



Asset Management Plan

2006 — 2016

*A plan to guide the care and management of land,
waterways, mineral and energy resources to benefit the Common School Fund.*



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Asset Management Plan 2006–2016

Adopted October, 2006

THE STATE LAND BOARD

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OREGON DEPARTMENT OF STATE LANDS

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“The Governor, Secretary of State and State Treasurer shall constitute a State Land Board...the board shall manage lands under its jurisdiction with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound management techniques of land management.”

(Constitution of 1859; Amendment proposed by H.J.R. No. 7, 1967, adopted by the people May 28, 1968)

Contents

Summary

Introduction	5
Common School Fund Lands	5
Trust and Non-Trust Lands	6
Common School Fund	7
State of the Common School Fund Lands	7
Purpose and Scope of the Plan	15
Need for and Scope of the Plan	15
Planning Process	16
Overall Management Direction	17
Goals for the Planning Period	17
General Management Principles	17
Principles for Land Administration	19
Principles for Land Management and Leasing	22
Principles for Land Development, Retention, Acquisition and Disposal	22
Principles for Public Access and Recreation Use	23
Principles for Management of Unique Natural and Cultural Resources	26
Principles for Sustainability	27
Implementation Strategies	28
Implementation Priorities	28
Strategies by Land Class	32
Expected Outcomes	63
Monitoring and Updating	65
For More Information	66
Appendices	
Glossary	67
Recommended Forest Lands for Disposal Evaluation	71
Figures	
Oregon Department of Lands State Ownership; Map Surface Ownership in NE Counties	8
Oregon Department of Lands State Ownership; Map Surface Ownership in SE Counties	9
Oregon Department of Lands State Ownership; Map Surface Ownership in NW Counties	10
Oregon Department of Lands State Ownership; Map Surface Ownership in SW Counties	11
Central Oregon Lands	30

Summary

This Asset Management Plan (Plan) provides policy guidance on the management of approximately 2.3 million acres of Common School Fund (CSF) lands in Oregon by the State Land Board and the Department of State Lands (Department). The Plan provides the policy direction and management principles to guide short and long-term management of CSF lands to provide the greatest benefit for the CSF and the people of Oregon over the next decade. This 2006-2016 Plan replaces a 1995 Asset Management Plan that has successfully guided the management of CSF lands for the past decade and increased contributions to the CSF.

The CSF's real estate portfolio consists of seven classes of land conservatively valued at \$661 to \$893 million. Contributions to the CSF are derived from a variety of business activities. For example, Rangelands are leased for grazing; timber is sold for harvest; and waterway areas are leased for such uses as sand and gravel removal, houseboat moorages, marinas and long storage. Twice yearly, earnings from the CSF are distributed to Oregon's K-12 public school districts. In 2006, CSF distributions to Oregon's 198 school districts totalled \$45.4 million.

This Plan is intended to be a ten-year plan that will be periodically reviewed and updated. The Plan establishes the following goals for the planning period:



In the past decade, careful management of lands has successfully increased contributions to the Common School Fund.



- ☀ Retain core real estate assets;
- ☀ Increase the value of the real estate portion of the CSF portfolio and cash flow from those assets to the CSF;
- ☀ Rebalance the portfolio and create capital for reinvestment through investment in assets with high performance potential and the strategic disposal of selected assets;
- ☀ Through active management, increase the overall value of the real estate portion of the CSF portfolio;
- ☀ Establish priorities for management actions; and
- ☀ Balance revenue enhancement and resource stewardship.

These goals will be realized through implementation of the following key strategies:

Protect and retain a core base of lands for long-term revenue generation. A core of permanent land ownership includes Elliott State Forest and the majority of Forest lands in Northwest and Southwest Oregon; nearly all Agricultural lands; blocked Rangelands;

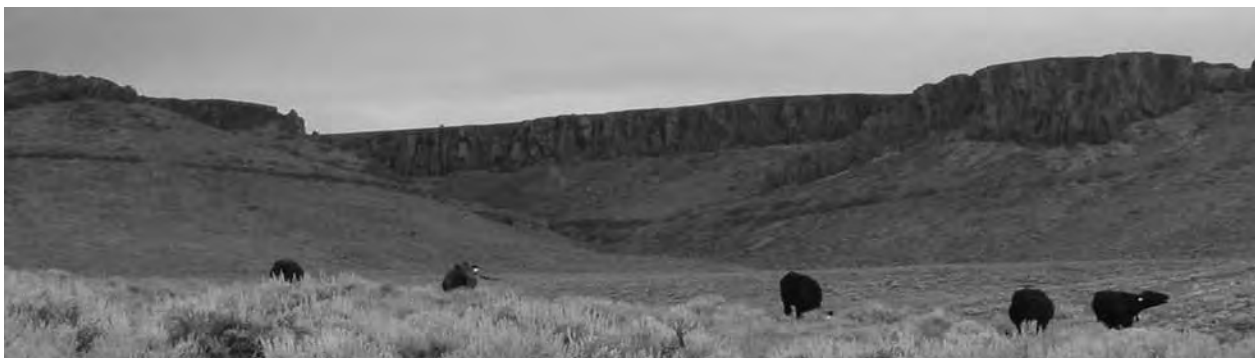
the Department's office building and certain industrial/commercial/residential (ICR) lands in urban or urbanizing areas; South Slough National Estuarine Research Reserve; Waterways, with some exceptions; mineral interest ownerships, except those determined to have little, if any, potential for development; and known energy resources.

Acquire lands with a high probability for appreciation in value or the ability to consistently generate revenue over the long term.

Priorities for acquisition include: ICR lands in urban or urbanizing areas, particularly in central Oregon; Agricultural and Forest lands throughout Oregon, with preference to those west of the Cascades; exchanges with the Bureau of Land Management (BLM) or other parties for lands in Central Oregon; and acquisitions or exchanges of surplus lands from other state agencies.

Evaluate for disposal lands that are not actively managed, difficult or uneconomical to manage, or low revenue producers.

Opportunities will be evaluated to dispose of, through sale or exchange, all parcels within the CSF portfolio except those specifically identified for retention. Disposal may be considered on a case-by-case basis to maximize investments;



respond to market-driven opportunities for lands acquired for purposes of future disposal; for lands not meeting performance targets; for lands better managed by another entity; or to meet other public purposes (e.g., highway rights-of-way). Priorities include unleased, isolated Rangelands (approximately 12,000 acres) and scattered Forest lands (approximately 12,000 acres).

Invest in lands that have a clear potential for appreciation in value. Increased revenues can be generated through investment in lands that are increasing in value, most notably those in central Oregon within urban or urbanizing areas. Other lands identified with high return potential include Forest lands, ICR lands and renewable energy sites. Increased revenues also can be generated through investment in higher value lands, e.g., increased harvest activities on certain tracts of scattered Forest lands or commercial leases for urban or urbanizable lands.

Actively manage lands to meet or exceed performance targets established in the Plan. A variety of performance measures and targets will be used to judge the financial performance of the CSF's real estate assets over the planning period. The goal for the increase in annual revenue is 5-7% annually, with an annual increase of 3-5% percent as the target for return on asset value, net operating income, and land value appreciation.

To assist the Department in prioritizing its limited resources and provide meaningful comparisons among land classes and land types, categories

of Active Management and Limited Management are applied to all CSF lands.

Reinvest proceeds from the sale of lands into acquiring new lands and improving lands with revenue-producing potential. Reinvestment of sales proceeds into lands with high return potential is a key strategy to increase revenues over time. In keeping with ORS 273.413, land sale proceeds will be deposited into the Department's Land Revolving Account and invested in acquiring new lands or improvements to existing assets.

Ensure that leases and other use authorizations reflect market values. Rates for leases and other use authorizations will be regularly reviewed and adjusted to reflect market conditions.

These and other Plan strategies would be expected to conservatively generate \$5 to \$10 million in gross revenues from land sales alone over the next five years and \$20 to \$25 million over the ten-year planning period. Timber harvests, leases, easements, rents and other use authorizations would add to the revenues generated. The Department's administration costs could increase as much as \$1 to \$2 million per biennium.

In addition to increasing revenue to the CSF, implementation of this Plan is expected to increase the overall value of the land and mineral rights within the real estate portion of the CSF portfolio. Other expected key outcomes are:

- ☀️ Balanced approach to revenue enhancement and resource stewardship.
- ☀️ Consistent and sustained stream of revenue from the CSF to K-12 schools throughout the state.
- ☀️ More aggressively managed portfolio, with a strong focus on ICR lands and Mineral and Energy Resources to generate new revenues.
- ☀️ Rebalanced portfolio through investment in assets with high performance potential and the strategic disposal of selected assets.
- ☀️ Market level rates for leases and other authorizations.
- ☀️ Investment standards that help determine the value of proposed land acquisitions and capital improvements.
- ☀️ Realistic performance targets that assist the Land Board and Department in measuring progress in achieving key outcomes.



Introduction

Approximately 2.3 million acres of State-owned lands and mineral rights are managed by the State Land Board (consisting of the Governor, Secretary of State and State Treasurer) as Common School Fund (CSF) lands. The Oregon Department of State Lands (Department) acts as the administrative arm of the Land Board. In December, 1995, the Land Board adopted an Asset Management Plan (AMP) to guide the management and disposition of lands in accordance with ORS 273.245 and to improve their long-term financial performance and revenue generation. This 2006-2016 Asset Management Plan (Plan) revises and replaces the 1995 AMP. The overall purpose of this Plan is to provide policy guidance on how state-owned lands, both Trust and Non-Trust, should be managed by the Land Board and the Department to provide the greatest benefit for the CSF and the people of Oregon over the next decade.

COMMON SCHOOL FUND LANDS

The 1859 Oregon Admission Act granted to the State thousands of acres of unsurveyed federal land for public schools, universities, capital buildings and roads. Although states entering the Union before Oregon received one section within every township for their public schools, Oregon's grant was for two sections (Sections 16 and 36) per township. Congress also granted the state lands known as "swamplands" (i.e., marshy, swampy and seasonally inundated

areas to be drained and developed) and navigable waters.

The school lands were endowed as a "trust" to benefit Oregon's public school age children. The intent was that the sale and/or management of these lands result in adequate funding for schools. These lands have become known as "Common School Fund Lands." Other lands granted to the State were not subject to this trust responsibility.

Since much of the State was unsurveyed at the time of statehood, the precise location of CSF lands was difficult, if not impossible, to verify. Buyers bought up or applied for land as soon as it was surveyed. Congress established federal forest reserves and Indian reservations over unsurveyed lands. Consequently, Sections 16 and 36 in some areas became unavailable to the State. In addition, practically all of the most valuable Sections 16 and 36 land in the Willamette, Umpqua and Rogue River valleys had been homesteaded prior to statehood. To compensate, the federal government authorized the State to select and acquire other unreserved, surveyed federal land in lieu of the lands that were no longer available. Lands obtained by the State in this manner are referred to as "in-lieu lands" or "indemnity selections." Currently, the Department is negotiating with the federal government to complete the selection of these lands.

TRUST AND NON-TRUST LANDS

As a trustee, the Land Board has a legal obligation to manage CSF Lands for the maximum long-term benefit of the public schools and must exercise prudence, skill and diligence in keeping the lands and Fund productive. Its responsibilities differ for Trust and Non-Trust Lands. The distinction stems from how these lands came under Land Board jurisdiction.

Trust Lands

Trust lands are those lands granted by the United States to the State “for the use of schools” upon its admission into the Union. Almost all of the uplands managed by the Land Board and Department are Trust lands. They include Sections 16 and 36 in each township and other lands in lieu of Sections 16 and 36 if they were not available at the time of statehood. Other lands are Trust lands because they are designated as such by the Legislature (e.g., South Slough National Estuarine Research Reserve) or because they have been acquired with CSF funds (e.g., Department’s headquarters building in Salem).

