation implementation is classified as follows:
 - a. **Implemented** – the corrective actions and/or advisements proposed in the recommendation have been met.
 - b. **Substantially Completed** – the corrective actions and/or advisements proposed in the recommendation are largely completed except for an item pending completion.
 - c. **In Progress** – clear demonstration of efforts to implement the recommendation have been initiated or may have been initiated and placed on hold due to resource needs.
 - d. **Not Under Review** – the recommendations were not included during the review cycle due to reasons such as corrective actions and/or advisements have not been initiated, other recommendations were prioritized, etc.

This process is flexible to account for items that are high-risk, items that may become higher priority over time, and the timeliness of implementation pending available resources.

DISCLAIMER

The results of the assessment reported do not constitute an examination made in accordance with attestation standards, the objective of which would be to express an opinion or conclusion, respectively we do not express such an opinion or conclusion. Furthermore, this includes any opinion or representation related to the accuracy or completeness of the information provided by management. The sufficiency of the scope is solely the responsibility of the ODF. We make no representation regarding the sufficiency of the scope of services to identify all significant matters or reveal errors in the underlying information, instances of fraud, or illegal acts, if any. We have no obligation to update this report or to revise the information contained herein to reflect events and transactions occurring subsequent to the date of this report. This report is intended solely for the information and use of the Board of Forestry and ODF management and is not intended to be, and should not be, used by anyone other than the specified parties.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

PREVIOUS RECOMMENDATION STATUS

As of the June 2022 review, eight recommendations have been deemed implemented with the risk ratings lowered.

				Risk Rating as of June 2022		
	Rec	Category	Theme	High	Medium	Low
Implemented	1	Policies & Procedures	Cost Share Agreements			X
	2	Policies & Procedures	Cost Share Settlements			X
	3	Policies & Procedures	Cost Share Collections			X
	12	Budget	Annual Rate Assessment			X
	16	Oversight	Board of Forestry Oversight			X
	23	Budgeting	Budgeting Requirements			X
	24	Budgeting	Budgeting Reconciliation			X
	27	Information Technology	OregonBuys			X

Source: MGO Oregon Department of Forestry Implementation Management Plan Review, June2022

In summary, for Recommendations 1, 2, and 3, ODF developed policies and procedures for cost share agreements, cost share settlements, and cost share collections. Additional recommendations related to the formulation and finalization of policies and procedures include Recommendation 16 where ODF and the Oregon Board of Forestry (BOF) coordinated to implement Recommendation 16 by codifying the BOF financial oversight policy entitled Financial Oversight of the Board of Forestry, and Recommendation 12 where ODF defined the process for Actual Cost Computations (ACC) rates. Recommendations 23 and 24 focused on the budgeting process, specifically relating to refining budgeting methodology and reconciliations processes. Lastly, Recommendation 27 focused on transitioning vendors to the use of OregonBuys as the primary system for end-to-end eProcurement processing.

For this current review cycle, we confirmed the following during our review:

- 1 additional recommendation was fully implemented and the risk rating lowered.
- 6 recommendations are now substantially completed with medium and low risk ratings.
- 6 recommendations are now in progress with 4 recommendations remaining with a medium risk rating and two information technology recommendations remaining high. The high status remains because implementation commenced but ODF is initiating efforts to address the resource needs for completion.
- 7 recommendations have not yet been reviewed as significant progress has not been made or implementation has not been initiated as of this review.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

The recommendations reviewed this cycle pertain to control activities, information and communication, and monitoring. As defined by the *Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework*, control activities help ensure that management's directives for mitigating risks that may prevent the achievement of organizational goals are executed. Control activities include the establishment of policies and procedures that address actions such as authorizations and approvals, verifications, reconciliations, and business performance reviews.

COSO also states that obtaining or generating relevant and quality information is essential for successfully executing organizational objectives. Communicating this information internally and externally provides transparency, clear messaging regarding organizational performance, and supplements decision-making.

Additionally, COSO defines monitoring activities as ongoing evaluations, separate evaluations, or some combination of both used to determine whether the internal control environment is present and functioning as intended. Ongoing monitoring is integrated into business practices to provide timely information, comparisons against industry criteria set by regulations and best practices, corrective actions and action plans to address any deficiencies.

The recommendations under review this cycle center on:

- Change management as it relates to communicating changes to policies and procedures to staff after identification of areas of improvement resulting from field audits and lesson learned exercises.
- Developing policies and procedures for cash flow projections and accounts payable, invoicing, FEMA claims reporting, and invoicing, and financial oversight reporting activities.
- Establishing an electronic central repository for storing data and developing supplementary policies and policies related to records management, retention, and requests.

