



Suite 700  
560 SW Tenth Ave  
Portland, OR 97205

**John DiLorenzo, Jr.**  
503.778.5216 tel  
503.778.5299 fax

[johndilorenzo@dwt.com](mailto:johndilorenzo@dwt.com)

Admitted in Oregon,  
New York & Washington D.C.

February 2, 2026

**VIA EMAIL ONLY**

Senator Kate Liber, Co-Chair  
[Sen.KateLieber@oregonlegislature.gov](mailto:Sen.KateLieber@oregonlegislature.gov)

Senator Fred Girod, Co-Vice Chair  
[Sen.FredGirod@oregonlegislature.gov](mailto:Sen.FredGirod@oregonlegislature.gov)

Representative Gregory Smith, Co-Vice Chair  
[rep.gregsmith@oregonlegislature.gov](mailto:rep.gregsmith@oregonlegislature.gov)

Senator Wlnsvey Campos  
[Sen.WlnsveyCampos@oregonlegislature.gov](mailto:Sen.WlnsveyCampos@oregonlegislature.gov)

Senator James I. Manning, Jr.  
[Sen.JamesManning@oregonlegislature.gov](mailto:Sen.JamesManning@oregonlegislature.gov)

Senator Courtney Neron Misslin  
[Sen.CourtneyNeronMisslin@oregonlegislature.gov](mailto:Sen.CourtneyNeronMisslin@oregonlegislature.gov)

Senator Janeen Sollman  
[Sen.JaneenSollman@oregonlegislature.gov](mailto:Sen.JaneenSollman@oregonlegislature.gov)

Representative Ben Bowman  
[Rep.BenBowman@oregonlegislature.gov](mailto:Rep.BenBowman@oregonlegislature.gov)

Representative Lucetta Elmer  
[Rep.LucettaElmer@oregonlegislature.gov](mailto:Rep.LucettaElmer@oregonlegislature.gov)

Representative Emerson Levy  
[Rep.EmersonLevy@oregonlegislature.gov](mailto:Rep.EmersonLevy@oregonlegislature.gov)

Representative Mark Owens  
[Rep.MarkOwens@oregonlegislature.gov](mailto:Rep.MarkOwens@oregonlegislature.gov)

Representative Ricki Ruiz  
[Rep.RickiRuiz@oregonlegislature.gov](mailto:Rep.RickiRuiz@oregonlegislature.gov)

Representative Tawna D. Sanchez, Co-Chair  
[Rep.TawnaSanchez@oregonlegislature.gov](mailto:Rep.TawnaSanchez@oregonlegislature.gov)

Representative David Gomberg, Co-Vice Chair  
[Rep.DavidGomberg@oregonlegislature.gov](mailto:Rep.DavidGomberg@oregonlegislature.gov)

Senator Dick Anderson  
[Sen.DickAnderson@oregonlegislature.gov](mailto:Sen.DickAnderson@oregonlegislature.gov)

Senator Lew Frederick  
[Sen.LewFrederick@oregonlegislature.gov](mailto:Sen.LewFrederick@oregonlegislature.gov)

Senator Mike McLane  
[Sen.MikeMcLane@oregonlegislature.gov](mailto:Sen.MikeMcLane@oregonlegislature.gov)

Senator David Brock Smith  
[Sen.DavidBrockSmith@oregonlegislature.gov](mailto:Sen.DavidBrockSmith@oregonlegislature.gov)

Senator Bruce Starr  
[Sen.BruceStarr@oregonlegislature.gov](mailto:Sen.BruceStarr@oregonlegislature.gov)

Representative Vikki Breese Iverson  
[Rep.vikkibreeseiverson@oregonlegislature.gov](mailto:Rep.vikkibreeseiverson@oregonlegislature.gov)

Representative Paul Evans  
[Rep.PaulEvans@oregonlegislature.gov](mailto:Rep.PaulEvans@oregonlegislature.gov)