The primary obligation of the Land Board, as trustee, is to manage and protect these lands for the maximum short and long-term benefit of the public schools, consistent with sound stewardship/conservation and business management principles. The Land Board is not required to maximize present income without regard to other considerations. Rather, the Land Board’s duty is to maximize the value of, and revenue from, Trust lands over the long term. Present income may be foregone to conserve



School lands date back to 1859, when they were endowed as a trust to benefit Oregon’s public school age children.

specific properties and investments may be made if it is determined that such action will enhance land value and income for the benefit of future beneficiaries. Above all, the Land Board's trust obligation requires it to remain flexible so it can respond to changing resource conservation and management concerns and future revenue-generating opportunities.

Non-Trust Lands

Non-Trust lands include waterways, approximately 25,000 acres of rangelands, and some tracts in other land classes. These lands are held and managed by the Land Board for the greatest benefit of all the people of the state. The Land Board has considerably more latitude in managing Non-Trust lands than it does in managing Trust lands. Neither the Oregon Constitution nor statutes require that Non-Trust lands be managed to generate revenue, allowing such lands to be used for a variety of purposes. However, any income produced from these lands is used to support schools and the Department's statutory programs (e.g., wetlands and waterway conservation). In accordance with the Oregon Public Use Doctrine, the paramount goal of the state's management of Waterways is to avoid unreasonable interference with public navigation, recreation, fisheries and commerce.

COMMON SCHOOL FUND

The Common School Fund includes two types of assets—financial assets (e.g., cash and investment in stocks, bonds and other securities) and real property. This Plan addresses management of all the Land Board's real estate assets. It does not address the Fund's financial assets, the management of which are overseen by the State Treasurer in

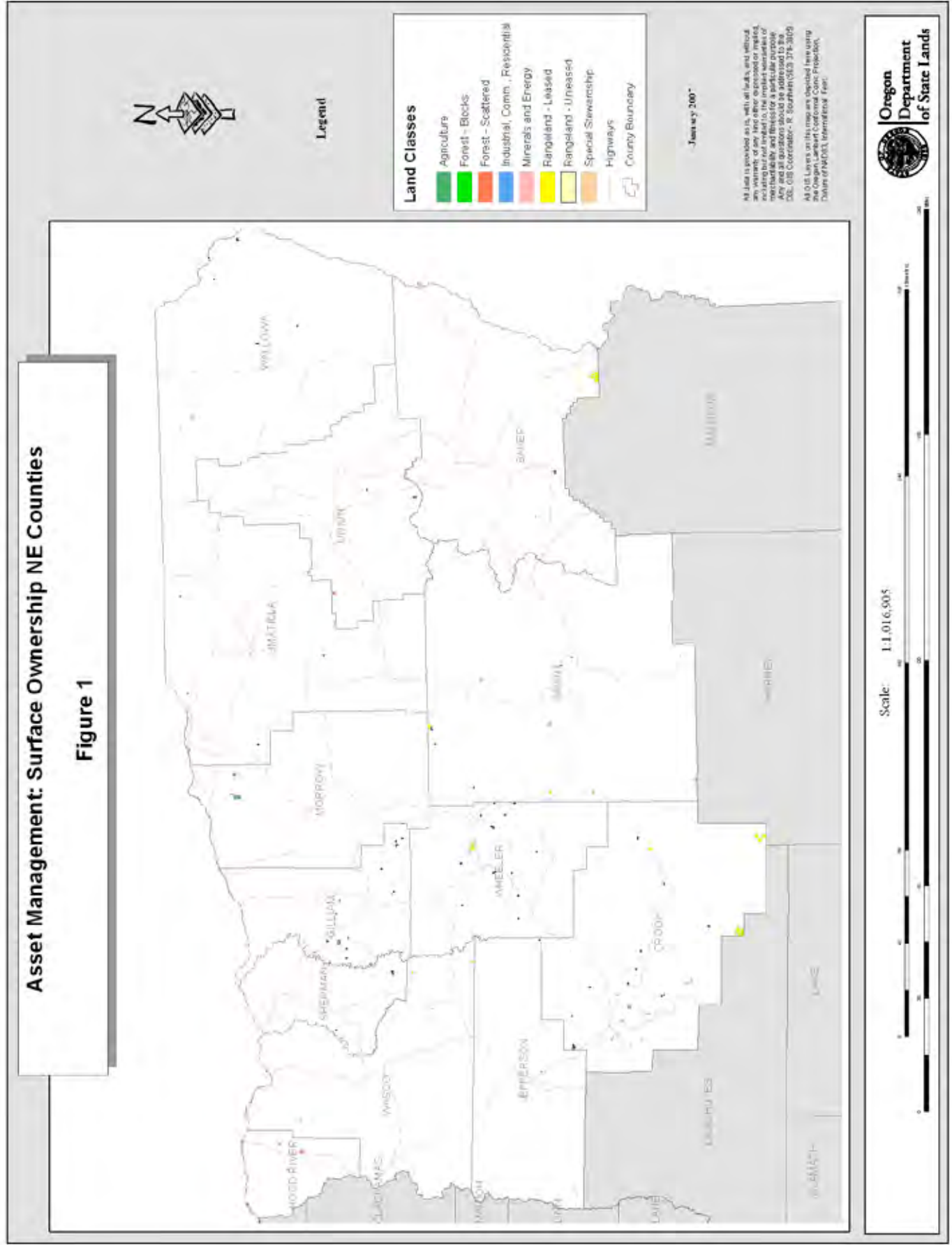
accordance with the asset allocation established by the Oregon Investment Council. In recent years, Fund values have ranged from \$600 to over \$1 billion, depending on market conditions. As of June 30, 2006, the value was \$1.014 billion. The real estate portion of the CSF is conservatively valued at \$661 to \$893 million. Twice yearly, the Land Board distributes earnings from investments of the CSF to Oregon's K-12 public school districts based upon the number of school-age children (ages 4-20) in each county. This distribution is based on a three-year, rolling average of the change in the Fund's value, intended to prevent the large variations in annual distributions. In 2006, CSF receipts to Oregon's 198 public school districts totaled \$45.4 million.

STATE OF THE COMMON SCHOOL FUND LANDS

The CSF's real estate portfolio consists of approximately 2.3 million acres of lands classified by the Department as Forest lands, Agricultural lands, Rangelands, Industrial/Commercial/Residential (ICR) lands, Special Stewardship (SS) lands, Waterways, and Mineral and Energy Resources. CSF lands comprise 3.7% of the acreage in Oregon and are located in all of the state's 36 counties. Of the 2.3 million acres of CSF lands, 1.6 million acres are fee simple lands, of which approximately 785,750 acres are surface lands and 800,000 acres are submerged and submersible lands or waterways. In addition, the Department holds mineral rights on 753,000 acres through "split estates" in which it owns the mineral rights but not the surface lands associated with those rights. In addition, the Department manages 410,000 acres of mineral rights underlying CSF

Asset Management: Surface Ownership NE Counties

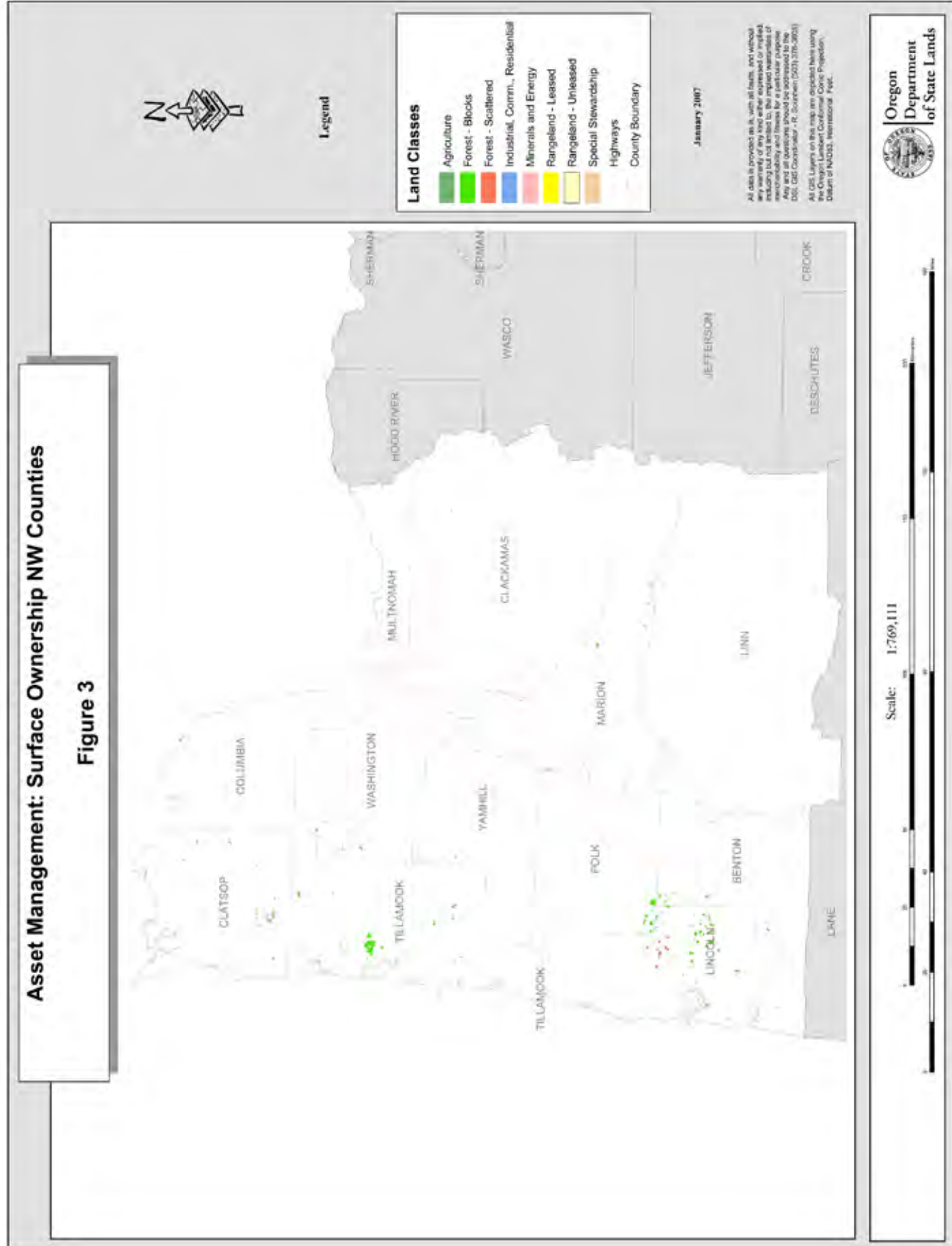
Figure 1





Oregon Department of State Lands

Asset Management: Surface Ownership NW Counties
Figure 3



lands included in other land classes. It also manages mineral rights for other agencies on approximately 2.1 million acres. Although the Department manages the mineral rights on all state-owned lands, this Plan does not address land owned by other agencies, for example, by the Oregon Department of Fish and Wildlife, Oregon Department of Parks and Recreation, or Oregon Department of Corrections.

The seven land classes are used by the Department to categorize and manage state land based on the primary uses identified for each land class. Secondary uses (e.g., telecommunications sites, pipeline easements, public recreation, and road rights-of-way) are allowed as long as they do not substantially interfere with the primary uses. Table 1 summarizes the inventory of land classes; more specific information on each land class is provided under Implementation Strategies.

The current valuation and performance of CSF lands is compared by land class in Table 2 based upon return on asset value (ROAV). ROAV is calculated by dividing the Net Operating Income (NOI) by the Market Value, and is expressed as a percentage for each land class. Revenues are generated from CSF land assets through a variety of business activities or authorizations, including timber sales, grazing leases, rental of space in the Department's office building, and waterway leases for such uses as gravel extraction, marinas, and fiber-optic cables. Market values are derived from a combination of appraisals conducted as part of Plan preparation and real market values (RMV) provided by county assessor offices. Available valuation information

is very limited and the information in this table is intended to be illustrative only, most notably for ICR lands and Mineral and Energy Resources.