The summarized status of all recommendations as of November 2022 is presented in the table on the following page.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

MGO Recommendation Implementation Status as of November 2022

Rec	Category	Theme	Risk Rating as of November 2022		
			High	Medium	Low
IMPLEMENTED					
18	Oversight	Change Management		↓	X
SUBSTANTIALLY COMPLETED					
4	Policies & Procedures	Cash Flow Projections		-X	
9	Policies & Procedures	Accounts Payable		↓	X
13	Oversight	Oversight Reports		-X	
14	Training	Training		↓	X
19	Policies & Procedures	Invoicing		↓	X
26	Policies & Procedures	FEMA Claim Status Reporting			-X
IN PROGRESS					
6	Information Technology	Policy & Procedure Storage	X		
7	Information Technology	Cost Estimates		-X	
10	Information Technology	Electronic Records	X		
15	Oversight	ODF Standardized Policy & Procedure		-X	
17	Oversight	District Finance/Accounting Oversight		-X	
20	Finance/Accounting Resources	Finance/Accounting Resources		-X	
NOT REVIEWED YET					
5	Policies & Procedures	Accounts Receivable Collections	X		
8	Information Technology	BRIO Report Access	X		
11	Information Technology	Information Technology Systems	X		
21	Finance/Accounting Resources	Finance/Accounting Skillsets		X	
22	Information Technology	ODF Online Financial Reporting System		X	
25	Policies & Procedures	Operating Associations Advances			X
28	Budgeting	Encumbrances			X

X is the current rating of the recommendation as of November 2022.

For those recommendations considered in this review cycle:

↓ in the box means the risk rating as of November 2022 has been lowered.

↑ in the box means the risk rating as of November 2022 has been increased.

– in the box means the risk rating as of November 2022 has not changed since last defined.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

AREAS TO HIGHLIGHT

Organizational Maturity

Organizational maturity dictates how well organizations can manage current operations and respond to evolving needs. The Capability Maturity Model Integration (CMMI) framework has five levels of maturity.¹ In summary, Level 1 organizations have few to no processes and procedures. Level 2 and 3 organizations have repeatable and documented processes. Level 4 and 5 organizations have repeatable and documented processes that are consistently tested, refined, and adapted, have defined and monitored metrics, and are flexible enough to accommodate new technologies, innovations, or emergencies. The Capability Maturity Model Integration (CMMI) Framework on the next page provides a more detailed overview.

Within the scope of ODF's Implementation Management Plan (IMP), ODF is making progress in improving their accounts receivable (AR) and accounts payable (AP) practices. Notably, with past and continuous persistence in implementing the IMP, ODF is moving away from an initial level of maturity where processes are typically ad hoc, undocumented, and unreliable (Level 1). They have entered mid-level maturity where processes and procedures are being standardized and documented, as well as training and guidance being developed to ensure that activities are repeatable and understood by staff (Levels 2 and 3).

ODF is aware that the next step in their organizational maturity would include automation of key processes and procedures. Additionally, more advanced levels of organizational maturity (Levels 4 and 5) focus on developing and monitoring key performance indicators and developing organizational agility to rapidly respond and adapt to changes. While ODF recognizes their organizational growth since the April 2021 MGO Report, ODF is still striving for higher levels of organizational maturity.

¹ The Capability Maturity Model Integration (CMMI) framework was first developed at Carnegie Mellon University and has evolved into a process development model used for software, product, and service development. It is administered through the CMMI Institute under the direction of ISACA.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

Capability Maturity Model Integration (CMMI) Framework

Level	Level Name	Description
1	Initial	<ul style="list-style-type: none"> • Processes typically ad hoc • Reliance on specific individuals to keep things afloat • Processes new and often undocumented • Unable to reliably repeat processes
2	Managed and Repeatable	<ul style="list-style-type: none"> • Processes repeatable and produce consistent results • Processes planned, performed, measured, controlled • Focus on management of requirements, processes, etc. • Stakeholders established; have ownership of specific tasks
3	Defined	<ul style="list-style-type: none"> • Processes well characterized and understood • Described in standard, procedures, tools, methods • Processed well-defined and documented; standardized • Processes continually improved
4	Quantitatively Managed and Capable	<ul style="list-style-type: none"> • Processes can be managed and defined using metrics • Processes repeatedly tested, refined, adapted • Key stakeholders/process users competent in processes • Processes easily adapt to suit other projects
5	Optimizing and Efficient	<ul style="list-style-type: none"> • Processes continually monitored and improved • Processes flexible to accommodate new technologies and innovations • Constant focus on process performance

Source: Adapted from the Capability Maturity Model Integration (CMMI) framework.

Cash Flow Projections

In response to the Board’s request in the July 2022 Board of Forestry meeting, during this cycle of review, we focused on ODF’s methodologies related to cash flow projections and associated recommendations.