Representative Rob Nosse  
[Rep.RobNosse@oregonlegislature.gov](mailto:Rep.RobNosse@oregonlegislature.gov)

Representative E. Werner Reschke  
[Rep.EWernerReschke@oregonlegislature.gov](mailto:Rep.EWernerReschke@oregonlegislature.gov)

Representative Andrea Valderrama  
[Rep.AndreaValderrama@oregonlegislature.gov](mailto:Rep.AndreaValderrama@oregonlegislature.gov)

Re: Oregon Department of Forestry

Dear Members of the Joint Ways and Means Committee,

I represent the Jewell School District in its efforts to require the Oregon Department of Forestry (“ODF”) to comply with an Administrative Rule that requires the Department to generate sufficient revenue from the state timber lands to cover the cost of its operations and thereby generate more revenue for the beneficiaries of the Forest Trust Lands.

**The purpose of this letter is to warn you about a ticking financial timebomb.**

One of the most significant deficiencies in the ODF general path forward is the lack of any ensured funding source.

Admissions by ODF and Comments in the Record make clear that the ODF has no real plan for funding its obligations under a proposed Habitat Conservation Plan (“HCP”) around which all its future harvest decisions will depend. Rather, ODF expects timber revenue to be so inadequate under the Draft HCP that it hopes the Oregon Legislature will abandon 80 years of precedent and burden the state’s general fund with the cost of funding this and other ODF programs.

Federal law requires the Secretary of the Interior to approve an HCP and issue Incidental Take Permits if the Secretary finds the following:

- The proposed taking will be incidental;
- The applicant (ODF) will minimize and mitigate impacts to the maximum extent possible;
- **Adequate funding is ensured; and**
- The proposed taking will not appreciably reduce the likelihood of survival and recovery of the species.

16 USC Sec. 1539(a)(2)(B). (emphasis supplied).

The Secretary must find that adequate funding is “ensured” prior to approving the HCP and issuing ITPs. This is not only a requirement of the statute but acknowledged by ODF in its proposal. See Sec. 9.1, pg. 9-1 of the HCP Public Draft (HCPPD). Lack of funding assurances have disqualified other HCP applications in the past. See *National Wildlife Federation v. Babbitt*, 128 F. Supp. 2d 1274, 1294 (2000) (when funding under a city permit was inadequate and no entity was responsible for making up the funding shortfall). See also *Southwest Center for Biological Diversity v. Bartel*, 470 F. Supp. 2d 1118, 1156 (2006) (City identified undependable and speculative sources for necessary funds including a regional plan with other jurisdictions, a possible bond issue requiring voter approval, or raising the sales tax).

On November 18, 2025, the Oregon Board of Forestry held a meeting during which time, a majority of the members made clear their concerns that the Department is presently losing money and is on a trajectory to operate in the future at a loss with no hope for funding other than increasing harvest levels or obtaining general tax payer fund support from a legislature that has evidenced no interest in doing so. A copy of a partial transcript of that meeting is attached.

Notably, when told that the Department only hoped to harvest 226 to 237 million board feet in 2027 and 2028 due to the constraints imposed by the Draft HCP, Board member Heath Curtis said:

“What that means is that even at 237 million board feet, Haase [the Department Fiscal Officer] has the Agency losing money, though close. And I noticed that in your presentation, your revenues here were not Haase’s \$42 and a half and 44.9 million, rather the revenues you have here are closer to \$32-35 million, which could mean multi-million-dollar losses every year even at 230 million board feet. So, I wondered, and it would be unfair to some of the other board members, and I would be willing to share these tables with them, but I wondered if you had any thoughts on that. It seems likely to me that Agency expenses are going to exceed Agency revenues under all of these alternatives, maybe but for maximized total volume and it is a question of just how much money the agency is going to lose. I’d be curious if you agree with that and whether you have done any analysis on your projected deficits moving forward under these alternatives.”

A copy of the tables referenced to by Mr. Curtiss are attached.