Although the analysis of current performance is limited, a number of observations can be made:

- ☀ The CSF is receiving a positive net cash flow from its land assets.
- ☀ Forest lands have historically and currently generate the majority (about 72%) of the Department's real estate revenues. However, some isolated Forest land tracts perform poorly in terms of revenue generation in comparison to blocked Forest lands. Any improvements in efficiency or other revenue enhancement measures for blocked Forest lands would be expected to have significant positive revenue impacts.
- ☀ Although they comprise a small proportion of the asset base and of NOI, Agricultural lands are expected to continue to provide a relatively small but stable flow of income.
- ☀ Rangelands have historically had the poorest performance among the actively managed lands within the CSF portfolio. The



TABLE 1: ASSET INVENTORY, October 2006

Land Classification (1)	Total Acres	Land Types	Description	No. of Leases/Permits or Other Authorizations (2)	% of Total CSF Lands
Forest Lands	106,496	Trust	<ul style="list-style-type: none"> ▪ Elliott State Forest ▪ Sun Pass State Forest ▪ Scattered blocked and isolated parcels 	<ul style="list-style-type: none"> 1 oil and gas lease 3 communication site leases 	4.5
Agricultural Lands	5,856	Trust and Non-Trust	<ul style="list-style-type: none"> ▪ Leased parcels (5,700 acres) ▪ Unleased parcels (156 acres) 	<ul style="list-style-type: none"> 9 agricultural leases 1 miscellaneous lease 	0.25
Rangelands	628,496	Trust and Non-Trust	<ul style="list-style-type: none"> ▪ Blocked tracts (591,161 acres) ▪ Isolated parcels - leased and unleased (37,647 acres) 	<ul style="list-style-type: none"> 135 forage leases 10 communication site leases 1 special use lease 	26.9
Industrial/ Commercial/ Residential (ICR) Lands	4,957	Trust and Non-Trust	<ul style="list-style-type: none"> ▪ Headquarters building ▪ 3 urban properties ▪ 13 Central Oregon properties, including Stevens Road Tract near Bend ▪ 8 miscellaneous rural properties ▪ 4 Lake Owyhee cabin sites ▪ 4 dredge spoils sites 	<ul style="list-style-type: none"> 5 special interest leases 4 cabin site leases 4 DSL building tenants 5 forage leases 	0.19
Special Stewardship (SS) Lands	38,816	Trust and Non-Trust	<ul style="list-style-type: none"> ▪ South Slough National Estuarine Research Reserve (4,771 acres) ▪ Tracts identified by ODOF as Special Stewardship (24,380 acres) ▪ Newberry National Volcanic Monument in-holdings (595 acres) ▪ Steens Mountain summit (431 acres) ▪ Mitigation banks, tidelands, islands, other resource sites (8,175 acres) 	<ul style="list-style-type: none"> 3 forage leases 5 communication site leases 1 oil and gas lease 	1.6
Waterways	800,000+/-	Non-Trust	<ul style="list-style-type: none"> ▪ Territorial Sea (600,000 +/- acres) ▪ Submerged/Submersible lands (200,000 +/- acres) ▪ Includes mineral interests 	<ul style="list-style-type: none"> 437 waterway leases 1,917 dock registrations 217 public facility licenses 18 temporary use permits 23 sand and gravel licenses 8 oil and gas leases 	34.2
Mineral and Energy Resources	753,000 (3)	Trust and Non-Trust	<ul style="list-style-type: none"> ▪ Mineral rights in split estates ▪ Geothermal, hydropower, wave energy, and wind energy resources 	<ul style="list-style-type: none"> 1 upland quarry lease 3 oil and gas leases 1 hard mineral lease 	32.2
Totals	2,337,575			2,811	100

(1) Various statutes refer to land classifications based on how lands were obtained by the state (ORS 273.251). The AMP system of classifying land is based on primary land uses.
 (2) As of July, 2006. (does not include all easements)
 (3) This acreage represents "split estates" in which DSL owns the mineral rights but not the surface land associated with those rights (subsurface ownership only). In addition, DSL also owns 410,000 acres of CSF land with mineral rights included in other land classes and manages approximately 2.1 million acres of mineral rights underlying acreage owned by other state agencies.

ROAV is somewhat skewed, however, due to the lack of any revenue generation from approximately 12,000 acres of unleased isolated Rangelands, even though land values have increased. In most years, Rangelands have had a positive NOI once

the cost of capital improvements are taken into account.

- ☀ With more complete appraisal information, the market value for ICR lands would be expected to be considerably higher, but the

ROAV would be lower due to limited current revenues. The low ROAV reflects the holding of undeveloped properties for investment and/or future development. In 2004/2005, the Department's office building generated a return of 8.25%, comparable to the expected return for the CSF investment portfolio managed by the State Treasurer. ICR properties, although limited in number and total acreage, have strong earning and appreciation potential. For example, the Stevens Road tract, a portion of which is currently within the City of Bend's Urban Growth Boundary, is valued at \$15.6-\$18.8 million.

- Although Waterways are managed primarily for purposes of resource protection,

revenue generation is also an important consideration. Waterway leases were the second greatest source of revenue in FY 2005/06, providing 14% of total revenues.

- Special Stewardship lands are managed primarily for the protection of resource, cultural, educational or recreation values; minimal revenue generation is expected from these lands.
- While available valuation information is inadequate to estimate NOI and ROAV, Mineral and Energy Resources represent significant future revenue generation potential.

TABLE 2: MARKET VALUE & PERFORMANCE BY LAND CLASS, October 2006

Land Classification	Revenues (1)	Approximate Market Value (millions)	% of Total Market Value	Net Operating Income (NOI)	% of Total NOI	Return on Asset Value (ROAV)
Forest Lands	\$9,674,481	\$485-\$570 (2)	68%	\$4,207,080	72%	0.8%
Agricultural Lands	\$150,700	\$6.8 (3)	1%	\$29,220 (7)	0.50%	0.4%
Rangelands	\$467,604	\$53.2 (3)	5%	\$263,000 (7)	4.5%	0.5%
ICR Lands	\$626,850	\$31.1 - \$34.3 (4)	4%	\$38,171	0.65%	0.19%
SS Lands	\$0	\$112.8 - \$228.8 (5)	21%	\$0	(6)	(6)
Waterways	\$1,862,344	N/A	N/A	\$1,177,295	20%	N/A
Mineral and Energy Resources	\$230,426	(6)	(6)	\$163,713	(6)	(6)
Totals	\$13,012,405	\$660.9 - \$893.1	100% (rounded)	\$5,878,479	100% (rounded)	

Notes:

- (1) 2005/2006, excludes land sales
- (2) Based on cost-benefit analysis for Elliott State Forest; immediate harvest value for other Forest lands.
- (3) Based on mass appraisal technique.
- (4) Valuation based on limited number of appraisals conducted as part of Plan preparation and RMV's obtained from county assessors.
- (5) Based upon valuation of forest lands conducted as part of Plan preparation and limited RMV's obtained from county assessors.
- (6) Adequate data not available.
- (7) Agricultural land and Rangeland expenses are combined by the Department. A 10% allocation to Agricultural lands is assumed.

Sources:

- Annual Report on Property Management Activities for 2005-2006. Department of State Lands. December, 2006.
- Asset Management Plan Revision— Performance Valuation & Recommendations. PGP Valuation Inc. November, 2005.

Purpose and Scope of the Plan

The purpose of this plan is to identify management direction and strategies to increase revenue to the CSF and the overall value of lands within the real estate portion of the CSF portfolio, while balancing revenue generation with resource stewardship. The overall goal is to increase contributions to schools from the management of state lands.

NEED FOR AND SCOPE OF THE PLAN

This 2006-2016 Plan replaces a 1995 Asset Management Plan that has successfully guided the management of CSF lands for the past decade and increased contributions to the CSF. Direction in the 1995 AMP calls for a periodic review and updating of that plan. This 2006-2016 Plan updates and expands the management direction in the 1995 AMP, focusing on opportunities to increase revenues. The Plan reaffirms the overall management philosophy in the 1995 AMP, while establishing a more aggressive approach to revenue generation. In addition, this Plan:

- ☀ Responds to a changing asset management environment that includes rapid growth in Central Oregon, rising energy costs, increasing demand for recreational uses of public lands, and changes in the demand for forest resources;
- ☀ Responds to changes since the 1995 AMP adoption, including land sales, new administrative rules, establishment of Oregon Benchmarks as performance measures, growth of the CSF Revolving Fund, and a school funding crisis;
- ☀ Reaffirms the Land Classification System adopted in 1995 as a means to organize information and compare financial performance by types of land, based upon their predominant land uses. It incorporates the seven land classes utilized in the 1995 AMP, with two exceptions: (1) The “Special Interest” land class is renamed to “Special Stewardship,” both to better reflect the management of these lands for stewardship (or non-revenue production) purposes and to correspond to Oregon Department of Forestry’s (ODF) land classification system; and (2) the “Mineral” lands class is replaced with a “Mineral and Energy Resources” class in recognition of the revenue generation potential of geothermal, ocean and wind energy;
- ☀ Establishes Active and Limited management categories to provide additional direction on how specific categories or parcels of land are to be managed;
- ☀ Assesses current performance based on estimation of land values for Forest lands, Agricultural lands and Rangelands, and for selected parcels of ICR lands and Mineral and Energy Resources;
- ☀ Provides updated and more specific management direction, including short-term implementation priorities;

- ☀ Establishes realistic performance measures and targets to assist the Department and Land Board in measuring the Plan's progress;
- ☀ In accordance with ORS 273.245, identifies specific lands for retention, acquisition or disposal through exchange, sale or transfer of management responsibility;
- ☀ Establishes land acquisition and disposal criteria; and
- ☀ Identifies key outcomes or indicators of success.

This Plan is intended to be a ten-year plan that will be periodically reviewed and updated. It replaces, in its entirety, the 1995 AMP. Its scope is limited to the real estate portion of the CSF portfolio and to lands managed by the Department. Management direction is based on constitutional and statutory mandates, authorizations, administrative rules, attorney general opinions, and Land Board policies.

PLANNING PROCESS

Preparation of this Plan was initiated in the summer of 2004 as a collaborative effort of the Department and a consultant team led by Cogan Owens Cogan, LLC. The Department and consultant team were advised by a seven-person Asset Management Plan Steering Committee composed of representatives of the Land Board, school beneficiaries, investment professionals, and the general public. Progress reports were provided on a regular basis to the Land Board.

A Draft Plan was circulated for public review in April through June, 2006, with public meetings held in Wilsonville, North Bend, Bend and Burns. Opportunities to comment on the Draft Plan were provided at the public meetings and via e-mail, letters, and a questionnaire posted on the Department's Web site and distributed at the public meetings. The Land Board offered an additional opportunity for public comment at its June, 2006 meeting. At its October, 2006 meeting, the Land Board approved the 2006-2016 Asset Management Plan and, in accordance with the Plan, authorized disposal of about 12,000 acres of unleased, isolated Rangelands and initiation of the disposal review process for about 12,000 acres of scattered Forest lands.

The Plan adopted by the Land Board included some background information excluded or summarized here, e.g., differences from the 1995 Plan, legal contracts, land reclassification, etc.

Overall Management Direction

The policy direction and management principles in this section guide the management of the CSF's real estate assets and provide the framework for the Plan's implementation program, including short-term priorities and land class-specific management strategies. With limited exceptions, the overall management direction in this section is applicable to all lands, irrespective of their classification.

GOALS FOR THE PLANNING PERIOD

Goals for the management of CSF lands for the next ten years include:

- ☀ Retain core real estate assets.
- ☀ Increase the value of the real estate portion of the CSF portfolio and cash flow from those assets.
- ☀ Rebalance the portfolio and create capital through investment in assets with high performance potential and the strategic disposal of selected assets.
- ☀ Through active management, increase the overall value of the real estate portion of the CSF portfolio.
- ☀ Establish priorities for management actions.
- ☀ Balance revenue enhancement and stewardship of resources.

GENERAL MANAGEMENT PRINCIPLES

- 1. The Land Board and Department will continue to meet their obligations on Trust Lands.**

The Oregon Admission Act and Constitution require the management of Trust Lands to maximize revenue over the long term for the CSF. Thus, a fundamental goal of the Plan is to increase the contributions of that portfolio to the CSF.