ODF continues to elevate its organizational maturity by moving its financial monitoring activities from ad hoc (Level 1) to deliberate and active monitoring that is integrated into daily workflow (Level 2 and Level 3). Based on our reviews to date, ODF has made recognizable strides in developing mechanisms to generate and communicate information to monitor cash flow. These efforts include daily cash balance reports, monthly transactions data, and ongoing meetings between key finance staff, management, and oversight bodies, etc.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

As such, ODF can begin to shift its focus on making refinements to its cash flow projection methodology. Notably, based on our observations, we have identified opportunities for ODF to improve and simplify source data (inputs) and improve the allocation of funds between months in its cash flow projections. To address these observations, ODF and MGO are scheduled to meet in January 2023 to review and revise ODF's cash flow projection methodology. See **Recommendation 4** and **Recommendation 13** for additional details.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

**IMPLEMENTED
AS OF NOVEMBER 2022**

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

CHANGE MANAGEMENT

Recommendation Number: 18
Implementation Status: Implemented
Risk Rating: **Report: Medium** **June 2022 Review: Medium**
November 2022 Review: Low

Recommendation

Financial data by incident should be reviewed by appropriate personnel, including the ODF Operations and Administrative Branch and key finance and accounting personnel within the Field Protection Districts/District Offices, on an ongoing and timely basis. Changes in finance and accounting processes and procedures should be properly documented through updates in policy or procedure documents and communicated timely.

Key Items to Deem Recommendation Implemented

1. Demonstration that financial data by incident is reviewed by appropriate personnel, including the establishment of ongoing and timely reporting.
2. Demonstration that changes in policies and procedures are updated and communicated timely.

Implementation Status Analysis

This recommendation is implemented with the risk rating reduced to low. The core issues identified in the report were that: 1) Emergency Fire Cost Committee (EFCC) and Field Protection District (FPD) audits were duplicative; and 2) changes resulting from reviews and audits were not communicated to districts consistently or timely. Additionally, an observation was included that reviews did not extend beyond surface-level financial data to include considerations of reasonableness. Not addressing the core issues could lead to operational inefficiencies and result in a lack of financial accountability within the districts.

Based on our review, ODF has addressed duplicative audits by combining the EFCC and FPD audit. Moreover, ODF communicates changes resulting from reviews and audits to districts through a series of information-sharing channels, including annual lessons learned reports, Incident Finance Trainings, annual updates to the Green Book, District Administrative Round Table (DART) Meetings and an emerging Incident Finance Committee. ODF has also created an Incident Resource Agreements (IRA) Committee with a mission to assist/advise the ODF Protection Division on the structure and implementation of centrally managed ODF firefighting resources agreements. The IRA Committee is also soliciting business process improvements from staff.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

During our last review, we left the recommendation open to monitor the transition from the use of the discontinued financial system BRIO to the current financial system OBIEE due to the use of BRIO for generating expenditure data used in the audit. With the activation of OBIEE and financial data extracts, districts do have access to the required data.

We defined reasonableness based on a combined measure of obtaining accurate and complete data, the use of management review, and the use of audits to make informed decisions about ODF's financial activities. Based on the above – the use of a financial system, OBIEE, the series of communications channels for discussing lessons learned and disseminating observations to districts, and the audits conducted, meet the spirit of the recommendation to create mechanisms for ensuring that financial data is reliable, reviewed, reasonable, and properly communicated.

**SUBSTANTIALLY COMPLETED
AS OF NOVEMBER 2022**

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

CASH FLOW PROJECTIONS

Recommendation Number: 4

Implementation Status: Substantially Completed

Risk Rating: Report: High **April 2022 Review: Medium**
June 2022 Review: Remains Medium
November 2022 Review: Remains Medium

Recommendation

ODF Administrative Branch should develop and implement controls/policies/procedures as related to accounts payable, accounts receivable, and cash flow projections. Procedures related to accounts payable and receivables should include recording details at a transactional level, when possible.

Key Items to Deem Recommendation Implemented

1. Demonstration of policies and procedures and controls for accounts payable (AP), accounts receivable (AR), and cash flow projections should include recording details at transactional level for AR and AR when possible.

Implementation Status Analysis

This recommendation is substantially completed, and the risk rating remains medium. The core issues identified in the report were that: 1) formalized policies and procedures related to cash flow projections did not exist; and 2) the ODF Administrative Branch lacked the ability to appropriately estimate or project future cash flow due to the lack of accurate accounts payable and accounts receivable data. Leaving these issues unmitigated could result in inaccurate or incomplete current and future cash flow projections.

