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July 24, 2008 Meeting and July 25, 2008 Roundtable

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*Items listed in order heard*

*Attachments below are available on the web @ <http://oregon.gov/ODF/Board>*

1. Handout – Work Plan Subcommittee Meeting Summary, Agenda Item 1
2. Public Comment – Francis Eatherington, Agenda Item 1A
3. Public Comment – Mary Scurlock, Agenda Item 1A
4. Presentation – Jim Grace, Agenda Item 2
5. Presentation – Jack Seifert, Agenda Item 2
6. Public Comment – Ian Hanna, Agenda Item 2
7. Public Comment – Mike Barsotti, Agenda Item 2
8. 2009-11 Budget Summary, Agenda Item 3
9. 2009-11 General Focus Areas, Agenda Item 3
10. Staff Presentation, Agenda Item 3
11. Annual Report, Committee for Family Forestlands, Agenda Item 4
12. Staff presentation, Agenda Item 5
13. Staff Presentation, Agenda Item 7
14. Staff Presentation, Agenda Item 6
15. Public Comment, Agenda Item 6
16. Noah Greenwald, Agenda Item 6
17. July 25, 2008 Roundtable Discussion Agenda
18. Handouts – Brian Kernohan, Forest Capital Partners
19. Handouts – Tom Nygren, small woodland owner
20. Handouts – Scott Ferguson, Trout Mtn. Forestry
21. Handouts – Sara Vickerman, Defenders of Wildlife
22. Bobby Cochran, Clean Water Services
23. Ian Hannah, Northwest Natural Resource Group

## OREGON STATE BOARD OF FORESTRY

July 24, 2008 Meetings Minutes and July 25, 2008 Roundtable Discussion

In accordance with the provisions of ORS 526.016, a meeting of the Oregon Board of Forestry was held on July 24, 2008 at the Hotel deLuxe, 729 SW 15<sup>th</sup> Avenue, Portland, Oregon. On July 25, 2008, a roundtable discussion was held at Ecotrust Conference Center, 721 NW Ninth Ave., Portland Oregon.

In the absence of an appointed Chair, Board member Cal Mukumoto agreed to facilitate the July 24, 2008 meeting, and called the public meeting to order at 8:07 a.m.

*Board Members Present:*

Larry Giustina          Peter Hayes  
Jennifer Phillippi      Cal Mukumoto

*Members Absent:*

Barbara Craig  
Bill Hutchison

*Others present July 24, 2008:*

Mike and Jo Barsotti, Oregon Tree Farm System  
Ed Carpenter  
Michael Dennis, The Nature Conservancy  
Carolyn Eady  
Francis Eatherington, Umpqua Watershed  
Donald Fontenot, Sierra Club  
Mike Gaudern, Oregon Small Woodlands Association  
Jim Grace, Pennsylvania DCNR  
Noah Greenwald, Center for Biological Diversity  
Elaine Hallmark, Oregon Consensus, Portland State University  
Ian Hanna, NNRG  
E. Hayes  
Pam Hayes  
Chris Jarmer, Oregon Forest Industries Council  
Tim Josi, Tillamook County Commissioner  
Ron Larson, Oregon Small Woodlands Association  
Greg Miller, Weyerhaeuser  
Ed Ragon, Douglas Timber Operators  
Bob Rees, NW Guides and Anglers Association  
Ralph Saperstein, Boise Cascade  
Mary Scurlock, Pacific Rivers Council  
Craig Shinn, CFF  
Jack Siefert, Indiana State Forester  
Rex Storm, Associated Oregon Loggers  
Gary Springer, Starker Forests  
Bob Van Dyk, Wild Salmon Center  
Susan Watkins  
Ray Wilkeson, Oregon Forest Industries Council  
Tom Wolf, Trout Unlimited  
Marvin Brown, State Forester  
Dan Postrel, Agency Affairs  
Jeff Foreman  
Jeri Chase  
Clark Seely, Associate State Forester  
Mark Hubbard, Business Services  
Nancy Hirsch, Chief, State Forests Div.  
Mike Cafferata

Jim Paul, Chief, Private Forests Division  
Peter Daugherty, Private Forests  
David Morman, Resources Planning  
Walter Schutt  
Paul Bell, Chief, Protection Division  
Lanny Quackenbush  
Mike Bordelon, NWOA Director  
Colleen Kiser

Barbara Lee  
Rosemary Mannix  
Jeff Brandt  
Rob Nall  
Brad Knotts  
Liz Dent  
Andy White, Tillamook/Forest Grove

**The consent agenda, with one revision to the June 4, 2008 meeting minutes, was approved in one block.**

**Consent Agenda:**

- A. MINUTES – JUNE 3, 2008 WORKSHOP AND JOINT MEETING WITH FFAC  
Approved by consent.