- 2. The Land Board and Department will continue to manage CSF lands to create a sustained and consistent stream of revenue to assist in building the principal of the CSF, thereby increasing annual distributions to schools.**

To avoid cyclical variations in distributions of earnings from the CSF, the Land Board's distribution policy is based on the change in CSF value each year (three-year, rolling average). Though small by comparison, revenues derived from the real estate portfolio tend to be more consistent from year to year than revenues from investments in stocks and bonds. Thus, management of the real estate portfolio to create a sustained and consistent revenue stream is essential both to "even out" fluctuations in earnings from the investment portion of the Fund and to increase its overall value.

- 3. The Plan balances revenue enhancement and resource stewardship.**

Although the Land Board is required to maximize revenues over the long term for its Trust Lands, it is not precluded from addressing environmental and other values, especially on Non-Trust Lands. The land managed by the Land Board and Department contains many resources,

including those that can be utilized to generate revenue for the CSF, as well as those that should be protected for their resource and public use values. The Land Board recognizes that it must ensure adequate long-term resource protection commensurate with its fiduciary and public trust obligations. This Plan provides a framework for balancing revenue enhancement and resource stewardship. Plan implementation will entail a constant assessment of how best to meet both goals.

- 4. Consistent with the legacy of the Admissions Act, the Land Board will maintain a real estate portfolio of CSF lands. The allocation of land among land classifications may change over time based upon management, reinvestment and disposal strategies.**

The question of whether to retain and manage Trust lands or to divest of them and invest the proceeds in CSF investments has been an ongoing debate since statehood. The State has retained less than one-third of the original grant lands, with most of the acres disposed of prior to 1900. Since the 1960's, the Land Board has had a strong policy of retaining its Trust land base. The Plan emphasizes land management, not land disposal. A regular review of land classifications and associated management direction is an essential element of adaptive land management.

- 5. The Land Board and Department will actively strive to increase the total annual revenues from the real estate portion of the CSF portfolio through the disposal of Trust lands that are not actively managed,**

difficult or uneconomical to manage or are low revenue producers.

As previously stated, one of the fundamental goals of the Plan is to increase the overall revenue from management of the Land Board's real estate assets. The Plan does not recommend converting all real estate assets to equities. Disposal (transfer, exchange or sale) of lands will be targeted as recommended in this Plan. Sale and acquisition processes will be reasoned and methodical and occur through case-by-case evaluations over time. Transfer and exchange opportunities will be fully explored as part of any disposal evaluation.

- 6. To create capital for investment, the Land Board and Department will undertake opportunity-driven land acquisitions and sales.**

This Plan identifies specific lands to be evaluated for acquisition or disposal during the planning period. In addition to these defined actions, the Department needs the ability to dispose of assets that, through the normal course of business, become "ripe" for sale or exchange. For example, should the Steven's Road Tract be included within an expanded City of Bend urban growth boundary (UGB), the Department should have the ability to dispose of a portion or all of the property, even though this land is not specifically identified for disposal by the Plan. Similarly, the Department needs the ability to respond to opportunities to acquire lands with high earnings or appreciation potential as opportunities arise. Additionally, some lands in the portfolio will be managed specifically to be attractive for eventual sale, e.g., lands within UGB's, urban reserves, or urbanizing areas.

7. Proceeds will be reinvested in assets with high return potential.

Reinvestment of proceeds from land sales in lands with high return potential is a key strategy to increase revenues over time from the real estate portion of the CSF portfolio. In keeping with ORS 273.413, land sale proceeds will be deposited into the Department’s Land Revolving Account and reinvested in new lands or improvements to existing real estate assets as opportunities arise.

8. The Plan provides general land management direction; many details will be addressed during ongoing implementation of the Plan and will involve the public.

The Plan is designed to provide overall guidance regarding land management decisions. Specific implementation measures and management decisions, such as evaluation of Waterway lease rates, disposition of isolated Rangeland parcels and adoption of new administrative rules, will be further analyzed and developed during the ongoing implementation phase of the Plan. These implementation measures will be approved by the Land Board, and affected interests and the general public will have the opportunity to participate.

PRINCIPLES FOR LAND ADMINISTRATION

1. Trust Lands will be managed with the overriding objective of maximizing revenues over the long term for the CSF while conserving the value of the land consistent with Trust law.

2. The Department, with Land Board approval, may reclassify lands at any time in response to changing circumstances and in conformance with Plan management direction.

3. CSF lands will be managed based upon their categorization as Active management or Limited management. Lands categorized for Active management will be actively managed to meet or exceed applicable performance targets. Lands categorized for Limited management will not be expected to meet performance targets. These categories are designed to:

- ✓ Guide Department staff in the development of biennial work plan priorities and budgets;
- ✓ Assist staff in prioritizing work loads; and
- ✓ Facilitate comparison of performance by land class. By differentiating among lands, more meaningful financial comparisons among land classes and land types can be obtained. Such differentiation recognizes that the Department has inherited a variety of non-revenue-producing lands as part of the CSF portfolio. More accurate measures of performance among land classes and types are the result, enabling the Land Board and Department to target limited resources to increase CSF revenues.

The Department will give a lower priority to managing Limited management lands than to Active management lands. Investment in

Limited management lands will be limited and the expenditure of staff effort will be minimized. The Department will manage Limited management lands with the objective that they either become actively managed or be evaluated for disposal.

4. The Department will develop and maintain a resource inventory for all state-owned lands within its jurisdiction, particularly uplands, that provides basic information on a tax-lot basis and is included in the Department's Land Administration and GIS systems. The level of detail of the resource inventory may become more precise over time as data become available or as the need for precision changes.
5. The Land Board and Department may enter into partnership agreements with other government entities and private and public organizations to foster the achievement of Plan principles and management prescriptions. Local, state and federal agencies and public interests with knowledge and expertise in land and waterway management will be consulted throughout Plan implementation.
6. The Department will develop Specific Area Management Plans (SAMP's; renamed from area management plans in the 1995 AMP) for definable geographic areas and/or for specific resources (e.g., waterway areas) or incorporate plans prepared by other parties (e.g., Territorial Sea Plan, Elliott State Forest Plan or Wild and Scenic River management plans.) SAMP's will:

- ✓ Be organized by geographic location, resource type, or revenue-generation potential;
- ✓ Inventory, as appropriate, various economic, environmental and social factors;
- ✓ Guide all management activities undertaken by the Department within the subject area;
- ✓ Identify appropriate land classification(s), including Special Stewardship lands;
- ✓ Establish specific land management strategies and implementation measures;
- ✓ Maximize revenue to the CSF over the long term for Trust Lands;
- ✓ Utilize the efforts of other agencies in developing coordinated management plans; and
- ✓ Include lessees, adjacent property owners, beneficiaries and other interested parties in the planning process.

7. Performance measures and targets will be used to measure progress toward meeting the Plan's goals. Because no universal or widely accepted financial performance indicator is available that is useful for the type of portfolio represented by CSF lands, the Department may use four separate measures and targets to measure performance over the planning period:

- ☀ *Three to five percent return on asset value (ROAV) for the overall portfolio.*

ROAV measures return compared to land value. It allows for comparison with similar business returns and financial instruments. This ROAV target is based on partial data and will need to be adjusted as more data is compiled.

This target (and other targets) is based upon net revenues, less inflation. It is expected that some land classes, e.g., Rangelands, will not be able to meet this target. Other classes, e.g., Forest lands, would be expected to exceed it, however, and ensure that the performance of the overall land portfolio meets or exceeds the target. The ROAV target will be recalculated at least every five years.

- ☼ *Three to five percent increase in net operating income (NOI).*

NOI measures income compared to expenses and is calculated as gross revenue minus operating expenditures. NOI will be calculated each year, along with the percent change from year to year. This target will assure that the positive increase in NOI keeps pace with or grows faster than the effect of monetary inflation.

- ☼ *Five to seven percent increase in annual revenue (AR).*

AR, expressed in dollars or as a percentage, measures only the income obtained from management of the CSF's real estate assets. Trust lands and Non-Trust lands that are categorized as Active management will be considered to be performing at an acceptable level when, over the term of the planning

period, the percent annual increase in revenue from asset management activities (e.g., leases, easements, royalties and land sales) is five to seven percent.

- ☼ *Three to five percent annual land value appreciation (LVA).*

LVA, expressed as a percentage, measures the change in land value over a specific period of time. Using this measure, the Department will measure the change in the CSF land portfolio's land value calculated every five years, with a target of three to five percent annual appreciation.

In pursuing these performance measures and targets, the Department will:

- ✓ Utilize the performance targets to evaluate management actions; inform decision-making on reclassifications, including re-categorizing as Active or Limited management; and to guide decisions on investment, retention and disposal;
- ✓ Re-evaluate the performance targets on a periodic basis, depending on the type of measure;
- ✓ Consider the targets as goals for the overall portfolio, recognizing that some land classes may not meet the targets;
- ✓ Exclude Special Stewardship lands and Waterways, as these land classes are managed primarily for resource protection and generate little revenue;
- ✓ As appropriate, develop performance targets specific to land classes;

- For investment in property to be acquired through purchase, achieve a market rate-of-return based upon a schedule approved by the Land Board at time of acquisition. Because these are lands to be added to the CSF real estate portfolio, performance targets will generally be set at higher levels than those for existing assets.

PRINCIPLES FOR LAND MANAGEMENT AND LEASING

1. All parties proposing to use or occupy state land must apply to the Department for written authorization, unless the use is specifically authorized by statute or administrative rule.
2. Leases will be considered to be, and treated as, contractual relationships between the Land Board and lessees. Lessees will be notified of proposed activities affecting their authorized lease uses or proposed changes in lease terms and conditions. Lessees will be responsible to comply with all applicable laws and regulations.
3. The Land Board will set rates for leases, easements, licenses and other forms of authorization that reflect fair market value. All current rates will be reviewed and adjusted where justified by market trends.
4. New leases, except those involving waterway or mineral uses, will be offered through a competitive process, e.g., oral or sealed bids or “Request for Proposals.” For Waterways, upland owner preference rights will be recognized; when they are not exercised, competitive bidding may be utilized. Mineral lease procedures will vary depending on ownership status e.g., surface, split-estate, owned by another agency. Timber will be sold by competitive bid; other forest products may be sold by negotiated contracts.
5. When cost-effective, the Department may engage the private sector or other public agencies as property and lease managers and real estate brokers.
6. Provisions to protect the state in case of the use or discovery of hazardous materials will be included in all authorizations. If such materials are present, the Department will cooperate with the U.S. Environmental Protection Agency and the Oregon Department of Environmental Quality to remediate.
7. In evaluating lands for investment, acquisition or disposal, the long-term potential for development of subsurface water and mineral resources will be considered.

PRINCIPLES FOR LAND DEVELOPMENT, RETENTION, ACQUISITION AND DISPOSAL

Land Development (Improvement)

1. The Land Board and Department will encourage lessees and other parties to make improvements to state land, consistent with lease purposes and applicable rules.
2. The Department, subject to Land Board approval, may invest capital in improvements to lands acquired for investment to the

extent that the project meets acceptable risk criteria and if the expected rate of return will meet or exceed applicable performance targets within a reasonable period of time.

3. Opportunities will be pursued to generate increased revenues through investment in higher value lands, e.g., increased harvest activities on certain tracts of scattered Forest lands or commercial leases for the Stevens Road Tract.
4. The Department, subject to Land Board approval, may invest in joint partnerships or fee ownership, e.g., in public office buildings or energy facilities.
5. In accordance with ORS 273.413, Trust Land sale proceeds in the Revolving Fund will be available for land acquisition, improvements, or other investments.

Transfer of Management

6. Opportunities may be pursued to transfer management, while retaining Department ownership, to agencies or entities better equipped to protect the resource and public interest values of lands managed primarily for the protection of resource, cultural,

educational or recreation values. Priorities for transfer during the planning period could include transfer of Special Stewardship lands within the Columbia River to the U.S. Fish & Wildlife Service for management for wildlife refuge purposes.