ODF has made notable strides in implementing this recommendation. ODF developed a Statewide Outstanding Assets and Liabilities Tracker and CO-OP Tracker and accompanying guidance. The purpose of the tracker is to create a collaborative tracking mechanism for outstanding accounts receivable and liabilities for cash flow planning and financial reporting. The tracker is designed to capture items that are not yet invoiced under GAAP guidance allowing ODF to estimate and monitor upcoming/potential costs. ODF is also developing a cash flow runway and accompanying guidance to track budget, actuals, and variance. Other sources of cash flow data and information generated by ODF include daily cash balances which track balance by fund, appropriations, and deposits, and monthly transactions data that provides revenue and expense line item detail. Lastly, ODF has developed training materials on key activities such as cost shares, payments and audits, and other items related to finance and accounting.

In terms of organizational maturity, ODF is creating mechanisms to move financial monitoring from ad hoc activities (Level 1) to deliberate and active monitoring that is integrated into daily workflow (Level 2

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

and Level 3). As such, ODF can begin to shift its focus on making refinements to its cash flow methodology. Notably, based on our observations, we have identified opportunities for ODF to improve and simplify source data (inputs) and improve the allocation of funds between months in its cash flow projections. To address these observations, ODF and MGO are scheduled to meet in January 2023 to review and revise ODF's cash flow methodology.

ACCOUNTS PAYABLE

Recommendation Number: 9

Implementation Status: Substantially Completed

Risk Rating: Report: High April 2022 Review: Medium
June 2022 Review: Remains Medium
November 2022 Review: Low

Recommendation

ODF Administrative Branch should implement processes and procedures related to expense accruals and consider the use of purchase orders within OregonBuys.

Key Items to Deem Recommendation Implemented

1. Formalized, written, and clearly defined policies and procedures related to expense accruals
 - a. Inclusive of Purchase Orders being utilized prior to receipt of vendor invoices.
2. Demonstration of ODF's assessment and decision regarding the use of purchase orders within OregonBuys

Implementation Status Analysis

This recommendation is substantially completed, and the risk rating reduced to low. The core issues identified in the report were that: 1) purchase orders (POs) were not utilized for purchasing goods and services prior to the receipt of vendor invoices; and 2) vendor invoices took years for ODF to receive. Notably, POs were created within the OregonBuys system after vendor invoices were received for payment. A PO should be created prior to invoicing as it details items to be purchased, the quantity and price of those items, and is the source document for tracking expenditures prior to invoice payment. OregonBuys is a web-based solution providing end to end eProcurement processing.

Based on discussions, email reviews, and a review of documentation, ODF was agency at the forefront of statewide OregonBuys activation. In August 2022, Wave 1 organizations – 22 agencies including ODF – went live with OregonBuys procure-to-pay functionality. Additionally, as noted in the June 2022 review, ODF developed a Statewide Outstanding Assets and Liabilities Tracker and CO-OP Tracker that provides

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

monthly updates of outstanding assets (accounts receivable) and liabilities (accounts payable). The items tracked are liabilities and receivables that have not been entered into SAGE AR or OregonBuys but that are accounted for cash flow analyses purposes.

The last item for completion related to this recommendation is to finalize draft policies and procedures related to expense accruals.

OVERSIGHT REPORTS

Recommendation Number: 13

Implementation Status: Substantially Completed

Risk Rating: Report: Medium April 2022 Review: Medium
June 2022 Review: Remains Medium
November 2022 Review: Remains Medium

Recommendation

ODF Administrative Branch should establish documented controls/policies/procedures related to oversight of fire protection finance, including the preparation and timely review of standardized reports.

Key Items to Deem Recommendation Implemented

1. Demonstration of policies and procedures and controls in the oversight of fire protection finance, including preparation and timely review of standardized reports

Implementation Status Analysis

This recommendation is substantially completed, and the risk rating remains at medium. The core issues identified in the report were that: 1) reports for oversight of fire protection appear to be ad-hoc and manually manipulated: and 2) formalized policies and procedures related to preparation and review of fire protection finance did not appear to exist. The use of ad-hoc and manually manipulated reports could result in use of incomplete and inaccurate data for management decisions.

The June 2022 review highlighted ODF's efforts to formalize mechanisms related to fire protection finance oversight. This includes the use of monthly financial conditions reports that summarize cash balances, accounts payable and receivable, etc. and that are submitted to oversight bodies, including the Board of Forestry and the Legislative Fiscal Office. It also includes the Financial Oversight of the Board of Forestry policy document, effective April 12, 2022, and the development of the Statewide Outstanding Assets and Liabilities Tracker and CO-OP Tracker that provides monthly updates of outstanding accounts receivable and liabilities for the purposes of cash flow planning and financial reporting.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

The reports summarized in the June 2022 report were still in use during this review. Other standardized reports developed by ODF for oversight purposes include monthly transactions data that provides revenue and expense line item detail and the use of the cash flow runway for projections. Lastly, ODF has scheduled monthly meetings to discuss cash flow attended by the Legislative Fiscal Office, State Forester, and Chief Financial Officer.