**The minutes of the June 3, 2008 Board Workshop and Joint Meeting with the Federal Forests Advisory Committee are approved.**

- B. MINUTES – JUNE 4, 2008 BOARD MEETING AND WORKSHOP  
Peter Hayes requested a revision to the minutes: page 16, revise “west side” to “herbicide” use.

With consensus, it was ordered:

**The minutes of the June 4, 2008 Board Meeting are approved with one revision.**

- C. FOREST VITALITY – ISSUE 3, OBJ. 1 – ENHANCING THE FOREST SECTOR ECONOMY

Progress Report on Establishing an Oregon Forest Cluster Economic Development Strategy

Update on the advancement of an Oregon forest cluster economic development strategy.

**Informational item.**

- D. FORESTRY PROGRAM FOR OREGON IMPLEMENTATION – ISSUE 1, OBJ. 4 – ADAPTIVE MANAGEMENT TOOLS

Board Governance Performance Self-Evaluation – Final Report

Approved by consent.

**The Board approves the report as the conclusion of the 2008 self-evaluation process.**

E. STATE FORESTS MANAGEMENT – ISSUE 2

2009 Annual Operations Plan – Public Comment and Response

Program response to public comment received at the March 2008 Board meeting.

**Informational Item**

F. COMMITTEE FOR FAMILY FORESTLANDS

Appointment approved by consent.

**Rick Barnes is appointed to the Committee for Family Forestlands, representing the southern Oregon area, for a three-year term expiring July 2011.**

G. FORESTRY PROGRAM FOR OREGON IMPLEMENTATION – ISSUE 1, OBJ. 4 – ADAPTIVE MANAGEMENT

Department of Forestry Audit Committee Members

Approved by consent.

**Barbara Craig, Kristine Kautz and Clark Seely are appointed to the Department of Forestry Audit Committee.**

**Action and Information:**

1. STATE FORESTER AND BOARD MEMBER COMMENTS

Clark Seely, Associate State Forester and Dan Postrel, Agency Affairs Director provided a meeting summary of the Work Plan Subcommittee, comprised of Board members Barbara Craig and Bill Hutchison, Clark Seely and Dan Postrel (Attachment 1). Mr. Postrel described the key decision, agreements and principles that arose during the July 17, 2008 meeting, which would be tested during the Board's August 18, 2008 meeting. The Board agreed that documentation of agreement, and flexibility were important to the overall process.

1A. PUBLIC COMMENTS

**Francis Eatherington**, Umpqua Watersheds, addressed the wildlife and resource damage caused by all-terrain vehicles on the Elliott State Forest. She provided photographs of all-terrain vehicles driving in the Millicoma River (Attachment 2). She urged the Department to investigate the illegal use, and acknowledgement of the problem and resource damage. State Forester Marvin Brown agreed to follow up on the issue.

**Mary Scurlock**, Pacific Rivers Council, urged the Board to contemplate management that increased the extent of mature forest conditions, further restricts logging and road building near streams and on unstable slopes, and accelerated the remediation and removal of deteriorating and unneeded forest roads. She urged the Board to avoid putting the state at further risk of failing to meet its obligations under the Clean Water Act and related coastal zone programs, and the Endangered Species Act (Attachment 3).

Responding to Peter Hayes' question, Ms. Scurlock stated that conscientious implementation of the goals and objectives of the Oregon Plan, would prevent additional listings; there are still inconsistencies in the protection of aquatic life.

**Ed Carpenter**, Wilson River resident, commended the Board for its work to provide public access and destination visits in the Tillamook State Forest. He noted alarming trends: Chinook salmon reduction and diminution of the runs; and, continuing degradation of habitat.

Responding to Peter Hayes' question, Mr. Carpenter urged the Board to look closely at available science when harvesting the Tillamook State Forest.

## 2. CERTIFICATION OF STATE FORESTS

Marvin Brown provided context for the agenda item by noting the Board has had discussions over the years regarding state forest certification and that a pre-assessment was completed on the Sun Pass State Forest. Pennsylvania has been FSC (Forest Stewardship Council) certified longer than any State; Indiana has both FSC and SFI (Sustainable Forestry Initiative) certification on its state forests.

**Jim Grace**, Pennsylvania Deputy Secretary for State Parks and Forestry described Pennsylvania as a rural state with 16.6 million acres of world-class quality hardwood forests, with 80% of the population in Philadelphia and Pittsburgh. The State forest was established in 1898 to provide a continuous supply of timber and wood products, protect watersheds and conserve the water, and to furnish opportunities for recreation. The State forest system consists of 2.1 million acres in 20 districts. Multiple resource management is performed on 1.1 million acres; 70,000 acres are set aside as natural areas; 146,000 acres are in wild areas. Forest products are a \$5 billion/year industry, with 90,000 employees.