Retention, Acquisition and Disposal

Principles for retention, acquisition and disposal are detailed in Table 3.

PRINCIPLES FOR PUBLIC ACCESS AND RECREATION USE

1. The Department will allow public recreation on state lands when compatible with Plan objectives, and commensurate with public safety and the rights of lessees to use the subject land according to the provisions of their leases. Recreation and education opportunities will be encouraged consistent with Trust and Non-Trust obligations and the long-term sustainability of the resource. Regulations pertaining to public recreational use within specific areas may be established by the Land Board. Public access/use may be closed, restricted, or limited to protect public safety; to prevent theft, vandalism and littering; to protect historical or archeological resources, soils, water quality, plants and animals; or to meet other land management objectives or lease terms.
2. The Department will work with other government entities and interested people to make special features or resources accessible to the public consistent with the conservation and/or protection of the attribute.



TABLE 3: PRINCIPLES FOR RETENTION, ACQUISITION & DISPOSAL

Action	Strategy	Locational Direction	Additional Direction
Retention	Maintain a core of permanent land ownership during the planning period	<p>Lands to be retained during the planning period include:</p> <ul style="list-style-type: none"> ▪ Elliott State Forest and the majority of Northwest and Southwest Forest lands. ▪ Nearly all Agricultural lands. • Blocked Rangelands. ▪ Department's office building and certain ICR lands in urban or urbanizable areas. ▪ South Slough National Estuarine Research Reserve. • Waterways, except "new lands," historically filled lands, and contaminated lands on a case-by-case basis. • Mineral interest ownerships except those determined to have little, if any, potential for development. • Known energy resources. 	
Acquisition (through purchase or exchange)	Evaluate and pursue opportunities to acquire parcels available for sale or through other means (e.g., in-lieu selection or exchange) that have a high probability for appreciation in value or the ability to consistently generate revenue over the long term for the CSF	<p>Priorities for acquisition during the planning period include:</p> <ul style="list-style-type: none"> ▪ Purchase of developed or undeveloped ICR lands in urban or urbanizable areas, particularly central Oregon properties. • Purchase of Forest and Agricultural lands throughout Oregon, with preference to lands west of Cascades. • Exchanges with BLM or other parties for other lands in the Central Oregon area that would complement the Department's ownerships. • Exchanges or purchases involving surplus lands managed by other state agencies, e.g., ODOT and OPRD. 	<p>All acquisitions must be approved by the Land Board and carried out in accordance with the Board's rules for exchanges and purchases (OAR 141-067). Properties considered for acquisition will be evaluated in accordance with both the following factors and acquisition criteria for the applicable land class:</p> <ul style="list-style-type: none"> ▪ Net Revenue Potential/Capital Appreciation Potential: Near-term opportunities for an ROAV of 5 to 7% (real rate adjusted for inflation); or annual appreciation within the same range. ▪ Capital Investment Requirements: Acceptable levels of capital investment (costs beyond purchase price) to achieve the targeted ROAV. • Management Costs: Anticipated annual management costs fall within an acceptable range of costs comparable to similar investments. ▪ Operating Budget: Anticipated annual management costs can be borne by the Department's current budget or funds are anticipated within a reasonable time following acquisition. • Local Government Coordination and Support: Coordination with local governments has occurred in concurrence with the Department's State Agency Coordination Agreement. The level of local government (e.g., city, county, school district) support for the acquisition. ▪ Support of Other Public Policies/Programs: The acquisition assists in achieving or furthering another state public policy or program objective (e.g., State Economic Development Strategy).

TABLE 3, CONT'D.

Action	Strategy	Locational Direction	Additional Direction
Disposal (sale or exchange)	Pursuant to ORS 273.245 and 273.316, evaluate and pursue opportunities to dispose (sale or exchange) of any parcels within the CSF portfolio except those specifically identified for retention.	<p>Priorities for lands to be disposed of or evaluated for disposal through sale or exchange during the planning period include:</p> <ul style="list-style-type: none"> • Unleased, isolated Rangelands (approximately 12,000 acres). • Scattered Forest lands (approximately 12,000 acres). 	<p>Disposal may be considered on a case-by-case basis as part of SAMP's or master plans to maximize investments; to respond to market-driven opportunities, especially for lands acquired for purposes of future disposal; for lands not meeting management expectations; for lands better managed by another entity; or to meet other public purposes (e.g., highway rights-of-way).</p> <p>Waterways (submerged and submersible lands) are not eligible for disposal except as allowed for "new lands" (filled lands as defined in ORS 274.095), historically filled lands, or contaminated sites.</p> <p>Proposed land sales or exchanges must be approved by the Land Board and carried out in accordance with the Board's administrative rules. The following criteria are among the factors to be considered when evaluating a land disposal proposal:</p> <ul style="list-style-type: none"> • Parcel has low income-generating potential and limited multiple land use(s); is not leased or leasable, has poor physical attributes and/or has external constraints to managing for highest and best use. • Parcel has low appreciation potential. • Parcel has no or limited access to utilities. • Parcel management costs are high in comparison to actual or potential returns and/or appreciation potential. • Significant environmental risks are present, such as hazardous waste or environmentally sensitive attributes. • Changes in zoning or other circumstances preclude development of the parcel for its highest and best use. • Parcel is an in-holding within another major landowner's ownership, or is a small, isolated tract. • Market conditions dictate that disposal is prudent in order to realize appreciation in value. • A high level of market demand exists for the type of property being considered. • The highest and best use of the parcel has changed to a use not compatible with the uses preferred by the Department or is inconsistent with the Plan. • Parcel has high holding costs, particularly those associated with liability or other risk (i.e., disposal becomes an "emergency"). <p>Prior to disposing of land, an evaluation will be conducted of the potential presence of mineral resources of value. If present, mineral rights may be retained by the Department following disposal of the surface lands.</p>

3. The construction and operation of improvements to state land for recreational use will be permitted only with prior written authorization of the Department. Temporary overnight camping will generally be allowed.

However, its location and duration may be controlled or restricted.

4. The Department will investigate opportunities to generate revenues from recreational uses.

5. In recognition of recreation uses and eco-tourism as opportunities for revenue-generation, the commercial use of state land on an exclusive or long-term basis for recreation may be permitted on a fee basis. Prior to allowing exclusive uses, the Department will consider the uniqueness of a recreational site or opportunity, and availability and proximity of other, similar recreational sites and opportunities. Such uses include, but are not limited to:

- ✓ Long-term camping within the same area, or use in-lieu of a permanent residence;
- ✓ Base camps or “permanent” overnight sites maintained and used continuously and exclusively by guides or organizations; or
- ✓ Outfitter guides conducting business on state-owned uplands.

6. To protect resource values, access management plans may be developed to regulate recreational uses, including restriction of access as necessary.

PRINCIPLES FOR MANAGEMENT OF UNIQUE NATURAL AND CULTURAL RESOURCES

1. In recognition of its stewardship responsibilities, the Land Board will use appropriate measures and partnerships that are consistent with Trust and Non-Trust land objectives to conserve cultural resources (e.g., historic, archaeological); unique geological and physical features; riparian resources; wetlands; wildlife habitat; and

sensitive and threatened plant, animal and aquatic species.

2. The Department, with assistance from the Natural Heritage Program, will identify areas with special natural features that may be eligible for recognition by the Natural Heritage Program. This program identifies natural areas with special plants, animals and aquatic species or rare geologic features that should be protected. If conflicting uses are identified, the Department may seek funding to remove those lands from Trust designation (if applicable), exchange or transfer management of those lands to other entities equipped to maintain these features, or classify them as Special Stewardship lands pending future transfer.

3. The Department, with the assistance of the State Historic Preservation Office, will establish a procedure to identify historic and archaeological sites and protect them at a level that, at a minimum, meets regulatory requirements. Actual inventory may take place during specific area management planning, or when site-disturbing activities are planned, or prior to land disposal.

4. The Department will participate with the Oregon Department of Fish and Wildlife in appropriate elements of the State Wildlife Conservation Plan.

5. The Land Board and Department will ensure the long-term conservation and management of the state’s wetland and riparian resources, state Scenic Waterways and federal Wild and Scenic Rivers

through both regulatory and non-regulatory measures.

PRINCIPLES FOR SUSTAINABILITY

CSF lands will be managed in accordance with the Department's Sustainability Plan (March, 2004; updated July, 2007), and the Governor's Executive Order No. 06-02--Sustainability for the 21st Century (January, 2006), including:

- ☀ Manage CSF lands to provide sustainable funding to K-12 public schools;
- ☀ Identify more sustainable ways of managing and increasing the value of CSF lands;
- ☀ Expand the agency's role in analyzing and following best practices;
- ☀ Advocate and support a coordinated effort to increase sustainability awareness with state

and federal land management agencies and leaseholders;

- ☀ Review operating systems (e.g., HVAC, water heating) at the Department's headquarters building to determine if energy conservation improvements are justified and implement appropriate changes; and
- ☀ Investigate and promote the development of renewable energy resources on CSF lands.



Implementation Strategies

Implementation strategies define those actions to be undertaken by the Land Board and Department to meet management direction and achieve performance goals during the planning period. The implementation program includes short-term priorities and strategies for each land class and for specific types of land or parcels within that class. It is recognized that successful Plan implementation will be contingent on adequate staffing, the Department's Strategic Plan priorities, and Land Board and Legislative direction. These strategies will be re-evaluated every two years.

IMPLEMENTATION PRIORITIES

1. *Compile information and refine the cost accounting system to track revenues and expenditures by land class and Active and Limited management categories.*
2. *At least every three years, conduct a review of land classes and identify lands for reclassification, both among classes and as Active and Limited management.*
3. *Complete a performance analysis for ICR lands and Mineral and Energy Resources categorized as Active management based upon best available information.*

ICR lands and Mineral and Energy Resources are expected to have the highest earning and appreciation potential of the CSF's real estate assets. However, valuation and performance information for these land classes is currently very limited and is needed to enable the Department to

more accurately assess and monitor their performance.

4. *Compile information necessary to maintain performance measures and to evaluate performance against targets.*

5. *Secure boundaries of ICR lands through surveys.*

Given their location in proximity to urban areas or rural residential development, a high potential exists for encroachments on ICR lands. Surveys are needed to define and secure the boundaries of these lands.

6. *Complete in-lieu selections of federal land owed to the state and, for each selection, develop an interim master plan that includes land classifications and management strategies.*

Completion of these selections will satisfy a 1991 court decision that the State of Oregon was owed approximately 5,200 of federal public domain lands from admission into the Union. Since the 1991 decision, the Department has completed selection and transfer of lands in Deschutes and Jackson counties. Candidate properties have been identified for the remaining approximately 3,400 acres of in-lieu lands, the majority of which are located within central Oregon.

These in-lieu land selections are not being accomplished through this Plan but, rather, through a separate BLM process that is not expected to be completed for two to three years. Upon completion of that process, planning for selected in-lieu lands may be

included as part of the Central Oregon SAMP described below. Land classifications and management strategies for the selected lands will be developed as part of that future master planning.

- 7.** *Complete and implement a revised Master Plan for the Stevens Road Tract, secure a development partner, and work with the City of Bend and Deschutes County to pursue an Urban Growth Boundary (UGB) amendment.*

The Department is in the process of revising an earlier master plan for the 640-acre Stevens Road tract and is in discussions with the City and County on the UGB amendment process and timing. It is also investigating the process and timing for securing a development partner to implement the master plan, based on the likelihood that at least a portion of the property will be brought into the UGB within the next several years.