During this cycle, we have identified opportunities for ODF to improve and simplify source data (inputs) and improve the allocation of funds between months in its cash flow runway. As such, this recommendation will remain open to address these observations. ODF and MGO are scheduled to meet in January 2023 to dissect and reconstruct ODF's cash flow methodology.

TRAINING

Recommendation Number: 14

Implementation Status: Substantially Completed

Risk Rating: Report: Medium November 2022 Review: Low

Recommendation

Develop robust onboarding and training program for all finance and accounting personnel or those tasked with finance and accounting responsibilities.

Key Items to Deem Recommendation Implemented

1. Demonstration of onboarding and training schedules and/or completed activities.

Implementation Status Analysis

The implementation of this recommendation is substantially completed, and the risk rating reduced to low. The core issue identified in the report was that there were no standard processes or procedures for the onboarding of finance or accounting personnel as related to financial systems and processes. The lack of training could lead to the use of inefficient or incorrect processes by finance and accounting personnel and could result in errors in financial reporting and inefficiencies.

Based on our review, ODF has developed an Onboarding Checklist for employees that includes administrative items such the completion of I-9 and direct deposit forms, workplace safety and harassment and discrimination guidance, and itemizes required safety, public records, and information security trainings. The checklist also includes hiring manager tasks and provides a list of additional trainings such as the overview of Oregon State government.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

We did observe the onboarding checklists did not include trainings specific to finance related activities. To that end, the recommendation will remain open until the checklist is updated. ODF is aware and noted that the checklist is a newly developed and foundational document that currently lists trainings required by all employees, but that will be enhanced to include trainings specific to classifications and job duties, including finance related training requirements.

INVOICING

Recommendation Number: 19

Implementation Status: Substantially Completed

Risk Rating: Report: Medium November 2022 Review: Low

Recommendation

ODF Administrative Branch should establish policies and procedures related to invoice generation, including limiting the ability to generate invoices to the ODF Administrative Branch.

Key Items to Deem Recommendation Implemented

1. Formalized, written, policies and procedures for invoice generation; and
2. Limiting the ability to generate invoices to ODF Administrative Branch

Implementation Status Analysis

The implementation of this recommendation is substantially completed, and the risk rating reduced to low. In the April 2021 MGO Report, the main issues identified were: 1) the process for generating certain invoices within the Districts was manual and limited; and 2) there was no supporting documentation provided to the ODF Administrative Branch prior to receiving an invoice number. As a result, there was a risk that a manual process and lacking documentation could result in inaccurate or incomplete accounts receivable balances.

Based on our review, ODF has implemented the accounts receivable system – SAGE 300 AR System (SAGE). Notable changes to ODF procedures since SAGE adoption includes minimizing manual entries. For example:

- Districts and Salem users will enter invoice information in system, which is a change from sending paper invoices to Finance for data entry.
- Timber sale invoices will no longer be manually entered and will be exported from WALT (the timber sale accounting and appraisal system) and imported into SAGE.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

- Campground fees and miscellaneous forest product permits will no longer be manually entered into SFMA (the State Financial Management Application) and will be exported from WALT and imported into SAGE.

Additionally, ODF has developed the procedural guidance that provides step-by-step details on navigating and inputting data into the system. However, we did observe that the guidance needs to explicitly delineate ODF's policies for generating invoices, including internal controls such as invoice review and approval guidance. Once the remaining item is completed, the recommendation would be considered implemented.

FEMA CLAIM STATUS REPORTING

Recommendation Number: 26

Implementation Status: Substantially Completed

Risk Rating: Report: Low June 2022 Review: Low
November 2022 Review: Low

Recommendation

The ODF Operations and Administrative Branches should establish policies and procedures related to the communication of the status of FEMA incidents and include the status on processing and submission of FEMA claims by incident.

Key Items to Deem Recommendation Implemented

1. Formalized, written, policies and procedures for communicating the status of FEMA incidents, including the status of processing and submission of FEMA claims by incident.

Implementation Status Analysis

This recommendation is substantially completed with the risk rating remaining low. The core issues identified in the April 2021 report were that: 1) the ODF Administrative Branch did not consistently receive reports regarding the status of FEMA incident claims; and 2) written policies and procedures related to ongoing reporting of the Fire Management Assistance Grants (FMAG) submissions did not exist. Inconsistent communication regarding the status of the claims could lead to duplicative efforts in aggregating data for cash flow projections and/or led to the inability to properly project cash flows due to delays in the recording of FEMA accounts receivables balances.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

The June 2022 review noted that ODF instituted FEMA Weekly Status Reports (Status Reports) for tracking FEMA claims. Additionally, ODF drafted desk procedures that supplement the Status Report and provide guidance on how to track and estimate FEMA claims.