The silvicultural focus on the State forest has been on regeneration. Staff is working to balance the age class distribution, provide biological diversity, and obtain a sustainable flow of quality products. The major constraint on regeneration is the deer impact of over-browsing; fencing is utilized to prevent deer damage.

The largest effort is currently in the Pennsylvania Wilds Program in the north central portion of the State, with 27 parks, 1.3 million acres of State forest and 500,000 acres in National forests, considered a zone of eco-tourism. There are also significant gas and oil operations on the State forest.

There are almost no legal mandates for operation on the State forest. The State forest has a strategic plan, and a resource management plan which is updated every five

years with significant public input. A number of advisory committees have been extremely valuable at the public level.

Pennsylvania sought certification to verify the high quality of public forestland management, and to serve as a model for private forestland management. Scientific Certification Systems has certified 2.1 million acres through the Forest Stewardship Council [FSC] in 1997. All costs of the initial certification (\$200,000) were covered by the Heinz Foundation through the Pinchot Institute for Conservation; recertification of the 2.1 million acres was \$75,000. In 2001, SFI licensed Pennsylvania; the annual license fee is \$500.

Certification provided a good technical review, good preparation for the management plan update, and improved internal communications. It also generated support for needed resources, and provided recognition and credibility. Through the certification process, Pennsylvania improved its deer-damage management, inventory system, timber allocation model, and its geographic information system. *[Presentation included as Attachment 4].*

**Jack Seifert**, Indiana State Forester, went into detail about the certification process, and began by noting that Indiana sells wood products that go into high-end use – floors, molding and cabinetry. The Green Building Initiative is a growing phenomenon. Primary and secondary manufacturers are trying to source green-certified wood. Indiana has one of the largest forestry sectors - production, harvesting and manufacturing.

The certification process consists of a pre-audit, a main-audit, document inspection, field inspection, stakeholder consultation, and a report with recommendations, which results in certification, or recommended major/minor corrective actions. The certificate is valid for five years, with at least one annual monitoring audit, for both SFI and FSC certification.

Chain of custody (COC) certification is an independent certification of wood based industries, which guarantees that the forest raw material contained in the product comes from a certified forest. Indiana is currently in the COC process, which also involves the sawmill community and the logging community. The process consists of a pre-audit, a main audit, inspection of the enterprise, and a report of recommendations, resulting in certification or corrective actions. With COC, there are also annual audits.

In the hardwood business, the Green Building Initiative is a marketing opportunity to inform the public that both public and private forests are sustainably managed, and meet societal values. The Green Building Initiative is aggressively driven by the architectural and engineering communities in the United States. On private lands, The American Tree Farm Certification System is the mainstay. It is expected that 600,000 acres will be certified under a group certification in November 2008.

Social and environmental issues have shaped the certification processes. Indiana is currently focusing on FSC certification due to marketing ability and brand recognition. Indiana has 150,000 acres SFI certified, 150,000 acres FSC certified, and 500,000 acres certified in the American Tree Farm Certification System.

A newly emerging market are Carbon Trading Programs for certified lands which meet the Chicago Climate Exchange requirements.

Following the presentations, Mr. Grace and Mr. Seifert joined the Board for discussion.

Both FSC and SFI systems are highly technical, with slight differences; FSC is supported by the environmental community; SFI is supported by the forest products industry. Competition has driven both systems toward the middle. FSC has more international exposure; SFI is recognized as a U.S. standard by the International Programme for Forest Certification (PEFC).

Initially, the financial return from certification was minimal, although being “in the market” was significant. The primary and secondary processors of forest products benefit most, as there is a large supply of certified wood. Certification brings social value for public land products. To compete in the global economy, primary and secondary manufacturers are requiring raw material that is FSC certified.

In Oregon with the Forest Practices Act, a group certification under FSC, or the American Tree Farm System, for private landowners may be easier to obtain. However, the international community does not recognize Oregon’s standards.

Since certification, controversy over the level of timber harvest in Pennsylvania has been rare.

Following the Board’s discussion, Mr. Mukumoto called for public comment.

**Ian Hanna**, Northwest Natural Resource Group, provided testimony on behalf of the Northwest Natural Resource Group, Forest Stewardship County U.S. Initiative, and the FSC Family Forests Alliance, supporting Oregon’s pursuit of FSC certification as an incremental long term strategy (Attachment 6). Certification in Washington would serve multiple needs: public recognition; rural economic development; management plan and third party review.

**Mike Barsotti**, State Chair, Oregon Tree Farm System, provided written comment (Attachment 7) describing the American Tree Farm System’s goal of the Programme for the Endorsement of Forest Certification recognition and endorsement, and the benefit of such for Oregon’s family forest landowners.