Mike Wilson, the Agency’s Director of the State Forest Division responded:

“Yeah, at a high level that is very true. Our costs will out strip our revenues, we have always seen that, historically. One thing that I would point out, I’d just like to make everybody aware. Typically, we actually pay for the direct management expenses of the lands with the revenue that we bring in. For instance, that includes our recreation, education and interpretation, our supportive south fork and all of that, I believe last year we brought in \$34 million and that’s about what we spent with the austerity measures and all that stuff in place. But when we add on certain extraneous expenses, one is our fire protection bill, which gets a lot of airplay, and the other is the cost of being a part of government, and the Agency expenses associated with that, our portion of that, state government general service charges from DAS [Department of Administrative Services], things we have absolutely no control over, then we are always cost negative, we are always negative because of those expenditures, we do everything we can to accommodate that but

that is a problem going on to the future that still needs a solution, and I think that is a higher level solution than just state forest, **because just back of the napkin math, just to pay what we pay now, we would need to harvest somewhere in the neighborhood of 270-280 million feet a year. \* \* \* [emphasis added].**

Other board members made clear that the Agency was in a predicament – one in which there was no history of general fund support and no desire of the legislature to do so. And one which, could well lead to an untenable situation. In the words of board member Ben Deumling: “I think it would be a misstep if we wait until the FDF [Forest Development Fund] is at zero and go to the legislature and say help, we can’t pay our bills. That would not look good. I don’t have a plan myself of how we get out of this, we obviously can’t just cut out way out of this, but there needs to be a set of wide-ranging set of strategies to try to stabilize this and I’d like to see more talk about that.”

Board member Liz Agpaoa emphasized the plight of the Department and its beneficiaries when she noted:

“I want to go through this and first acknowledge that it will be heard from the counties that in the last year they have pursued many paths but no viable solution came out of those promises and no financial support came from the counties following **our decision back in 2024, a decision that set aside an unprecedented landscape acres from any Board that preceded us. And that we know at this time no additional legislative support is forthcoming to assist ODF with the anticipated shortfall due to the HCP, and recently we see mounting financial concerns in anticipation of further statewide reductions across departments that we didn’t anticipate a year ago.** So cumulatively, ODF looks at a financial place where there is going to be future struggles, so the view then back in 2024 when we made that decision was hopeful, that we could build a strategy and with the counties to find funds across the state to offset some of the impacts of the HCP, but **those pursuits were met with empathy, but I think a clear message that ODF and the Counties are now clearly on their own.** So that was the view then, so the question is how and who can help with the decreasing budget with ODF. For me, I answer that with the message is clearly we must help ourselves and the Counties must help themselves. \* \* \* [emphasis supplied].

A review of the transcript makes clear that there is, at present, no hope that the HCP will be fully funded, let alone any hope that the Department will be able to break even given the huge timber set asides the HCP provides and the tepid harvest levels that are thereby forecast.

February 2, 2026

Page 5

Finally, to add injury to insult, the Department is scheduling a vote on a new Forest Management Plan (“FMP”) which will eliminate the requirement that it pay for its operations through timber harvest and that will be designed to replicate what the HCP is anticipated to require, long before it believes it will hear back from the Federal Services regarding the proposed HCP.

We ask you, as our state’s fiscal watch dogs, to put an end to this charade and notify the Oregon Department of Forestry (by way of a budget note) that you expect it to generate sufficient revenues to both pay its own expenses and provide counties and rural taxing districts a level of revenue that will avoid a fiscal disaster. The Draft FMP will eliminate 80 years’ worth of practice that required the Department to harvest sufficient timber to self-sustaining, and it will do nothing to address what should happen when the Department can no longer pay its bills.

Thank you for your help. Please feel free to share this letter with whomever you deem appropriate.

Very Truly Yours,

Davis Wright Tremaine LLP



John DiLorenzo, Jr.