- 8.** *Develop and implement a Specific Area Management Plan (SAMP) for Department upland properties in central Oregon, recognizing the concentration of lands in proximity to rapid growth areas.*

Approximately 31 parcels in Crook, Jefferson and Deschutes counties, totalling approximately 5,410 acres, have been identified for inclusion in a Central Oregon SAMP (see figure). For each parcel, the SAMP will establish current valuations; define the highest and best use; prioritize lands for acquisition, including exchanges with BLM and other property owners; identify and resolve management issues; and provide site-specific management

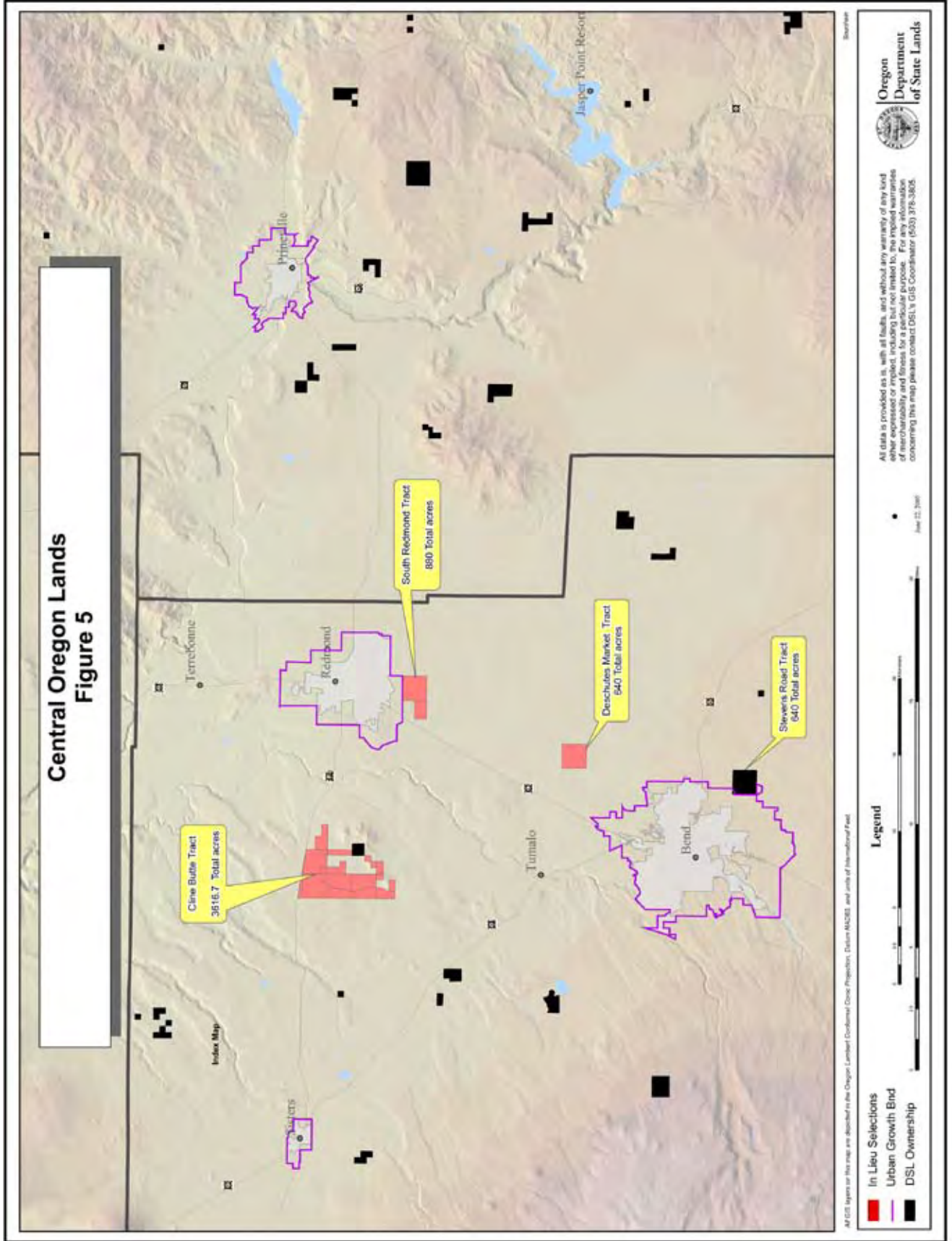
direction. The SAMP will be developed through a separate planning process with opportunities for public involvement. However, site-specific planning and investment may proceed independent of the SAMP for any of these parcels where appropriate given market conditions, e.g., Stevens Road Tract and Ward Road parcel.

- 9.** *Process for disposal approximately 12,000 acres unleased, isolated Rangelands (valued at about \$2 million).*
- 10.** *Evaluate and process for disposal or management approximately 12,000 acres of scattered, unblocked Forest lands (valued at \$30.1 to \$38.8 million).*
- 11.** *Identify and evaluate for investment or disposal those ICR parcels that have the greatest potential to generate income for the CSF through lease or sale.*

Several ICR parcels located within urban areas or urbanizing areas have short-term development or leasing potential, e.g., Ward Road, Stevens Road, Juniper Canyon, Bayshore, South Tongue Point, and Salem riverfront property.

- 12.** *Complete a Rangeland inventory.*
In accordance with OAR 141.110, this inventory of rangeland condition and improvements for blocked, leased Rangelands is needed to complete rangeland management plans required for each leasehold.
- 13.** *Initiate and complete rulemaking to implement Land Board direction in response to Grazing Fee Advisory Committee recommendations.*

Oregon Department of State Lands



In June, 2006, the Land Board authorized the Department to initiate rulemaking to establish a minimum fee of \$4.25 per AUM for a grazing fee formula, establish an annual minimum grazing lease fee to cover the Department's administrative costs, and make "housekeeping" changes.

- 14.** *Identify statutes that limit the Department's ability to increase CSF revenues (e.g., ORS 758.010) and report to the Land Board.*

Certain existing statutes add procedural complexity and cost to the Department's land acquisition and disposal processes, without any appreciable increase in protection of the public's interest. Examples include statutes which provide for free easements across CSF lands and lessee preference rights.

- 15.** *Evaluate current land sales procedures and adjust practices and/or amend/develop administrative rules as needed to increase efficiency.*

Among the issues to evaluate are preferential bidding rights, the application process, appraisal requirements, and Department of Administrative Services' role in certification of rules.

- 16.** *Review all authorizations to validate uses and expiration dates. Renew expired authorizations based upon a re-evaluation of uses and fees.*

For certain easements, the terms of authorization have expired or the uses authorized have changed.

- 17.** *In compliance with the Department's administrative rules, initiate a review of*

Waterway lease rates no later than October 2007.

Regulations (OAR 141-082-0100) require the Department to periodically review and decide whether to maintain or re-determine lease rental formulas and payments.

- 18.** *Within two years of AMP adoption, establish a policy for determining the percentage of revenues derived from land sales that will be dedicated to land development and acquisition.*

Policy direction is needed on how much of the proceeds from land sales during the planning period can be used for land acquisition and development.

- 19.** *Develop new administrative rules governing the use of state-owned submerged and submersible land for hydroelectric facilities and other special uses, e.g., wave energy.*

The rules currently in place (OAR 141-087) are difficult to understand, contradictory, and provide for a fee that is not commensurate with the value of the use. There is potential for significant annual revenues from leases and permits for hydroelectric facilities on state-owned submerged and submersible lands. (Note: The intent of this strategy is to generate revenues for the CSF from existing facilities; not to encourage the development of new hydroelectric facilities.)

- 20.** *Review and, if necessary, revise administrative rules governing the exploration for and leasing of mineral and energy resources.*

Current administrative rules are out-of-date and outmoded, and the industry has expressed concern that they do not adequately address current practices. The rules need to be revised to be easily understood and usable by parties wishing to conduct exploration and leasing activities on lands administered by the agency and to streamline the process of applying for permits or leases.

21. Evaluate current procedures for easement payments and terms.

Easements are currently authorized through single lump-sum payments, precluding the opportunity to adjust payments to reflect changing conditions, most notably increased land values. Annual payments for new easements would help ensure that easement fees are set at market rates and provide a more consistent stream of revenue to the CSF. Most easements are granted for 20 to 50-year periods, with some granted as permanent authorizations. Such timeframes limit the Department's ability to respond to changes in land uses and value over time. The granting of permanent easements should be infrequent and only for ongoing public purposes.

22. Develop an ORV/ATV management program.

Oregon Parks and Recreation Department (OPRD) funding currently is available to assist with the development of a management program for off-road vehicle (ORV) and all-terrain vehicle (ATV) use on CSF lands. Increased ORV/ATV use on adjacent federal lands results in increased unmanaged use of CSF lands, particularly

Rangelands, causing conflicts with other authorized uses.

STRATEGIES BY LAND CLASS

Forest Lands

Description

All Forest lands are Trust lands. Forest land is managed primarily to produce merchantable timber on a sustainable basis in accordance with plans developed by forest managers. CSF lands managed by the Department include about 106,405 acres of Forest lands, primarily in the Elliott State Forest (almost 85,000 acres) in the Coast Range northeast of Coos Bay. Other major holdings are near Klamath Falls within the Sun Pass State Forest (about 3,365 acres) and the 3,037-acre Yainax Butte parcel and forest lands in northwest and southwest Oregon, including lands within the Clatsop, Tillamook, and Santiam State forests. The Land Board contracts with the Oregon Department of Forestry (ODF) to manage the majority of CSF Forest lands, referred to as certified Forest lands. Approximately 7,000 acres that the Department directly manages are referred to as de-certified Forest lands.

Forest land revenues provide the Common School Fund's largest single land-based revenue source. In FY 2006, Forest lands generated \$9.7 million in revenues, while expenditures totaled \$5.5 million. According to ODF estimates, revenue from timber harvests on CSF Forest lands managed by ODF is expected to be about \$12 to \$16 million per year over the next 3 to 5 years. Revenue expectations are higher for the later years of the planning period,

as a federally-approved Habitat Conservation Plan (HCP) is put into effect. Annual timber harvest volumes on Trust lands on the Elliott are expected to increase by 10 to 15 million board-feet per year under the new HCP. Projected forest management costs are estimated to be 50% of revenues for the 2007-2009 biennium.

General Strategies

- 1.** Manage Forest lands to increase timber harvest levels to the extent possible while maintaining a sustainable, even-flow harvest of timber, subject to economic, environmental and regulatory considerations.
- 2.** Develop specific forest management plans. These plans will be prepared by the land manager (e.g., ODF for certified Forest lands; the Department, as appropriate, for de-certified Forest lands) and approved by the Land Board. Secondary uses (e.g., communication sites, grazing, pipeline easements, public recreation or road rights-of-way) are allowed as long as they do not substantially interfere with the primary use. Mineral, oil and gas, and geothermal exploration and development is permitted only if there is limited surface occupancy, or the anticipated royalties exceed the projected timber product revenue.
- 3.** Incorporate forest health practices into the management of Forest lands to reduce or prevent significant losses from insects, diseases, animals and other similar threats.
- 4.** Periodically review Forest land management costs and revenues to ensure maximum effectiveness and efficiency, while seeking to increase revenue from the sale of forest products. To the extent possible, compare costs and revenues to those of other forest managers for similar forest lands and activities and management intensities.
- 5.** Obtain from ODF an annual timber stand inventory (balance sheet comparing growth rates and harvest levels) for all certified parcels to assist the Department in tracking timber sale and total inventory volumes and values.
- 6.** Apply appropriate investment standards and return analyses to improvements to Forest lands (e.g., road building to improve access, pruning, fertilizing, pre-commercial thinning).
- 7.** By 2010, review and revise, as needed, the Department's management agreement with ODF.
- 8.** Add a Department staff forester position as a senior level position to serve as liaison with ODF and to implement the AMP.
- 9.** Research the feasibility of generating revenue from Forest lands for purposes of carbon mitigation (sequestration), particularly lands not harvestable or that have long harvest rotation cycles.
- 10.** Investigate the certification of CSF Forest lands as meeting sustainability standards.