Following the Board’s break, Peter Hayes asked three questions:

- Might certification help solve problems or meet the needs of forestry in general, the Board or the Department? And if so, what are those problems and needs, and how could we learn more about those potential values?
- Is it worth learning more from the experiences of other States and has anyone done a history and analysis of the experiences?
- Is there a gap between the Oregon Forest Practices Act and certification standards, and if so, what is that gap?

David Morman, Forest Resources Planning Program Director responded that in 2001, a study by Oregon State University compared Oregon's legal requirements with the standards of the FSC and SFI forest certification, and concluded that compliance with state legal requirements also allows forest landowners to comply with many of the requirements of FSC and SFI. In April 2006, the Pinchot Institute prepared a preliminary study of the potential for the State of Oregon to develop its own certification standard for recognition by the Programme for Forest Certification. The study presented four possible alternatives for consideration. In November 2006, the Board received a status report on forest certification developments in Oregon, the United States, and internationally and staff recommendations regarding the development of a Board Work Plan on forest certification. The Board concurred with the recommendation that forest certification be reconsidered in a future work plan cycle. Mr. Morman noted the Board could also advocate for a pilot forest certification program on federal lands in eastern Oregon.

Marvin Brown recommended that state forests certification be built into the State Forests Work Plan, and the larger question of Oregon's certification be built into the Private Forests Work Plan. Larry Giustina and Peter Hayes suggested that efforts be coordinated and investigated by staff before preparing a work plan. **David Morman was directed to develop information for a future Board meeting.**

3. FORESTRY PROGRAM FOR OREGON IMPLEMENTATION – ISSUE 1, OBJ. 4, ADAPTIVE MANAGEMENT TOOLS

2009-11 Biennial Budget Approval

Clark Seely, Associate State Forester, and Mark Hubbard, Business Services Program Director, presented the Agency Request 2009-11 Biennial Budget for the Board's consideration. Distributed and discussed were copies of the 2009-11 Agency Request Biennial Budget Summary (Attachment 8), 2009-11 General Focus Areas (Attachment 9), and the PowerPoint presentation (Attachment 10).

Mr. Seely reviewed the 2009-11 budget focus areas, followed by a review of the Department's 2007-09 Legislatively Adopted Budget to provide context for the 2009-11 budget request.

The 2009-11 Essential Budget Level, the estimated cost of continuing the current programs into the next biennium, totaled approximately \$258.81 million. The total requested budget is \$337,511,345 which includes the Policy Package Enhancements.

Focusing on the Policy Package Budget Enhancements, Mr. Seely described, in detail, each of the needed investments in the operating programs, administrative support and capital infrastructure. The Department is proposing 25 policy packages, totaling \$78,697,865 (all funds) with an increase of 108.28 full-time equivalents. The packages fall into three categories: direct service to stakeholders (\$39 million), capital investments (\$14 million) and necessary accounting and fiscal adjustments (\$25 million). Of the \$78.69 million proposed, \$36.37 million (46%) is State General Fund. The remaining \$42.32 million is in Other or Federal Funds. Other Fund sources include: forest patrol



assessments, forest products harvest taxes, timber revenues, service billings, grants and donations, and miscellaneous sales. Federal grants are primarily from the U.S. Forest Service and Bureau of Land Management.

Mr. Seely described the Department's proposed reduction options, which are strategic, rather than across the board. Reduction options are necessary as Oregon's Constitution mandates that the biennial budget must be balanced within available revenues. The Department has identified 10% reduction options from the Essential Budget Level for General Fund, Lottery Funded programs, Other Funds and Federal Funds. As the Department's General Fund is concentrated in the Fire Protection and Private Forests programs, those programs would suffer significant decreases or eliminations of services should the 10% reduction be required.

Additionally, Mr. Seely reviewed the 2009-11 Key Performance Measures. The measures are designed to measure the outputs and outcomes of the Department and all State agencies. The Board also has Oregon Indicators of Sustainable Management which is somewhat unique and is also a different tier of performance measurement. The Indicators look broadly on the impact on all of Oregon's forest resources, including Federal forests. The Key Performance Measures proposed for 2009-11 have been significantly changed in both number and content to directly connect the measures with the *Forestry Program for Oregon* strategies, and to develop meaningful measures of the work of the Board and Department. Responding to a question, Mr. Seely noted that the Oregon Department of Fish and Wildlife has Key Performance Measures directly related to species at risk numbers and recovery goals; the Department's measures focus on habitat.

The Department will formally submit the 2009-11 Agency Request Budget to the Governor on or before September 1, 2008. The Governor, and budget analysts, will analyze the request and make changes based on the Governor's priorities, which will be constrained by the projected amount of available General Fund resources.

The Department proposed preparing a Budget Transmittal letter, similar to the letter that accompanied the 2007-09 budget.

