

The State Land Board met in regular session on February 14, 2006 in the Land Board Room of the State Lands Building, 775 Summer Street NE, Salem, Oregon 97301-1279.

Present were:

Bill Bradbury	Secretary of State
Randall Edwards	State Treasurer

<u>Assistants</u>	<u>Staff</u>	<u>Dept. of Justice</u>
Mike Carrier	Ann Hanus	Lore Bensel
Jesse Cornett	John Lilly	
Inga Deckert	Steve Purchase	
	Jeannette Holman	
	Gail Lowry	

The Secretary of State called the meeting to order at 10:00 am. The topics discussed and the results of those discussions are listed as follows. Further details of the discussions may be obtained in the written transcript of the meeting available at the Department of State Lands, 775 Summer Street NE, Suite 100, Salem, Oregon 97301-1279, (phone: (503) 378-3805, ext. 224).

### **Retirement**

Jill Burnett, Information Systems Manager for the agency, was honored for her 26 years of service to the State of Oregon. Burnett retired after being with the Department for most of those 26 years.

### **Consent Agenda**

- 1.a. Request for adoption of the revised State Agency Coordination Plan and amendments to rules pertaining to the Department of State Lands' state agency land use coordination program.**

- b. Request by the United States of America, Department of Energy, Bonneville Power Administration, to acquire a permanent transmission line easement over and upon formerly submerged lands of the McKenzie River located in Lane County.**
- c. Request by Multnomah County for a permanent easement for the Sauvie Island Bridge across state-owned submerged and submersible lands of the Multnomah Channel located in Multnomah County.**
- d. Request by the Oregon Department of Transportation to acquire a permanent roadway easement over and upon the submerged and submersible lands of the Pistol River – Highway 101 - located in Curry County.**
- e. Request for approval to appear before the April 2006 Legislative Emergency Board to request increases in other funds and federal funds expenditure limitations and related position authority.**
- f. Request by the Oregon Department of Environmental Quality for approval of the release of mineral rights in Multnomah County.**
- g. Request by the Oregon Department of Forestry for approval of the release of mineral rights in Tillamook County.**
- h. Request by the Oregon Department of Military for approval of the release of mineral rights in Lane County.**
- i. Request for approval of minutes of December 12, 2005 State Land Board meeting.**

Director Hanus introduced George Naughton, Deputy Director of the Department of Land Conservation and Development, who expressed his appreciation for the coordination between the two agencies to allow for local decision-making. He said he would update their commission on the decision for approval of Item 1a at today's meeting.

Hanus reviewed the remainder of the items on the Consent Agenda. State Treasurer Edwards moved the Consent Agenda be approved. Secretary of State Bradbury seconded, approving the motion.

**2. Request by the Department of Forestry for approval to continue development of a multi-species Habitat Conservation Plan consistent with the concepts and strategies in the January 2006 draft Forest Management Plan.**

Director Hanus said the agency is ready to move forward with the Habitat Conservation Plan based on the draft Forest Management Plan. The recommended harvest volume would increase to 40 million board feet compared to 27 million board feet recommended in the current plan. Hanus stressed that the plan offers a long-term approach to managing the forest for endangered species. She introduced Marvin Brown, State Forester, and Jim Young, Assistant State Forester, Coos District.

Young discussed the process they have been through with development of the revised FMP and HCP for the Elliott including an extensive public involvement process. He said the strategies in the management plan and Habitat Conservation Plan provide a solid approach in managing for wildlife and increasing the harvest.

Young reviewed a document that highlighted the pros and cons of alternative forest management scenarios.

Brown said the Board must manage the risks of impact to endangered species in a way that will allow a consistent level of harvest into the foreseeable future. He said he would like the Board to be able to lock into the certainty of harvesting 40 million board feet per year. He said this HCP is the wisest way to go in case another endangered species comes on the scene. He added that if the U.S. Fish and Wildlife Service is not willing to allow harvests of 40 million board feet, another strategy might need to be taken.

State Representative Arnie Roblan, District 9, Coos County, acknowledged the work of Director Hanus and ODF regarding this HCP.

He stressed that these lands were given the state for providing for education for our children. He said the Board must find ways to raise revenue, adding that they have an obligation to take some risk on the Elliott with regard to maximizing the benefits to the Common School Fund.

Representative Roblan said the effort described in the management plan to keep 40-60 percent of the forest in old growth age class at all times seemed extremely high and would add more risk by attracting from other managed forests and endangered species, in turn increasing the possibility that more forest may have to be taken out of harvest. He said to manage for spotted owls the state seems to think their options are a very constraining habitat conservation plan or huge set aside areas, as recommended in the now rescinded federal guidelines.

Roblan said there are no other multi-species HCPs in place in Oregon and none are contemplated by other landowners who have the same legal obligations and risks the state does.

He said harvests from county forest lands are averaging about \$175 an acre, while the state is averaging a harvest of about \$25 per acre. He added that the county also does a much better job of managing for mortality.

