



# Oregon

Theodore R. Kulongoski, Governor

## Department of Forestry

State Forester's Office

2600 State Street

Salem, OR 97310

(503) 945-7200

FAX (503) 945-7212

TTY (503) 945-7213 / (800) 437-4490


<http://www.odf.state.or.us>

## MEMORANDUM

December 9, 2008



**To:** Governor Theodore R. Kulongoski  
Secretary of State Bill Bradbury  
State Treasurer Randall Edwards

**From:** Marvin Brown, State Forester 

**Subject:** Update on the Department of Forestry's (ODF) proposed 2009-2011 budget request for Common School Forest Lands (CSFL).

### HISTORY

The State Land Board approved ODF's proposed CSFL budget for submission to the Department of Administrative Services (DAS) at the June State Land Board meeting. This agenda item is an update on ODF's budget.

### DISCUSSION

The mission of the State Forests Program on Common School Forest Lands is to maximize revenue over the long term, consistent with sound techniques of land and timber management for the greatest benefit to the people of the state of Oregon. According to the Department of State Lands (DSL) Asset Management Plan:

1. Forest lands are to be managed primarily to produce a sustainable, even-flow harvest of timber, subject to economic, environmental and regulatory considerations, according to species plans developed by forest managers. These plans will be prepared by the land manager (e.g., Department of Forestry) or DSL and approved by the Land Board.
2. Forest health practices will be incorporated into the management of forest lands to reduce or prevent significant losses from insects, disease, animals and other similar threats.
3. Forest land management costs and revenues will be periodically reviewed to ensure maximum effectiveness and efficiency.

The Oregon Department of Forestry State Forests Program Essential Budget Level for all management costs on CSFL for the 2009-2011 biennium is approximately \$12.7 million. The Agency Request Budget (ARB) is approximately \$12.3 million. This

compares to the 2007-09 ODF Legislatively Approved Budget for all management costs of \$11.7 million.

A State Forests policy option package (POP) will be submitted for 2009-2011. The CSFL portion of this POP will provide 1 FTE on the Elliott State Forest as well as additional budget authority to cover increased threatened and endangered species survey costs to begin implementation of the increased harvest levels on the Elliott State Forest. Other agency POPs will reduce the administrative services and debt services costs (Appendix A).

Expected results across the program for the biennium are:

1. Produce an estimated \$30.1 million to \$31.8 million from all Common School Forest Lands.<sup>1</sup>
2. Estimated Management Activities on all Elliott State Forest lands.

The ownership acres on the Elliott are approximately 91% CSFL and 9% Board of Forestry Land (BOF). Estimated activities are estimated on the acreage split.

It is assumed that the new Elliott Forest Management Plan and HCP as proposed are adopted and implemented beginning in FY2010:

MMBF Sold	75 – 80 MMBF
Partial Cut Acres Sold	1500 – 2000
Clearcut Acres Sold	1200 – 1400
Reforestation	
Initial Planting	1000 – 1500
Interplanting	0 – 100
Underplanting	0 – 10
Precommercial Thinning	300 – 500*
Fertilization	0 – 2000*

\*The acres shown represent a range depending on workloads and budget levels.

3. Elliott State Forest:
  - Continue implementation of the current Forest Management Plan on the Elliott State Forest.
  - Complete the NEPA process including an Environmental Impact Statement, Implementing Agreement and issuance of an Incidental Take Permit for the northern spotted owl, marbled murrelet, coho salmon and other species of concern.