Following a brief discussion of improvements to the budget summary, funds requested for Federal Forestlands, the recommendations of the Committee for Family Forestlands, and the landowner services from the Private and Urban Forestry programs, the Board reached consensus, and it was ordered:

**The 2009-11 Agency Request Budget is approved. The Board letter of budget transmittal to the Governor is approved in concept; Cal Mukumoto is authorized to sign the final transmittal letter.**

**The Department is directed to submit both documents concurrently to the Department of Administrative Services by September 1, 2008.**

#### 4. COMMITTEE FOR FAMILY FORESTLANDS (CFF)

Craig Shinn, Chair of the Committee for Family Forestlands, Gary Springer, Vice-chair, and Peter Daugherty, Private Forests Program Director, provided the annual report of the activities of the CFF (Attachment 11).

Concerns presented by the CFF in its 2007 report remain of major interest:

- Effectively respond to issues raised in the second Family Forestland Symposium in April, 2007
- Challenges of intergenerational transfer of family forestlands
- Issues related to the continued reduction in the availability of technical resources to support family forestland owners and the economic viability of private lands in eastern and southern Oregon.

Following a review of the past year's activities, Mr. Springer focused on the use of "green credit" incentives as tools to help maintain Oregon's working family forestlands, and the economic, ecological and social outputs from them. Conservation easements could be a useful tool to address land use conversion and fragmentation, as well as transition to the next generation of owners.

Possible roles for the Private Forests Program, in terms of conservation easements, were described:

- Holding easements for family forestlands
- Facilitate the acquisition of easements for family forestlands
- Providing technical assistance to develop easement opportunities
- Identifying high value areas where easements could work for family goals
- Serve as a funnel for funding to small landowners

The CFF recommended the Department move forward with a pilot family forestland conservation easement project under the Bonneville Power Authority (BPA) grant program to explore the roles, the interest of landowners in such easements and the nature of the Department's work if the Private Forests Program became involved.

The CFF reviewed and provided input into the Private Forests Policy Package Budget Enhancement, and strongly supports the package as critical to the success of family forestlands. The package provides the capacity to continue the movement toward voluntary efforts and incentives, and away from additional regulation.

Dr. Shinn described the priority issues that the CFF intends to address in the coming year:

- Financial incentives for maintaining and enhancing environmental values and services.
- Train foresters about the Ties to the Land program for family succession.
- Improve Oregon's land use planning process to increase private flexibility while retaining public value.
- Reconnect urban and rural Oregonians through the marketplace.
- Examine the role for the Department in forest certification.

- Develop intensive program of public education on family forestland issues.
- Address the changing demographics of family forestland owners.

Responding to Larry Giustina's question regarding staffing to accomplish the work related to conservation easements, Peter Daugherty noted that the pilot project, funded by the BPA grant, would identify the needed resources and landowner interest.

Peter Hayes suggested that a bullet be added to the CFF's work plan for the coming year that states "continue to keep family forestland owners informed and engaged." Dr. Shinn responded that the comment was generally assumed and implied, and agreed that it should be enumerated in the public education section of the work plan.

Following discussion, and with Board consensus, it was ordered:

**The Department is directed to address family forestland issues raised by the April 2007 Symposium, the Board's issue scan, and CFF report in the revision of the Private Forests work plan.**

**Additionally, the Board directs the Department to move forward with a pilot family forestland conservation easement project, under the BPA grant program.**

5. **STATE FORESTS MANAGEMENT – ISSUE 2, OBJ. 2 – ASSESSING AND REVISING THE STATE FORESTS PLANNING, DECISION MAKING AND REVIEW FRAMEWORK**

Mike Cafferata, Deputy Chief, State Forests Division provided a brief background of the State Forests Management Plan development.

Jeff Brandt, State Forests Adaptive Management Unit Manager summarized how information is gathered from research and monitoring projects, models, management strategy reviews, stand level inventories, operational feedback, academic research and expert opinions. During the biennial performance measure reviews, all available information will be presented to the Board, for its assessment of progress toward achievement of the performance measure targets, both qualitative and quantitative.

Mr. Brandt described the proposed two-phase process for information assessment. The first would be a "science phase" comprised of a Science Review Team that would analyze the information for the scientific implications, followed by recommendations for use in policy discussions. In the second "policy phase", the Policy Review Team would develop policy recommendations for the Board and State Forester. This two-fold process would be led by the State Forests Adaptive Management Coordinator, a new position which is under development (Presentation contained in Attachment 12).

Larry Giustina expressed concern that the proposed process would require the Board to "micro-manage". He suggested the Board give broad direction to the State Forester to develop answers to the multiple complex issues, and direct where input would be necessary.

Marvin Brown agreed, and noted that research and monitoring was an implementation tool. The Board's expression of desired outcomes would ideally come from the setting of performance measures and their refinements. It is important that research and monitoring is built into the schedule in a systematic way.

Mr. Brandt added that the research and monitoring program was built around determining the effectiveness of the Forest Management Plans. The structured approach would inform the Board when a potential decision would be elevated to a discussion of a Forest Management Plan revision.