## Video – Part 2 – Board of Forestry Meeting

### November 18, 2025

1. At 56:21 through 1:02:45 – comments from State Forest Division Director Mike Wilson, responding to Board Member Heath Curtiss comments that relate to costs outstripping revenue and need to harvest between 270 to 280mmbf per year to “pay for what we spend.”

56:21-58:44 H. Curtiss (Board Member)	<p>The last question I had for you is... You included a graphic here about revenues that shows revenues that shows revenues to the forest development fund but it really doesn't talk about expenses. I received, and I can share with people here, though I don't know if it's allowed, I received some tables that were prepared by Kevin Hass at ODF, and it talks about some projected revenues and expenses at certain harvest volumes. Hass in '27 and '28 anticipated harvest volumes going up to 226 million board feet and 237 million board feet, respectively, just on existing contracts, cause there is a lot of existing contracts that haven't been harvested, and we anticipate they will kind of clump together there. But in those same periods, they have the anticipating revenues of \$42 and a half and \$44.9 million a year, respectively, and expenses of \$44 and a half and \$45.4 million, respectively. What that means is</p>
--	---

	<p>that even at 237 million board feet, Hass has the Agency losing money, though close. And I noticed that in your presentation, your revenues here were not Hass's \$42 and a half and 44.9 million, rather the revenues you have here are closer to \$32-35 million, which could mean multi million dollar losses every year even at 230 million board feet. So I wondered, and it would be unfair to some of the other board members and I would be willing to share these tables with them, but I wondered if you had any thoughts on that. It seems likely to me that Agency expenses are going to exceed Agency revenues under all of these alternatives, maybe but for maximized total volume and it is a question of just how much money the agency is going to lose. I'd be curious if you agree with that and whether you have done any analysis on your projected deficits moving forward under these alternatives.</p>
<p>58:44 – 1:00:25 Mike Wilson (State Forest Division Director)</p>	<p>Yeah, at a high level that is very true. Our costs will out strip our revenues, we have always seen that, historically. One thing that I would point out, I'd just like to make everybody aware. Typically, we actually pay for the direct management expenses of the lands with the revenue that we bring in. For instance, that includes our recreation,</p>

	<p>education and interpretation, our supportive south fork and all of that, I believe last year we brought in \$34 million and that's about what we spent with the austerity measures and all that stuff in place. But when we add on certain extraneous expenses, one is our fire protection bill, which gets a lot of airplay, and the other is the cost of being a part of government, and the Agency expenses associated with that, our portion of that, state government general service charges from DAS, things we have absolutely no control over, then we are always cost negative, we are always negative because of those expenditures, we do everything we can to accommodate that but that is a problem going on to the future that still needs a solution, and I think that is a higher level solution than just state forest, because just back of the napkin math, just to pay what we pay now, we would need to harvest somewhere in the neighborhood of 270-280 million feet a year. We get all of that \$47 million of expenditures wrapped up that way, so I don't think - yeah...</p>
1:00:26 Heath Curtiss (Board Member)	<p>But Kevin's numbers show that as you approach 240 million, again, unfair to folks, but 237 million in 2028, he anticipates a loss of \$500,000. The Forest Development Fund has a positive balance</p>

	<p>right now. Plainly, the Agency doesn't always run at a loss, it's just that it has been running at a loss recently, as the harvest volumes have declined. I only highlight that here because I am very concerned because as we start debating these more conservative harvest levels as a Board, we are setting the Agency up for an increasingly large ask of the legislature for general fund appropriations, which they are presently cutting, not supplementing Agency budgets. That's it for now, Jim.</p>
<p>1:01:18 – 1:02:45 Mike Wilson (State Forest Agency Director)</p>	<p>One thing I might add into that is, so we've had austerity measures after the Great Recession, and so we have been doing this for a quite a while, over the past 15 years, we have probably been living more under austerity than not, and differing investments and so forth, we did have just the timing of harvest and the way it comes in, we did have a bit of a windfall in the 2018-2019 timeframe that did allow us to recoup some FDF, but you can't put those investments off forever and you can't hold the vacancies forever so that's part of that. I'd also just like to point out that the timing of the timber sale contract has a lot to do with it so when we talk about the volumes expected to come in over the next few years, and this next year doesn't look great but then when we look at timber sale</p>