The recommendation remained opened to monitor the continued use of the status report and the finalization of the policies and procedures related to FEMA status tracking. Based on this review, ODF continues the use of the Status Reports. Moreover, ODF has instituted biweekly meetings between the recently hired Financial Services Manager and FEMA and Oregon Department of Emergency Management (ODEM) staff to discuss the status of 2020 PA grant applications. Additionally, the Financial Services Manager is monitoring FEMA coordination to submit claims to FEMA timely.

This recommendation remains open to monitor the finalization of the draft policies and procedures. ODF intends to review the draft guidance, under the direction of the Financial Services Manager, to ensure that the guidance reflects existing practices. Once this remaining item is completed, the recommendation would be considered implemented.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

IN PROGRESS
AS OF NOVEMBER 2022

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

POLICY AND PROCEDURES STORAGE

Recommendation Number: 6
Implementation Status: In Progress
Risk Rating: Report: High **November 2022 Review:** High

Recommendation

Maintain, review, approve, upload all finance/accounting policies and procedures, desktop manuals and flowcharts in centralized location accessible by all Field Protection Districts.

Key Items to Deem Recommendation Implemented

1. Demonstration of policies and procedures, desktop manuals, and flowcharts uploaded to a centralized location. There should also be demonstration of policies and procedures uploaded in the central repository, duplicates removed, unrestricted access removed, and the assignment of designated administrator.

Implementation Status Analysis

The implementation of this recommendation is in progress with the risk rating remaining high. The core issues identified in the April 2022 Report were: 1) finance/accounting policies, procedures, desktop manuals, and flowcharts were not stored within a centralized location and/or not easily located; and 2) various versions of policies procedures, desktop manuals and flowcharts were outdated, duplicative, or had unrestricted editing access. These issues could result in inefficient or incorrect processes performed by staff resulting in inefficiencies and/or errors in finance reporting.

Based on our review, ODF has outlined its next steps for centralizing and managing its records. In the 2023-25 Budget Narrative, ODF requests 1 FTE to have a dedicated resource for records management, retention, and requests. In the narrative, ODF notes that records-related work is not part of the core duties of the positions completing the work and time allotted for records-related work by those positions is minimal.

ODF also notes that over the last two years, audits and external reports – the MGO April 2021 Report – were completed that informed ODF of the need to improve the quality and consistency of records functions. These same audits and reports also identified the need for additional personnel and funding to implement improvements. The improvements include records retention and destruction policies, investigating records management system options, developing filing systems and naming conventions, training, and converting hard copy financial documentation into an easily searchable electronic document management system.

Although ODF’s information technology operations is not ready for wholesale implementation, ODF has identified the pre-work required to prepare for the stated IT initiatives. This work includes inventorying

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

existing records, ensuring the proper retention periods for those records, and identifying potential storage or access challenges. We will monitor these efforts.

COST ESTIMATES

Recommendation Number: 7

Implementation Status: In Progress

Risk Rating: Report: High **April 2022 Review: Medium**
June 2022 Review: Remains Medium
November 2022 Review: Remains Medium
No Updates in November 2022

Recommendation

The ODF Executive Team (with the ODF Operations and Administrative Branch) should limit cost estimate generators to e-ISuite and FIRES. The ODF Operations and Administrative Branches should define policies and procedures related to the use of the two systems and provide onboarding and ongoing training to ensure all personnel understand how to properly and efficiently use the systems.

Key Items to Deem Recommendation Implemented

1. Demonstration that systems for generating cost estimates has been reduced to e-ISuite and FIRES.
2. Demonstration of formalized policies and procedures related to use of the systems.
3. Demonstration of onboarding and training schedules and/or completed activities.

Implementation Status Analysis

The implementation of this recommendation is in progress and the risk rating reduced to medium. The core issues identified in the report were that: 1) multiple systems are utilized for generating cost estimates; and 2) policies and procedures did not specifically define the criteria for determining which cost estimate systems would be utilized by incident.

Based on discussions, a review of the Management Response in the April 2021 report, and a review of documentation, ODF sees value in having the flexibility of using all three cost share estimate solutions – e-iSuite, EFCC, and FIRES. For ODF, each system serves the needs of the project in which it is used. For example, federal agencies use e-iSuite and ODF uses e-iSuite for large fires. ODF uses FIRES for cost estimates on smaller district fires and input of other non-finance related incident data. ODF also uses an Excel spreadsheet in the field during the first few days of an incident, which is more expedient than setting up e-iSuite (which needs internet availability in the field, etc.) while providing a tool for tracking cost estimates.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

ODF has developed policies and procedures in the Chapter 80 Cost Share Field Procedures manual that describe how to process cost share estimates within the various solutions (e.g., templates for weekly cost summaries, weekly cost detail, spreadsheets with predefined rates, etc.). ODF has also developed training videos, on topics such as cost shares, payments and audits, etc., that provide instruction on policies and procedures related to ODF finance and accounting.