Jennifer Phillippi expressed comfort with the structure as long it was flexible enough to integrate new information.

Peter Hayes agreed that flexibility was important. Creating a new structure of Science and Policy Review Teams would be a change, which should be driven by fixing something that was wrong, or meet an unmet need. Mr. Brandt responded the current system was not as structured as the one proposed. The new structure provided more rigor and more transparency, and separated the two important aspects of the decision-making process – the evaluation of the scientific base and the policy decision. Mr. Hayes asked if there was an overlap with the Policy Review Team and Board responsibility. He suggested that a clear delineation of authority would be helpful, as well as identifying the Team members. Mr. Brandt responded the Policy Review Team would not go beyond making recommendations to the Board. Membership on the teams would depend upon the topic under review.

Input from the Board members is summarized below:

**The full Board will continue the discussion of research and monitoring priorities, and the proposed structure, possibly at the August 18, 2008 meeting. Based on the full Board's discussion, Staff will return with recommended changes to planning documents to refine the adaptive management strategies.**

7. STATE FORESTS MANAGEMENT ISSUE 2, OBJ. 1 – ADAPTING THE FOREST MANAGEMENT PLANS

Status Report – Development of the Second Performance Measure Report

Barbara Lee, State Forests Policy and Planning Unit, provided the performance measure status report (Attachment 13). Performance measures were designed to be used as an ongoing assessment and communication tool for the economic, environmental and social benefits of State forests.

Ms. Lee described the information the Board can expect in November 2008 – the *Board's comments and/or staff answers to questions* are shown in *italics*:

1. Net Return on Asset Value
  - Net present value method will be reported in November.

- Adjustments to the performance measure wording and calculation methods will be proposed.
  - *Net financial return should be stated to distinguish it from other returns.*
  - *Board discussion should address the correct/preferred way to value the asset in November.*
2. Financial Contributions to Communities
    - Data sources and methodology to be reported
    - Adjustments to metrics will be proposed
    - Status of Oregon State University project related to the economic contribution from non-timber related activities.
  3. Financial Contributions to Local and State Government
    - Data sources and methodology to be reported
    - Adjustments to metrics will be proposed
  4. State Forest Area Affected by or at Risk of Invasive Species, Pest, Disease, Fire
    - Data sources and methodology to be reported
    - Adjustments to metrics will be proposed
    - *Carries the implication that fire is an unwanted element on the landscape – uncharacteristic wildfire is unwanted; responsible use of fire is a tool.*
  5. Forest Road Risks
    - No change
  6. Habitat by Structure Type and Habitat Components
    - Data from implementation of the monitoring study will be reported
    - Report will be updated with stand structure percentages and acre calculations
    - Adjustments will be recommended
    - *The Department does not have use information for state forests that have been subject to operations under structure-based management. Based on stand level inventory data, it can be stated that suitable habitat characteristics are being developed.*
  7. Recreation and Education Opportunities
    - Data sources and methodology will be reported
    - Adjustments will be recommended
  8. Stakeholder and Public Involvement
    - Data sources and methodology will be reported
    - Adjustments will be recommended
  9. Oregonians' Awareness and Support
    - Report on development of different methodologies

Nancy Hirsch, Chief State Forests Division, and Mike Cafferata, Deputy Chief State Forests Division joined Ms. Lee during the Board's discussion. The report in November will report on the current performance measures and metrics will be consistent with the June 2007 report; changes made by the Board will be reflected. Staff will also analyze the effects across all performance measures, given the strategies developed to meet the targets.

6. STATE FORESTS MANAGEMENT – ISSUE 2, OBJ. 1 – ADAPTING THE FOREST MANAGEMENT PLANS

Clatsop and Tillamook State Forests Strategies for Achievement of the Performance Measures

Rob Nall, State Forests Operations Coordinator and Liz Dent, State Forests Aquatic Riparian Specialist, described the strategies for achievement of the performance measure targets on the Tillamook and Clatsop State Forests. The presentation covered data development, modeling work status, the landscape design strategies, and the species of concern strategies (Attachment 14).

Data Development:

**Stand Level Inventory:** Revised from a strata-based inventory to an imputation-based inventory, where unmeasured stands are represented by similar, near-by stands. Updated through December 31, 2007, reflecting harvests and windstorms.

**Growth and Yield Table Development:** Primary input to models which projects stand growth under a variety of prescriptions over time. Provides standing volume, harvest volume, value, and stand structure.

**Stand Structure Algorithm:** Method for identifying stand structures using stand level inventory. Calculates an estimate of stand structures and provides a transparent process to look at the assumptions used for calculating stand structure.