	contracts that we have coming up, its just that our best guess of the timing of that coming due, it does lead to a revenue positive piece out there in the next couple of years, 2-3 years that does allow us to stay fairly stable in the FDF. We will drop but then we will stabilize a little bit towards the 27-29 biennium so there is a fair bit of timber sale volume on contract right now still to be harvested.
--	---

2. At 1:10:29 through 1:12:53 – comments from Board Member Liz Agpaoa relating to “no money,” “historic set asides in the HCP,” and “counties must help themselves.”

1:10:29 Liz Agpaoa (Board Member)	Thank you very much, and thank you all for a great presentation, I appreciate it, and I thank the Board for all of your clarifying questions, I learned a lot from that. My conversation with you Mike, and folks, yesterday was really good, it helped me focus a little bit last night to help me come up with my some of my comments and try to focus my thinking behind of what my ask will be and hopefully that will bring you a little closer to your work in the next seven months. So I want to go through this and first I want to go through this and first acknowledge that it will be heard from the counties that in the last year they have
--	--

pursued many paths but no viable solution came out of those promises and no financial support came from the counties following our decision back in 2024, a decision that set aside an unprecedented landscape acres from any Board that preceded us. And that we know at this time no additional legislative support is forthcoming to assist ODF with the anticipated shortfall due to the HCP, and recently we see mounting financial concerns in anticipation of further statewide reductions across departments that we didn't anticipate a year ago. So cumulatively, ODF looks at a financial place where there is going to be future struggles, so the view then back in 2024 when we made that decision was hopeful, that we could build a strategy and with the counties to find funds across the state to offset some of the impacts of the HCP, but those pursuits were met with empathy, but I think a clear message that ODF and the Counties are now clearly on their own. So that was the view then, so the question is how and who can help with the decreasing budget with ODF. For me, I answer that with the message is clearly we must help ourselves and the Counties must help themselves. So I want to focus on field capability now because that was raised as a

	consideration in the given alternatives in our discussion on Monday, Mike. And I want to forecast that with just saying how much I appreciate all the work and you guys really try to problem solve at Headquarters, the best that you do and your alternatives are very thoughtful.
--	--

3. At 1:25:55 through 1:26:50 – comments from Board Member Ben Deumling regarding “all scenarios have us losing money,” and shouldn’t wait to tell the legislature that “we can’t pay our bills.”

1:25:55 – 1:26:50 Ben Deumling (Board Member)	I appreciated Heath’s comments about the financial picture, all of these scenarios have us losing money. We need to be saying that out loud. I think it would be a misstep if we wait until the FDF is at zero and go to the legislature and say help, we can’t pay our bills. That would not look good. I don’t have a plan myself of how we get out of this, we obviously can’t just cut out way out of this, but there needs to be a set of wide-ranging set of strategies to try to stabilize this and I’d like to see more talk about that.
--	--