---

<sup>1</sup> July 2008 Common School Forest Land (CSFL) Financial Projection

- Complete development and begin implementation of a revised Forest Management Plan and Habitat Conservation Plan for the Elliott State Forest.
  - Complete the Forest Land Management Classification process including a public comment period.
  - Complete the development and begin implementation of the Coos District Ten-Year Implementation Plan.
  - Continue to implement recommendations from the Elliott State Forest's October 2003 Watershed Analysis.
4. Western Oregon State Forests:
    - Adapt forest management plans as needed.
    - Carry out approved implementation plans for Northwest and Southwest Oregon State Forests and revise as needed.
    - Develop, as needed, appropriate strategies for species of concern with or without a Western Oregon Habitat Conservation Plan.
  5. Continue to implement recommendations from completed watershed analysis projects.
  6. Continue implementation of Eastern Region State Forest Management Plan. Begin to review and revise the plan as needed and required by administrative rule.
  7. Continue to implement a monitoring and research program to support adaptive management for all state forest management plans and habitat conservation plans.
  8. Aggressively pursue conversion of severely infected Swiss needle cast stands in accordance with the Swiss needle cast strategic plan, and continue financial support for research and monitoring on insect and disease problems.
  9. Provide for appropriate recreational opportunities on state forest land through implementation of comprehensive recreation management plans. Continue to provide educational opportunities for students and interpretive opportunities for state forest visitors.
  10. Continue to implement cultural resource management strategies on state forests, including cultural resource surveys on state forest lands, and coordination and consultation with tribes.
  11. Continue to provide a variety of opportunities for public participation in state forests planning processes.

## **APPENDIX**

- A. Proposed Agency Request 2009-2011 budget for Common School Forest Lands

AGENCY REQUEST BUDGET  
2009-2011 BUDGET FOR COMMON SCHOOL FOREST LANDS

Budget Category	2007-2009 Legislatively Adopted Budget	2009-2011 Essential Service Level (ESL)	Proposed 2009-2011 Policy Packages (POPs)	Proposed 2009-2011 Agency Request Budget
<b>Common School Lands Fund</b>				
Personal Services	\$ 5,443,641	\$ 6,085,196	\$ 150,896	\$ 6,236,092
Services & Supplies	\$ 3,450,597	\$ 3,547,214	\$ 319,870	\$ 3,848,858
Capital Outlay (building structures)	\$ 64,197	\$ 65,994	\$ 23,250	\$ 89,244
<i>Sub-Total</i>	\$ 8,958,435	\$ 9,680,178	\$ 494,016	\$ 10,174,194
<b>Agency Business</b>				
<b>Services/Admin Pro-rate</b>				
Personal Services	\$ 993,131	\$ 1,120,743	\$ (487,308)	\$ 633,435
Services and Supplies	\$ 756,633	\$ 949,887	\$ (433,758)	\$ 516,129
Capital Outlay	\$ 15,819	\$ 16,261	\$ (6,104)	\$ 10,157
Capital Improvement - Salem	\$ 74,752	\$ 76,845	\$ (37,718)	\$ 39,127
<i>Sub-Total</i>	\$ 1,840,335	\$ 2,163,736 <sup>1</sup>	\$ (964,888) <sup>2</sup>	\$ 1,198,848 <sup>3</sup>
<b>Capital Improvements / Construction</b>				
Capital Improvement - Districts	\$ 234,869	\$ 241,445	\$ 0	\$ 241,445
<b>Fire Assessments – Fire Assessment Direct Bill</b>				
Fire Patrol Assessment	\$ 510,884	\$ 525,189	\$ 0	\$ 525,189
<b>Debt Service – COP's</b>				
Debt Service	\$ 51,379	\$ 52,818	\$ 0	\$ 52,818
Debt Service-POP# 205, 292			\$ 22,070	\$ 22,070
<i>Sub-Total</i>	\$ 51,379	\$ 52,818	\$ 22,070	\$ 74,888
<b>Estimated Other Costs</b>				
Seed Orchard	\$ 56,705	\$ 58,293	\$ 0	\$ 58,293
<b>Grand Total</b>	<b>\$11,652,607</b>	<b>\$ 12,721,659</b>	<b>\$ (448,802)</b>	<b>\$ 12,272,857</b>
<b>FTE</b>	<b>38.55</b>	<b>38.42</b>	<b>1.21</b>	<b>39.63</b>

<sup>1</sup> This is the Admin Pro-rate ESL with the 8.779% CSF share. If the widget study implementation Policy Package (#200) does not receive approval, this would get carried forward to the 2009-2011 biennium. If the Admin. Policy Packages (#'s 201- 204) are approved, \$190,779 would be added for a total of \$2,354,515.