Modeling Work:

Two simultaneous approaches: new yield tables and new algorithm are incorporated into the Harvest & Habitat model with take-avoidance to analyze differences resulting from inventory changes, and adapting the Harvest and Habitat models to provide data to evaluate the strategies for achievement of the performance measures.

Landscape Design Strategies:

Twenty year landscape design draft maps, for developing 20% complex structure within 20 years, have been completed for the Astoria and Forest Grove Districts.

Species of Concern Strategies:

The analysis of the strategies will include a description of the risks and benefits to the list of species of concern. The goal is to maintain, enhance and restore habitats for species of concern, directly linked to Performance Measure #6. Foundational strategies include: take-avoidance strategies for the Northern Spotted Owl and Marbled Murrelets; current aquatic and riparian strategies, green tree, snag and down wood strategies and 20% complex structure landscape design in 20 years.

Staff is currently discussing options to transition for the current Salmon Anchor Habitat Strategy to a species of concern strategy for salmonids. Concurrently, the Wild

Salmon Center, and a cooperative of non-governmental organizations has begun an effort to rank watershed conditions in northwest Oregon, across all ownerships. The Department will consider the information in the development of salmonid strategies.

Model outputs and best available science will be used to evaluate the benefits and risks of the Species of Concern strategies, and to evaluate how well the strategies meet the 9 performance measure targets.

Next Steps in the development of strategies for the achievement of the performance measures on the Clatsop and Tillamook State Forests:

Staff will finalize the yield tables, incorporate new data and strategies into the models, conduct tests to validate the model inputs and strategies, and analyze the strategies using the model outputs.

At the November 2008 Board meeting, the Board will provide direction to the Department to implement the strategies, and if necessary, begin the process for revising the Forest Management Plans, or, adjust the performance measures and direct the Department to develop new strategies.

Following staff's presentations for Agenda Items 5, 6 and 7, Cal Mukumoto called for public comment related to the three agenda items.

**Bob Van Dyk**, Wild Salmon Center, noting the current Salmon Anchor Habitat Strategy was to be in place until 2013, expressed concern about the transition away from the established strategies. The Wild Salmon Center urged strengthening the current Salmon Habitat Strategy, rather than replacing it. The performance measure calls for 20% goal of complex structure, while the current Forest Management Plan calls for 40%-60% and the Implementation Plan calls for 50%. The performance measure does not appear to move toward positive results for salmonids. With the high target of increased revenues, which will come from timber harvests – likely clearcutting in areas now designated as “complex”, there was not much for the Wild Salmon Center to endorse. (Attachment 15)

**Tom Wolf**, Trout Unlimited, expressed concern that increasing timber harvests would have an adverse effect on the wild salmon runs in the Clatsop and Tillamook State Forests, as well as the local economies. He urged the Board to keep the wild fish habitat intact.

**Bob Rees**, NW Guides and Anglers Association, noted that, for the first time, sport anglers have been asked to reduce the bag limit from two wild salmon to just one. Five other species of salmon are restricted from harvest due to population declines. Four of six species of wild salmon exist on the north Oregon coast require extended periods of residence time in the freshwater ecosystem. The water temperature in the headland streams in the Tillamook State Forest, is exceeding 70 degrees – a temperature lethal to wild salmon. He urged the Board to consider the current inadequate water quality in the State forests that are killing wild fish, and the industry, before looking at increasing the timber harvest levels in the Tillamook and Clatsop State Forests, and negating the purpose of the Salmon Anchor Habitat strategies. Responding to a question from Peter Hayes, Mr. Rees noted that in the Wilson River watershed, which contributes a large

percentage of wild salmon to the basin, the water-temperature data-logger is located at Lee's Camp. There is clear data that shows a good deal of the lethal temperatures take place in State forest lands.

**Donald Fontenot**, Oregon Chapter Sierra Club, questioned how the percentage of complex structure increased to 20% in the Astoria District, when the timber harvest would be dramatically increased. He urged the Board to strive to achieve the 40%-60% goal of the Forest Management Plan in each district.

**Noah Greenwald**, Center for Biological Diversity, addressed the developing species of concern alternative strategies. He expressed concern over the lack of sufficient scientific expertise in the process, including the lack of peer review, the omission of dozens of species from the list of species of concern, the lack of specific criteria or methods for evaluating how alternative would affect the survival and recovery of species of concern. Without such basic components, the process would not meet the administrative rule requirement that forest management plans "be based on the best science available." Referring to the Northern Spotted Owl, he noted that in 1990, northwest Oregon formed a primary justification for the spotted owl to be listed under the Endangered Species Act. The trend since 1990 has been one of decline; currently, there are fewer owls. The take avoidance strategy has not been working; State lands have not been performing well in terms of species of concern.