This recommendation will remain in progress this cycle as discussions continue regarding the use of all three systems and conducting due diligence to ensure that whether the final determination is the use of one system or the continued use of multiple systems, the chosen option will produce data that is not duplicated and will produce data that is consistent accurate (as best of possible for estimates), and complete.

Furthermore, whether using one system or multiple, policies and procedures and training content and materials should be continually updated to reflect current practices and systems.

ELECTRONIC RECORDS

Recommendation Number: 10

Implementation Status: In Progress

Risk Rating: Report: High November 2022 Review: Remains High

Recommendation

All hard copies of significant supporting documentation should be scanned, uploaded, and maintained in an information technology system. Additionally, the documents should be easily searchable.

Key Items to Deem Recommendation Implemented

1. Formalized, demonstration of significant supporting documentation uploaded into an IT system solution that the documentation is easily searchable.

Implementation Status Analysis

The implementation of this recommendation is in progress and the risk rating remains high. The core issues identified in the report were that: 1) a significant amount of information required for EFCC audits and FEMA claims are only in hard copy; and 2) fire boxes (document bins) are retained in hard copy format and in a centralized location within each district for storage. Maintaining documentation in hard copy form, in centralized locations, could result in a loss of data in the event of a natural disaster. Additionally, the use of hard copy documentation creates inefficiencies due to the physical movement of documents and the inability to search documents electronically.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

Based on our review, ODF has outlined its next steps for creating a central repository for maintaining significant supporting documentation. Notably, in the 2023-25 Budget Narrative, ODF requests 1 FTE to have a dedicated resource for records management, retention, and requests. Although ODF's information technology operations is not ready for wholesale implementation, ODF has identified the pre-work required to prepare for the stated IT initiatives. This work includes inventorying existing records, ensuring the proper retention periods for those records, and identifying potential storage or access challenges. We will monitor these efforts.

ODF STANDARDIZED POLICIES AND PROCEDURES

Recommendation Number: 15

Implementation Status: In Progress

Risk Rating: Report: Medium April 2022 Review: Medium
June 2022 Review: Remains Medium
November 2022 Review: Remains Medium
No Updates in November 2022

Recommendation

ODF Operations and Administrative Branches should develop and implement standardized processes and procedures for the District Offices, and assist in the implementation and continued oversight of the processes and procedures to ensure consistency in application.

Key Items to Deem Recommendation Implemented

1. Formalized, written, policies and procedures for District Offices that will minimize independent operation.
2. Demonstration of continued oversight of policies and procedures.

Implementation Status Analysis

The implementation of this recommendation is in progress with the risk rating remaining at medium. The core issues identified in the report were that: 1) District Offices appeared to operate independently; and 2) District Offices lacked standardized processes and procedures.

To assist in addressing the District Offices operating independently, ODF has reconfigured its organizational structure moving the Protection Finance Unit under the direction of Finance Services within the Administrative Branch. ODF has developed and/or updated standardized policies and procedures for District Offices, including the Green Book with guidance on cost accounting and reporting and cost shares, incident payments and coding, etc. ODF has also developed training videos, on topics such as cost shares, payments and audits, etc., that provide instruction on policies and procedures related to ODF finance and accounting.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

This recommendation will remain open to monitor whether the organizational change and other efforts are producing the intended result of creating more cohesion amongst the District Offices and ODF and to monitor and/or recommend supplementary adjustments like updates to policies and procedures.

DISTRICT FINANCE/ACCOUNTING OVERSIGHT

Recommendation Number: 17

Implementation Status: In Progress

Risk Rating: **Report: Medium** **April 2022 Review: Medium**
June 2022 Review: Remains Medium
November 2022 Review: Remains Medium
No Updates in November 2022

Recommendation

The ODF Administrative Branch should establish policies and procedures related to oversight of finance/accounting functions within the District Offices. The policies and procedures should include, but not be limited to:

1. Definition of reporting lines from the District Offices to the ODF Administrative Branch.
2. Identification of reporting requirements and key financial metrics from the District Offices to the ODF Administrative Branch.
3. Ongoing monitoring of key financial metrics within the District Offices.

In addition, the ODF Executive Team, with the ODF Operations and Administrative Branches, should set a clear "tone at the top" with respect to financial accountability within the District Offices.