RETENTION, ACQUISITION & DISPOSAL STRATEGIES, FOREST LANDS

Action	Locational Considerations	Other Considerations
Retention	<ul style="list-style-type: none"> Elliott State Forest Most Northwest and Southwest lands 	
Acquisition	<ul style="list-style-type: none"> Throughout Oregon, with a preference for lands west of the Cascades to block up existing CSF land. Results in blocking up with existing state lands or is of a manageable size if separated. Physical and legal access is available, and the property is near transportation networks. Surrounding land uses are compatible with forest management activities. Located in an area designated by a local comprehensive land use plan as Forest Lands. 	<ul style="list-style-type: none"> Class I, II, or III Forest Soils Class index. Productivity of forest properties west of the Cascades should be Site Class III or better for Douglas-fir. Properties east of the Cascades should be Site Class V or better for ponderosa pine. Terrain is suitable for ground-based or cable yarding. Avoid, where possible, land with high landslide potential. Generally avoid lands with state or federally-listed species. Avoid, where possible, areas that historically have had extensive root disease, Swiss needlecast, or areas with insect control problems.
Disposal	<ul style="list-style-type: none"> As a priority, 12,000 of scattered Forest lands identified in Appendix: Recommended Forest Lands for Disposal Evaluation. As a secondary priority, evaluate for disposal or retention blocked parcels identified in Table 4, specifically Sun Pass State Forest and Yainax Butte. 	<ul style="list-style-type: none"> When evaluating properties for potential disposition, consider opportunities to exchange lesser producing isolated forest parcels for forest lands adjacent to larger CSF forest ownerships.



TABLE 4: SPECIFIC IMPLEMENTATION STRATEGIES, FOREST LANDS

Land Type/Location	Description (1)	Value (millions)	Management Category	Strategy
BLOCKED LANDS				
Elliott State Forest	84,562 acres. 2.4 MMBF	\$344 - \$489	Active - Areas designated for timber harvest	Retain in core of permanent land ownership. Through the management plan process, seek to increase harvest levels above current management levels.
			Limited – Areas classified by ODF as Special Stewardship	Manage per Habitat Conservation Plan (HCP) requirements.
Sun Pass State Forest	3,366 acres. 23,945 MBF	\$7.9 - \$9.4	Active - Areas designated for timber harvest.	Investigate the potential for savings in administration costs through de-certification. As a secondary priority, evaluate for retention or disposal.
			Limited – Areas classified by ODF as Special Stewardship	Manage for resource values.
Scattered Blocked	15,159 acres. 286,310 MBF	\$102.5 - \$124		
-NW	12,122 acres. 271,107 MBF	\$97.4 - \$118	Active- Areas designated for timber harvest	Conduct further evaluation for retention or disposal.
			Limited – Areas classified by ODF as Special Stewardship	Manage for resource values.
-SE (Yainax Butte)	3,037 acres. 15,203 MBF	\$5.1 - \$6	Active	Investigate the potential for savings in administration costs through de-certification. As a secondary priority, evaluate for retention or disposal.
<i>Subtotal Blocked Lands</i>	<i>103,087 acres. 2.7MMBF</i>	<i>\$454 - \$622</i>		
SCATTERED ISOLATED (UNBLOCKED) PARCELS				
NW Oregon	4,243 acres. 72,200 MBF	\$25.6 - \$32	Active	Retain but evaluate for disposal on a parcel-by-parcel basis. As part of the evaluation, appraise both land and timber values. As a priority, evaluate 578 acres for disposal.
SW Oregon	14,413 acres. 207,274 MBF	\$89.9 - \$108	Active	Retain but evaluate for disposal on a parcel-by-parcel basis. As part of the evaluation, appraise both land and timber values. As a priority, evaluate 2,397 acres for disposal.
-Winchester Bay Tract Douglas County T22S R12W S07C TL300 T22S R13W S13 TL200 T22S R13W S12 TL200	190 acres. 6,680 MBF. Unleased.	Land value - not appraised; \$197,640 RMV. Timber value – appraised; \$2.6 - \$3.2	Active	Prepare SAMP and investigate potential for lease, sale or exchange to OPRD or Douglas County.
NE Oregon	6,704 acres. 25,196 MBF	\$6.8 - \$9.2	Active	As a priority, evaluate all parcels for disposal. To guide the management of NE Forest Lands, including the determination of parcels for disposal, contract for a new inventory and complete a revised valuation based upon the updated inventory.
SE Oregon	2,338 acres. 5,240 MBF	\$1.9 - \$2.6	Active	As a priority, evaluate all parcels for disposal.
<i>Subtotal Scattered Isolated Parcels</i>	<i>27,699 acres. 309,901 MBF</i>	<i>\$124 - \$152</i>		
Total All Forest Lands	130,786 acres	\$594-\$794		
Forest Lands Classified as Special Stewardship(2)	24,380 acres	\$108-\$224		
Total	106,405 acres	\$486-\$570		

Notes:

(1) Included is the estimated volume of commercial timber, calculated as MBF = Million Board Feet.

(2) See Special Stewardship section for description of Forest lands managed by DOF as Special Stewardship.

RMV = Real Market Value

Agricultural Lands

Description

Approximately 5,856 acres are classified as Agricultural lands. Agricultural lands are either Trust or Non-Trust lands that possess a combination of factors such as Class I-IV soils (as identified by the National Resource Conservation Service) and favourable precipitation, growing season, and water availability. The lands may be developed (e.g., cultivated, irrigated, fenced, etc.) for the production of all types of agricultural commodities. All of the agricultural leases are in central and eastern Oregon. In FY 2006, agricultural land revenues totaled \$150,700. Expenses are combined with those for Rangelands.

General Strategies

- 1.** Manage Agricultural lands primarily for the production of agricultural commodities. Secondary uses (for example, communications sites or pipeline easements) are allowed as long as they do not substantially interfere with the primary use. Mineral, oil and gas, and geothermal exploration and development is permitted only if there is limited surface occupancy, or the anticipated royalties exceed the projected agriculture lease revenue.
- 2.** With renewal of leases, establish new lease rates based on land values and reduce the term of leases.
- 3.** Encourage the conversion of lower value land (e.g., Rangelands) to Agricultural lands if such a change in use does not result in significant adverse impacts to watersheds and natural and cultural features and meets appropriate investment standards and return analyses.
- 4.** Encourage lessees to undertake improvements to Agricultural lands to improve productivity. The Department may participate in improvements that meet the appropriate investment standards and return analyses.
- 5.** Where return on investment warrants, pursue water rights sufficient to serve irrigation, and to serve other needs for water associated with standard farming practices.



RETENTION, ACQUISITION & DISPOSAL STRATEGIES, AGRICULTURAL LANDS

Action	Locational Considerations	Other Considerations
Retention	All Agricultural lands, except for unleased parcels identified for evaluation for disposal.	
Acquisition	<ul style="list-style-type: none"> • Throughout Oregon, with a preference for lands west of the Cascades, particularly in the Willamette Valley. Preferred properties will be located in established agricultural areas. • Preferably in traditional markets or products that experience long-term economic stability and growth. Speculative markets or products will generally be avoided. • Developed water is desirable. • Physical and legal access is available, and the property is near transportation networks. • Surrounding land uses are compatible with agricultural land management activities. • Located in an area designated by a county comprehensive plan as Exclusive Farm Use. 	<ul style="list-style-type: none"> • Property is large enough to be farmed economically and managed efficiently. Economic farm size is dependent upon the preferred crops and nature of existing land-uses and infrastructure; minimum size may range from less than one hundred acres to several hundred acres. • Properties should be sufficiently productive to attract desirable lessees. Soil, climate and market factors need to combine to produce reasonable returns, both to the lessees and to the trusts. • Soils should be high quality and productive for current or intended land use(s) as documented by the Natural Resource Conservation Service. • For irrigated farming properties: <ul style="list-style-type: none"> - Preferred properties are served by a self-contained, independent (certified/permitted) water source and delivery system(s), or are located in an irrigation district. - Water quantity and quality shall be sufficient to irrigate current and intended crops and acres. Areas of declining water tables will be avoided. - Property should be capable of producing a variety of crops, particularly high value crops. - Preference will be given to lands located in zones of 12 inches or more of annual precipitation, and be capable of producing annual crops. - Areas of stable soils that are highly productive and have low soil erosion potential from usual and customary tillage practices are preferred. • Generally avoid lands with state or federally-listed species.
Disposal	Unleased parcels.	

TABLE 5: SPECIFIC IMPLEMENTATION STRATEGIES, AGRICULTURAL LANDS

Land Type/Location	Description	Value (millions)	Management Category	Strategy
<i>Leased Parcels</i>	Trust 5,700 acres 10 leases	\$6.8	Active	Retain in core of permanent landownership. Investigate potential to transition to crops with higher revenue potential. Invest to increase value.
Short-term Lease (1)	7 leases			Renegotiate leases to market rates when they expire and periodically review to ensure market rates are attained.
Long-term Lease	3 leases			Work with lessees to renegotiate leases to market rates.
<i>Unleased Parcels</i>	22.77 acres			Evaluate for disposal.
Polk County T7S R5W S1 TL100	Trust 13 acres	NA	Limited	Evaluate for disposal.
Wasco County T2N R12E S14 TL600	Trust 9.77 acres	NA	Limited	Evaluate for disposal.
Crow Island Malheur County 18S 47E S28 TL 1001	Non-Trust 76 acres.	Not appraised.	Active	Review use agreement.
Snake River Island Malheur County T18S R47E S34	Non-Trust 57 acres	Not appraised.	Active	Review use agreement.
Total	5,856 acres	\$6.8		
Note: (1) Lease expires within 3-4 years.				



Rangelands

Description

The Department manages approximately 628,496 acres of Rangelands located primarily in central and eastern Oregon (Lake, Harney and Malheur counties). Much of this land is arid or semi-arid rangeland and contains vegetation consisting of grasses, grass-like plants, forbs and shrubs suitable for grazing.

About 98% of Rangelands are leased, with 135 active forage leases in FY 2006. Of these, 43 are leases on large blocked parcels of more than 1,000 acres each. The remainder are smaller “isolated” parcels that are difficult to manage due to size, isolation, and lack of access. Together, the Department’s leases have a carrying capacity of about 62,800 animal unit months (AUM’s; the amount of forage necessary to feed one cow and one calf for one month). Lease fees are recalculated annually based on a formula established by the Land Board in 1995. The current annual rate is \$5.60 per AUM.

In addition to forage leases, there currently are 10 communication site leases; 24 easements and rights of entry; and one special use lease in effect on Rangelands. Total revenue generated in FY 2006 was \$467,604, with an additional \$300,000 generated from land sales. Total expenditures were \$173,388 (includes Agricultural lands expenses). A portion (12.5%) of grazing lease revenues are specifically allocated for Rangeland land improvements. Rangelands are managed pursuant to rangeland management plans developed by Department staff in consultation with the lessee and other interested parties such as the Oregon

Department of Agriculture, Oregon Natural Desert Association, and the Oregon Department of Fish & Wildlife. These plans contain, among other things, grazing schedules by pasture and specific management objectives for the leasehold.

In March, 2004, the Oregon Secretary of State’s Audits Division released an audit that examined whether the Land Board and Department are maximizing the long-term income generated by Rangelands. The two principal recommendations from that audit are:

- ☀ The Department should sell all or part of its Rangelands through an open competitive bidding process or exchange all or part of these lands for better performing assets; and
- ☀ The Department should obtain market rates for Rangeland leases either by reinstating competitive bidding for leases or by increasing grazing fees to market rates.

In summer of 2004, the Department established a Grazing Fee Advisory Committee to review the grazing fee formula. In June, 2006, in response to Committee recommendations, the Land Board authorized the Department to initiate rulemaking to set a minimum fee of \$4.25 per AUM for a grazing fee formula, establish an annual minimum grazing lease fee to cover the Department’s administrative costs, and make “housekeeping” changes. The Committee also recommended that the Department explore alternative uses of Rangelands in an attempt to raise additional revenue (e.g., energy production and recreation).