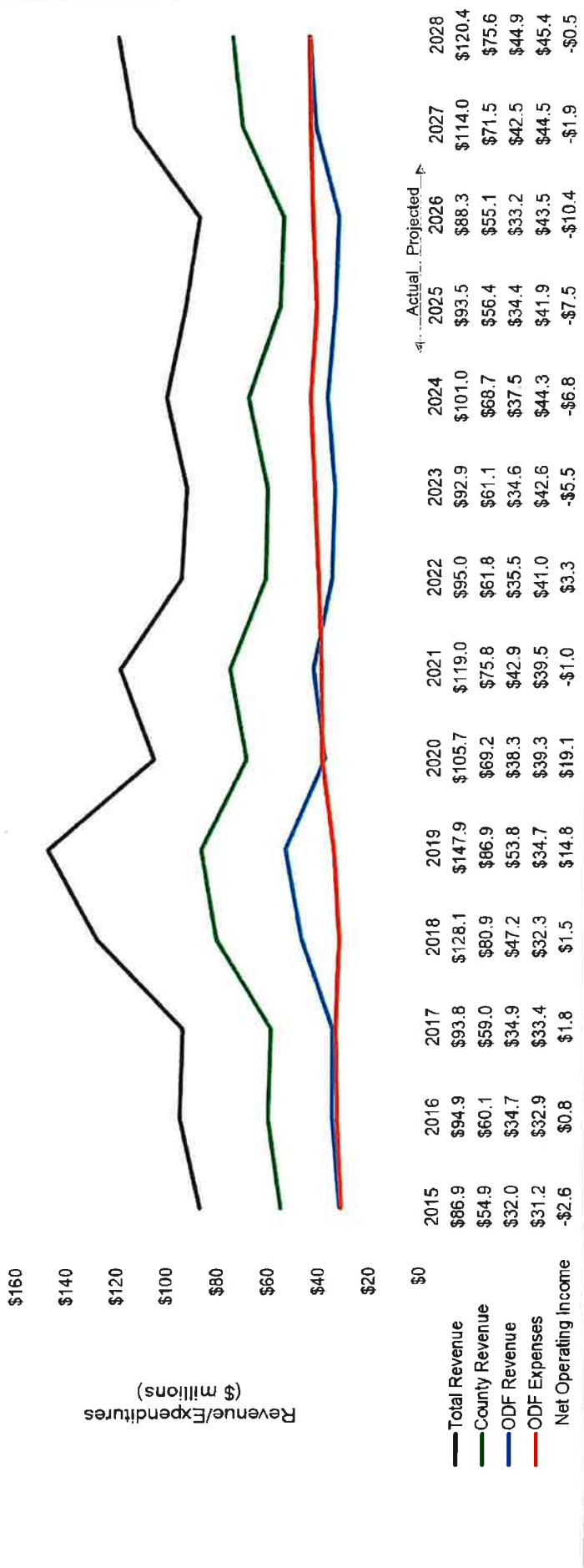
4. At 1:29:10 through 1:31:00 – comments from Board Member Joe Justice regarding how he did not support the HCP, how it imposed unprecedented conservation, and

how, like it or not, financial viability is coordinated with harvest volume.

1:29:10- 1:31:30 Joe Justice (Board Member)	I want to take us back a number of years, some of us were on this Board when we voted for the HCP, and how we talked about the twin goals, and how increasing conservation outcomes and financial viability, and this HCP is unprecedented, this conservation protection is unprecedented. And this Board member did not support that HCP. When that vote came, this Board member was not in support, I believe the those, the measures we were taking were too severe, too much. That balance of were we achieving the permanent value, but this Board voted to approve that Habitat Conservation Plan and I am moving forward with that decision, but the part is financial viability and like it or not, financial viability is correlated to harvest. And so my hope is that when we come back in June, we can take a hard look at what is the harvest level that can achieve the terms of the Habitat Conservation Plan while at the same time, moving that harvest level as high as we can for financial viability. And I really appreciate the counties having an open and really informative discussion about departure. When I first got on this Board
---	---

and I learned about state forests and even flow and non-even flow and why are we doing this, and what is the cost, this is really costly, flow is really costly, and I'm pleased that through the process of modeling net present value scenarios that we know we're not going to do to maximize net present value because there is downstream effects of that, but really trying to bookend these things and bringing the counties along to understand the cost of these decisions and here we are with the idea that maybe a plan for departure makes some sense.

Board Of Forestry Financial Metrics  
Fiscal Year 15-25 (Actual) and Fiscal Year 26-28 (Projected)



## Forest Development Fund (FDF) Balance