Key Items to Deem Recommendation Implemented

1. Formalized, written, policies and procedures that create an organizational structure requiring District Offices to report to ODF, including:
 - a. Definition of reporting lines from District Offices to ODF Administrative Branch
 - b. Identification of reporting requirements and key financial metrics from District Offices to ODF
 - c. Ongoing monitoring of key financial metrics within District Offices
2. Demonstration of ODF Executive Team, with ODF Operations and Administrative Branches, setting clear tone at top.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

Implementation Status Analysis

The implementation of this recommendation is in progress and the risk rating remains at medium. The core issue identified in the report was District Offices operated with limited oversight as related to finance and accounting. The current organizational structure did not include District Offices reporting to the ODF Administrative Branch. Moreover, a clearer “tone at the top” with respect to financial accountability within the District Offices was also recommended.

Based on discussions, email reviews, and a review of documentation, ODF leadership has set a “tone at the top” by demonstrating its commitment to financial accountability within the District Offices. Furthermore, ODF has also reconfigured its organizational structure so that District Offices report to ODF. Notably, ODF has moved the Protection Finance Unit under the direction of Financial Services within the Administrative Branch and filled three new Area Accountant positions providing oversight to the field and reporting directly to the Administrative Branch. Additionally, ODF is in the process of developing clear and appropriate job descriptions (e.g., aligning job duties with commensurate experience and skillsets) as it engages in recruitment efforts for filling vacancies associated with finance and accounting personnel.

ODF has developed and/or updated standardized policies and procedures for District Offices, including the Green Book with guidance on cost accounting and reporting and cost shares, incident payments and coding, etc. It has also developed foundational policies and procedures for tracking, monitoring, and analyzing accounts receivable and accounts payable for financial reporting through documents such as its Cost Share Tracker and the Statewide Outstanding Assets and Liabilities tracker. To that end, ODF has also developed training videos, on topics such as cost shares, payments and audits, etc., that provide instruction on policies and procedures related to ODF finance and accounting.

To deem this recommendation implemented, ODF has expressed that it would first want to ensure that the following policies and procedures and updated:

- Disbursements Policy;
- Credit Card Policy;
- Procurement Policy; and
- Accounting for Revenues and Receivables.

Furthermore, to deem this recommendation implemented, ODF will need to demonstrate how it is monitoring key financial metrics within the District Offices through mechanisms such as the identification of key financial metrics and reporting requirements from the District Offices to the ODF Administrative Branch.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

FINANCE/ACCOUNTING RESOURCES

Recommendation Number: 20

Implementation Status: In Progress

Risk Rating: Report: Medium April 2022 Review: Medium
June 2022 Review: Remains Medium
November 2022 Review: Remains Medium
No Updates in November 2022

Recommendation

Job descriptions of current ODF personnel should be reviewed and the following reassignments should be made:

1. Individuals with primarily finance and accounting responsibilities should be reassigned to the ODF Administrative Branch.
2. Finance and accounting related job duties of individuals within the ODF Operations Branch should be reassigned to personnel within the ODF Administrative Branch.

In addition, the ODF Operations and Administrative Branches should review and approve job requisitions with finance and accounting responsibilities to determine whether the roles and responsibilities are appropriate given the position identified.

Key Items to Deem Recommendation Implemented

1. Demonstration of an organizational restructure that ensures those with finance and accounting responsibilities are reporting to appropriate authorities to effectuate better communication and financial oversight.

Implementation Status Analysis

This recommendation is in progress and the risk rating remains at medium. The core issues identified in the report were that: 1) under the current organizational structure, personnel with finance or accounting responsibilities report to the ODF Operations Branch rather than the Administrative Branch; and 2) certain positions within the ODF Administrative Branch have finance and accounting related job duties but do not consistently communicate with appropriate personnel within ODF Administrative Branch regarding the execution of those duties.

Based on discussions and a review of documentation, it should be highlighted that ODF has made significant progress in its organizational restructuring. Notably, ODF has moved the Protection Finance

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

Unit under the direction of Financial Services within the Administrative Branch and filled three new Area Accountant positions providing oversight to the field and reporting directly to the Administrative Branch. ODF is in the process of developing clear and appropriate job descriptions (e.g., aligning job duties with commensurate experience and skillsets) as it engages in recruitment efforts for filling vacancies associated with finance and accounting personnel. Additionally, effective December 31, 2021, ODF codified its Oregon Department of Forestry Policy Document for Delegation of Authority. This guidance delegates authority to enter legal obligations by position and sets authorization limits for items such as expenditure authority, cost share agreement settlement authority, etc.

This recommendation will remain open to monitor whether the organizational change is producing the intended result of facilitating ODF oversight of its finance and accounting personnel and job functions. Also, to monitor whether streamlining the finance and accounting staff is resulting in improved communications related to financial reporting, recording of accounts receivables and payables, and forecasting cash flows.