The alternatives outlined in the Department's issue paper are unlikely to ensure the survival and recovery of numerous species of concern that depend upon state lands. He recommended an immediate peer review by multiple scientific experts of the methods used to develop the strategies and review of the product ultimately produced. Mr. Greenwald also recommended the list of species of concern be expanded to include plants, invertebrates and aquatic species, and also a landscape plan that includes interconnected and permanent reserves (Attachment 16).

Responding to Peter Hayes' question, Mr. Greenwald stated the Northwest Forest Plan took a comprehensive approach to protect species of concern. He added he would return to the Board following a review of other States' species of concern strategies on State lands.

Following public testimony, the Board began its discussion of the issues, joined by Liz Dent, Rob Nall, Mike Cafferata and Nancy Hirsch.

Peter Hayes posed the following questions:

- The goal of the species of concern strategy was to maintain, enhance and restore habitats for species of concern. He asked if that would be articulated? He noted that a weakness of the current Forest Management Plan around biodiversity was vague, leaving policy decisions being made by staff through the Implementation Plans. Refining vague statements of biodiversity was a policy decision and a component of developing a species of concern strategy. **Liz Dent** responded that the phrase was taken from the Forest Management Plan, which was the basis from which staff was moving forward, although there was more specificity within the Plan.



- Once defined, amounts and types of habitats are needed rather than an arbitrary 20%; is the question being asked in the species of concern strategy? **Liz Dent** responded that approach would result in an unclear answer; staff has suggested a “risks and benefits” approach, based on limiting factors. In November, an evaluation of potential risks would be presented to the Board.
- Why is the focus on fauna and not on flora, given that there is a food-web of interdependent species? **Rob Nall** there are few known locations of threatened plant species on State lands, and it is dealt with on an operational basis. The Department consults with the Department of Agriculture when operating in area where plant species are known; a site specific plan is then developed.
- Has staff considered making a statement to improve Board and public confidence in the approach to salmon habitat strategy? **Liz Dent** stated work is ongoing to determine the relative condition of the region’s watersheds, and that a statement would be considered.
- Not having enough time to conduct a peer review creates concern. Is a peer review worth doing, and if so, doing it “right” should trump the timeframe. **Marvin Brown** stated that 2008 was not the end of the process. The expectation is for continued improvement, including peer review. Mr. Hayes added that if the evidence shows that harvests should be reduced, the Department should be ready to comply.

Cal Mukumoto asked if a peer review process of the overall package was being considered. **Nancy Hirsch** responded that if the Board determines the Forest Management Plan should be revised, the rule amendment process would provide adequate time for further review and analysis of the developed strategies.

Following up, Mr. Mukumoto asked if staff was on track to achieving 50% in one hundred years. **Rob Nall** responded that with the departure point at 20 years, options would be evaluated. He added that Dr. Sessions was using heuristic models. Responding to Mr. Mukumoto’s next question, Rob Nall stated the goals for snags, green wood and down trees were maintained through the modeling effort. Outside the 20% complex structure on the uplands, the model runs will inform staff about the quantity needed in each stand structure to meet the stated goals.

8. INVASIVE SPECIES – ISSUE 8, OBJ. 1 – REVIEW OF RESPONSIBILITIES, STRATEGIES AND ACTIONS

Due to the late hour, and as no action was required by the Board, Peter Daugherty, Deputy Chief, Private Forests Division, suggested the item be postponed to the September 3, 2008 meeting.

With no further business before the Board, Cal Mukumoto adjourned the public business meeting at 5:04 p.m.

**July 25, 2008 Roundtable Discussion – Ecotrust Conference Center**

The agenda for the Roundtable Discussion, developed by Bob Van Dyk, Wild Salmon Center, is contained herein as Attachment 17. The discussion was facilitated by Jennifer Allen.

Roundtable Discussion Participants, affiliation and discussion topics are listed below. The attached written materials provide an overview of the topics discussed.

*The Challenge Facing Private Landowners:*

**Brian Kernohan**, Forest Capital Partners Attachment 18  
**Tom Nygren**, small woodland owner

*Acquisitions and Easements:*

**Derek Johnson**, The Nature Conservancy Attachment 19  
**Sarah Deumling**, Xena Timber

*Issues of Supply and Demand:*

Timber Manager: **Scott Ferguson**, Trout Mtn. Forestry Attachment 20  
Purchaser/Builder: **Stephen Aiguier**, Green Hammer  
Architect: **Clark Brockman**, SERA Architects  
Connecting the Links: **Chuck Weiss**, Launchbox

*Ecosystem Services:*

**Sara Vickerman**, Defenders of Wildlife Attachment 21  
**Bobby Cochran**, Clean Water Services Attachment 22

*What's Happening in Washington State:*

**Ian Hannah**, Northwest Natural Resource Group Attachment 23

The Board found the information presented to be valuable and helpful, and agreed to keep the lines of communication open with its constituents.

Respectfully submitted,

  
Marvin Brown, State Forester and  
Secretary to the Board

GB