<sup>2</sup> This reduction reflects the outcome if the widget study implementation Policy Package is approved and the Admin. Policy Packages (#'s 201 – 204) are approved. If the Admin. Policy Packages are not approved this would result in an additional reduction of \$97,139 to the Common School Fund's share to \$1,101,709.

<sup>3</sup> This is the Common School Fund's share of the Admin. Pro-rate if both the widget study implementation Policy Package and the Admin. Policy Packages (#'s 201 – 204) are approved. If the Admin. Policy Packages are not approved, this share would be reduced to \$1,101,709.

## Oregon Department of Forestry

### Proposed 2009-11 Policy Package

**Title:** Improve Forest Management Plans (#231)

**Program:** State Forests

**Description:** These POPs will enable the agency to provide support to: implementing the new Elliott State Forest (ESF) and the Clatsop and Tillamook State Forests - Forest Management Plans (FMP). In addition it will establish and maintain an ongoing land acquisition and exchange program, increase survey and monitoring efforts, and increase modeling expertise to meet planning efforts across all forests.

---

**Agency Focus Area:** Improve Forest Management Plans

---

**Expected Outcome/Benefit:** This package maintains and/or increases social, economic and environmental benefits to the citizens of Oregon. This package would enable the Department of Forestry to:

- Meet new FMP objectives
- Achieve Board of Forestry Performance Measure targets
- Provide adequate surveys for threatened and endangered species
- Support new habitat conservation plan monitoring commitments
- Meet reforestation objectives
- Implement updated land acquisition and exchange plans
- Be more responsive at the implementation and operational planning levels
- Add landscape level modeling capacity

Component A Title: Elliott State Forest (ESF)

**Cost<sup>4</sup>:** \$480,000      **Fund Source<sup>5</sup>:** (OF 100%)

**Positions/FTE Count:** 1/1.00      **Position Type:** (SF)

Component B Title: Clatsop and Tillamook State Forests

**Cost:** \$596,000      **Fund Source:** (OF 100 %)

**Positions/FTE Count:** 5/4.5      **Position Type:** (SF)

**Total Cost:** \$1,076,000<sup>6</sup>      **Fund Source:** (OF 100%)

**Positions/FTE Count:** 6 / 5.5      **Position Type:** (SF)

<sup>4</sup> Personal Services, OPE, Service & Supply, and Capital Outlay

<sup>5</sup> Includes Board of Forestry and Common School Forest Land funds at various funding splits

<sup>6</sup> This does not reflect any project work related increase that may occur.

**Revenue:** This POP package will be funded through the harvest of timber on state forestlands.

ESF: Harvest levels are expected to increase from 56 MMBF<sup>7</sup>/2007-2009 biennium to 80MMBF/2009-2011.

North Coast Districts: Harvest levels may increase from 372 MMBF/2007-2009 to 500 MMBF within the next decade. The 2007-2009 harvest objectives reflect recent modeling results under the current Northwest FMP. The projected volume is anticipated if the Board revises the current FMP to meet the performance measures established in November 2007.

**Other Agency Policy Option Packages:**

**Administrative Costing Realignment (#200)**

**Administrative Services Improvements (#201 – 204)**

**Debt Service for Business Improvement Initiative (#205)**

**Debt Service for State Foresters Office Building renovation (#292)**

These packages include items such as implementing the most recent widget study to update the Admin pro-rate, an increase in capacity in Administrative Services, and developing and implementing improved business systems.

Another POP specific to state forests will enable a change in accounting practices for state forests timber sale project credits. This package will provide the service and supply, and capital outlay necessary to institute a system that reflects the true program revenue and expenditures. This allows improved tracking of both capital and non-capital improvement project work and puts the agency in compliance with Generally Accepted Accounting Practices.

---

<sup>7</sup> Million board feet