He stressed the need for increasing the harvest levels and more actively managing the Elliott Forest to provide more revenue for the Common School Fund. He asked the Board to carefully consider all the evidence that is being presented.

State Treasurer Edwards responded that the Board is trying to balance risk and get the harvest levels to a degree of certainty over the long term.

Secretary of State Bradbury stressed that the focus of the Board's planning effort has been trying to maximize a stable return.

Paul Beck, sawmill worker from Herbert Lumber Company, said he wanted to give the Board a perspective about what their decisions on the Elliott mean to rural Oregon.

Beck said that 90 percent of the wood their company processes currently comes from outside of Douglas County, with well over half of it coming from California, Washington and Canada. He cautioned that this wood source would be going away, with Washington building sawmills and using their own wood, plus taking away from Oregon's other sources to supply their mills. Due to this, he predicted there would be mill closures like the 1990s.

With ten percent of their wood source coming from the Elliott State Forest, Beck said anything the Board does on the Forest impacts their mill. He said, while he applauds the Board's efforts to increase the harvest from 27 to 40 million board feet, he believes the forest could grow 1,000 board feet to the acre, which he said should translate into a harvest of 90 million board feet a year on a hundred year rotation forever. This would mean giving up 50 million feet a year.

He said the wood emphasis model has too many sideboards on it. He encouraged the Board to find out what the growing potential of the land is, so they know what they are giving up, while Oregon is last in spending for education.

Don Hardwick, Vice President of Resources for the Swanson Group, voiced his company's concerns about the direction the Department of Forestry is taking in management of the Elliott.

Hardwick said ODF is pursuing a multi-species HCP even though the coho, one of the major protected species, will not be listed and the other major protected species, the murrelet, may soon be being delisted. He said the plan also proposes protection for a variety of "sensitive species" not currently listed as threatened or endangered, assuming more species will be listed in the future, rather than delisted. These things, Hardwick said, are a direct contradiction to the dedicated use of 91 percent of the Elliott State Forest land base, which is dedicated for the benefit of public schools.

He summarized by saying that before the state goes further with development of a multi-species HCP, ODF should present a baseline alternative that maximizes harvest on a non-declining, even-flow basing using the best management practices of the Forest Practices Act. He said the Board must know the harvest level and revenue the Elliott could produce to know what is being given up. He hopes the Land Board will direct ODF to complete further analysis of their management plan removing protection for unlisted species and using

the Forest Practices Act as the guiding strategy for managing the forest before proceeding further with the HCP development.

Rex Storm, Forest Policy Manager with Associated Oregon Loggers, said AOL has been dissatisfied that its interests and concerns over drafting of the Elliott Forest Management Plan and the HCP have not been considered or addressed.

He believes the draft Elliott Management Plan and the HCP, as currently written, fail to successfully integrate timber production and habitat. He said ODF has much work necessary to create a plan that sufficiently balances economics with resource protection. He urged the Board to defer the HCP, saying it is premature and prejudicial, citing several unresolved problems.

Secretary of State Bradbury said he presumed if the Board deferred the decision, the harvest would remain at the current level.

State Treasurer Edwards said he believes having the HCP, has helped the harvest levels remain the same and that without the HCP levels would have been lower.

Ross Mickey, American Forest Resource Council (AFRC), said his organization has 80 primary wood manufacturers in 11 western states. Most of the members in western Oregon rely on the Elliott for some of the raw materials they use.

Mickey stressed that the Forest Plan fails to meet the constitutional mandate for maximizing revenue to the CSF over the long term.

He said the take avoidance guidance is outdated, unnecessary and unsupported by current science, and causes significant reduction in revenues that should be going to the CSF. He said it should be revoked and a new science-based policy should be put into place.

Mickey went on to say that the proposed HCP is not needed to meet the state's responsibility under the ESA. He said the 1994 HCP should be terminated, and no effort made to obtain a new one. He said ODF should develop a new Draft Elliott State Forest Plan that meets the constitutional mandate of maximizing revenue, avoiding take of listed species as defined by the U.S. Supreme Court.

Following the measures he outlined, Mickey said the principle of the CSF could be increased by between \$5.9 million to \$12.2 million annually, leading to a significant increase in moneys available to Oregon's schools.

State Forester Marvin Brown said adoption of the HCP would give ODF the ability to negotiate with the USFWS. He said if they want the Board to harvest less than 40 million board feet, he suggested ODF come back to the Board to discuss.

State Treasurer Edwards moved the Board continue the process to continue development of the HCP. He said he would like answers to the questions raised in the testimonies today. Secretary of State Bradbury seconded the motion, and the approval was unanimous.

### **Informational Agenda**

#### **3. Strategic Plan Update.**

#### **4. Navigability Update.**

#### **5. Report on Land Exchange.**

Director Hanus invited the Board to read the materials provided in the Informational Agenda at their leisure.

Director Hanus proudly reported to the Board that the Common School Fund had broken a new barrier, by going over the \$1 billion mark.

The meeting was adjourned at 12:05 pm.

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Bill Bradbury, Secretary of State

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Ann Hanus, Director