General Strategies

1. Manage Rangeland to ensure sustained forage yields for livestock consistent with best management practices. Grazing levels may be adjusted, in consultation with lessees, on both Trust and Non-Trust Lands to protect Rangeland health and the long-term value of the land. Alternative uses for a leasehold may be authorized, even if the leasehold is already subject to Rangeland lease for grazing or an alternative use, if such uses are:
 - ✓ Not specifically prohibited by an existing lease; and
 - ✓ Compatible, or do not unreasonably interfere, with uses previously authorized on the same leasehold.
2. To improve the ROAV and other performance measures for Rangelands, the Land Board and Department will:
 - ✓ Periodically review and, as appropriate, adjust the lease rate and formula; and
 - ✓ Where possible, reduce expenses and contain management costs.
3. Manage Rangelands to ensure long-term Rangeland health. Toward this end, the Department will:
 - ✓ Complete rangeland condition inventories for lands under lease;
 - ✓ Work cooperatively with lessees to continue to implement Rangeland practices that maintain, achieve, or restore healthy, properly functioning ecosystems and maintain, restore, or enhance water quality;
 - ✓ Assist in Rangeland developments and practices that will maintain or improve Rangeland health, including forage yield, where consistent with Land Board investment standards and environmental objectives; Rangeland improvements must be approved pursuant to the Rangeland management plan and lease agreement. All improvements, including fencing, will be designed, constructed and maintained to avoid adverse effects on wildlife populations and on hunting, trapping and other recreational uses;
 - ✓ Manage Rangelands to reduce, prevent, and eradicate noxious plants/invasive species; and
 - ✓ Update rangeland management plans, in cooperation with the lessee, for each blocked leasehold.
4. Develop SAMP's for selected Rangeland blocks in Southeast Oregon.
5. Assess opportunities to combine Rangeland management plans with SAMP's to address management and resource issues at a regional or area-wide basis.
6. In accordance with recommendations from the 2004-2006 Grazing Fee Advisory Committee report, explore and implement where feasible: (1) fees for outdoor recreational activities on Rangelands, including guided hunting or controlled hunts; and (2) leases for renewable energy exploration and production.
7. Conduct a periodic review of the Department's Rangeland fire suppression agreement with BLM.

RETENTION, ACQUISITION & DISPOSAL STRATEGIES, RANGELANDS

Action	Locational Considerations	Other Considerations
Retention	Leased blocked Rangelands	
Acquisition	Only through exchange, Rangelands that are adjacent to state-owned lands for purposes of blocking up existing Rangeland ownerships, increasing access or improving manageability.	<p>In evaluating properties to acquire through exchange, preference will be given to:</p> <ul style="list-style-type: none"> • Areas of healthy plant communities, less subject to noxious weeds, and with sufficient vegetative cover to resist the invasion of noxious weeds. • Properties that have (or have access to) stock water and water rights. • Properties that have multiple use potential, and the ability to be used for alternative purposes such as renewable power generation, recreation, wildlife habitat, mineral extraction, oil and gas leasing, irrigated agriculture, communication sites, commercial or higher and better use development.
Disposal	<ul style="list-style-type: none"> • As a priority, unleased, isolated Rangelands • Leased, isolated Rangelands on a case-by-case basis. 	

TABLE 6: SPECIFIC IMPLEMENTATION STRATEGIES, RANGELANDS

Land Type/Location	Description	Value (millions)	Management Category	Strategy
Leased Blocked	Trust & Non-Trust 592,781 acres	\$48	Active	Retain in core of permanent land ownership. Invest in resource inventories, fire protection and range improvements.
Leased Isolated	Trust & Non-Trust 24,987 acres	\$3.2	Active	Invest in resource inventories, fire protection and range improvements. Revise minimum lease rates. Dispose of on case-by-case basis.
Unleased Isolated	Trust 12,368 acres	\$2	Limited	Conduct appraisal and evaluate for disposal. Investigate potential value for recreational and residential uses.
Total	628,496 acres	\$67.9-\$85		

Industrial/Commercial/ Residential (ICR) Lands

Description

The Department manages approximately 4,957 acres classified as ICR Lands. This land typically will have or be close to infrastructure (e.g., sewer, water and roads) and zoned for industrial, commercial or residential uses. Examples include the Skipanon Tract in Warrenton, the South and North Tongue Point marine industrial sites in Astoria, four cabin sites on Lake Owyhee, and the agency's headquarters building in Salem. In FY 2006, ICR lands generated \$626,850 in income, with an estimated \$588,679 in expenditures. Nearly all the revenue was generated from lease of office space in the Department's headquarters building.

General Strategies

1. Manage ICR lands for non-resource uses (e.g., industrial, commercial and/or residential development). Promote development that is sustainable that uses 'green' building materials and development practices.
2. Develop individual management plans for ICR lands as appropriate. Generally, flexibility will be exercised in managing these lands to obtain the highest possible rate-of-return on asset value and/or asset appreciation consistent with Trust or Non-Trust obligations. (Examples include joint venture leases, with "master lessee" or individual leases solicited through a Request for Proposals process, or outright sale or exchange.) Short and long-term management recommendations will be included as part of the management plan and approved by the Land Board.
3. Set lease rates for ICR properties based on comparable market lease rates.
4. For improvements and acquisitions of ICR properties, strive to exceed market rates-of-return. The Department may invest in both soft improvements (e.g., rezoning, land use permits, land division) and infrastructure improvements (e.g. roads, utilities) on ICR lands to the extent that investments result in long-term land appreciation or enhanced income generating capability.
5. Consider a variety of forms of acquisition and investment, including, but not limited to:
 - ✓ Fee acquisition of real estate subject to long-term unsubordinated ground leases on which the lessee has constructed quality improvements, with rents net of expenses;
 - ✓ Fee acquisition of improved real estate subject to master leases, with rents net of expenses;
 - ✓ Purchase and lease-back of improved real estate (may involve ground only or entire project);
 - ✓ Fee acquisition of improved real estate (office, retail, and commercial or industrial buildings); and
 - ✓ Construction and lease-back of state office buildings and facilities.
6. With few exceptions, invest in improved properties which are superiorly located, well-constructed, maintained to the highest standards, have limited management requirements or a demonstrated track

record of successful management in the past, and have the potential for conversion to other uses (i.e., building with single-tenant user converts to multiple-tenant configuration) where appropriate.

7. Evaluate investment decisions considering the reliability of the income stream and the financial rate of return, tenant credit history, and the use the tenant/lessee is making of the property, as well as fundamental real estate criteria such as location, occupancy trends, supply conditions, consistency with land-use.
 - ✓ Single-tenant properties should generally have a tenant/lessee with a strong balance sheet and sound credit rating reported by established credit bureaus. Multi-tenanted properties should also have tenants with good credit ratings.

- ✓ Properties with lessees/tenants who generate or handle hazardous substances should generally be avoided.
8. Seek partnerships with the Oregon Economic and Community Development Department, Oregon Housing and Community Services, Oregon Department of Energy, ports, local governments and other appropriate parties in planning for, marketing, managing and improving ICR lands.
 9. Evaluate the energy efficiency of the Department's office building and upgrade to be more efficient. Consider the use of renewable energy sources.

**RETENTION, ACQUISITION & DISPOSAL STRATEGIES,
INDUSTRIAL/COMMERCIAL/RESIDENTIAL (ICR) LANDS**

Action	Locational Considerations	Other Considerations
Retention	<ul style="list-style-type: none"> • Department's office building (and continue to lease) • Those portions of the Stevens Road tract identified for leasing through master plan direction. • South Tongue Point properties. • Other ICR lands until market conditions or other strategic opportunities justify their sale or exchange. 	See Table 7
Acquisition	<ul style="list-style-type: none"> • Throughout Oregon within urban or urbanizable areas, with a preference for lands along I-5, I-84, I-205, U.S. 26 and U.S. 97 highway corridors. • Acquire a site or develop existing CSF lands (e.g. Stevens Road Tract) for an office for the Department's Central Oregon staff that includes lease space for other tenants. 	<ul style="list-style-type: none"> • Lands with the potential to provide an attractive revenue stream and to achieve diversification in the CSF real estate portfolio. • Investments that will generate stable, current income with low to moderate levels of risk. • Avoid properties with environmental hazards.
Disposal	On a case-by-case basis, consider the sale or exchange of ICR lands based on market conditions, to capitalize on appreciation in value, or to take advantage of other strategic opportunities.	See Table 7

TABLE 7: SPECIFIC IMPLEMENTATION STRATEGIES, ICR LANDS

Parcel/Location	Description	Value(1)	Mgmt. Category	Strategy
Bayshore (Pier 3) Clatsop County T8N R10W S12 TL100	Non-Trust 12 acres of uplands. Leased by Port of Astoria for park and marine industrial uses. Current rent: \$11,920/yr.	Not appraised.	Active	Manage for urban development potential. Continue to lease to Port and seek additional leases compatible with Astoria waterfront redevelopment. Invest in improvements to increase value.
Skipanon Clatsop County T8N R10W S14 TL300	Non-Trust 212 acres. Former dredged materials disposal site and tidelands; leased to Port of Astoria for golf course. Current rent: \$38,400/yr	Appraised; \$384,000 (96 acres upland).	Active	Manage for urban development uses. Continue to lease. Invest in improvements to increase value.
North Tongue Point Clatsop County T8N R9W S11 TL5800	Trust 15 acres. Hazardous materials (hazmat) remediation site.	Not appraised.	Limited	Manage for non-development uses. Continue to coordinate with ACOE on hazmat cleanup. Evaluate future potential uses as part of remediation process.
South Tongue Point Clatsop County T8N R9W S12 TL101-103	Non-Trust 136.7 acres. 1 lease for 25.25 acres; minimal fee.	Not appraised.	Active	Manage for urban development potential. Continue to lease to Clatsop Community College (CCC) for Marine & Environmental Research and Training Center (MERTS). Conduct an appraisal and re-evaluate lease rate. Re-evaluate the site's master plan, specifically the potential for industrial development and rezoning to accommodate additional leasing opportunities on other portions not leased by CCC.
Dibblee Point Columbia County T7N R3W S1 TL100 T7N R2W S7 TL 100 & 200	Non-Trust 197 acres in five tax lots west of Rainier. Portion within UGB. Majority of site used for recreation. Portion of interior under lease to small sand and gravel operator.	Not appraised; \$1.55 M RMV.	Active	Manage for combination of non-development uses and for urban development potential. Manage for recreation access, as dredge spoils site for Columbia River Channel Deepening Project, and as sand and gravel aggregate site. In short-term, continue existing lease on western portion for sand and gravel extraction and as dredge disposal materials sales site. Retain industrially-zoned portion within UGB; seek developer and sell or lease. Investigate rezoning to industrial use for those portions within or proximate to the UGB. Contact US Gypsum regarding interest in purchase. Enter into recreation use agreement with OPRD or local government for recreation management.

TABLE 7, CONT'D.

Parcel/Location	Description	Value	Mgmt. Category	Strategy
Jones Beach Columbia County T8N R5W S33 TL100 & 200	Non-Trust 11 acres. Managed by Port of St. Helens. Popular windsurfing site.	Not appraised; \$5,700 RMV.	Active	Manage for dredge material storage and sales and public recreation uses. Ensure that zoning for the site allows for commercial sand and gravel operations (sale of dredged sands). Enter into recreation use agreement with OPRD or local government for recreation management.
Near Sandy River, north of Dodge Park Multnomah County T1S R5E S19 TL500	Trust 29.5 acres	Not appraised	Active	Evaluate for disposal.
Hood River County T2N R10E S4 TL 1800	Trust 20 acres.	Not appraised.	Active	Evaluate for disposal.
DSL Building Marion County T7S R3W S23 TL5400	Trust 2.01 acres. DSL headquarters and 4 leases.	Appraised; \$11.4 M.	Active	Retain and continue to lease. Periodically evaluate rental rates to ensure that they meet market rates for similarly classified office buildings. Continue to invest in maintenance, repairs, and efficiency upgrades.
Riverfront Property Marion County T7S R3W S28 TL600	Trust 0.63 acre. Located on riverfront in Salem. Zoned Residential Agriculture.	Not appraised.	Active	Manage for urban development potential. Possible sale/exchange to City of Salem or OPRD for Willamette River Greenway.
Marion County T8S R2W S22	Trust 11.9 acres Untaxlotted in-holding	Not appraised.	Active	Evaluate for disposal.
Stevens Road Tract Deschutes County T18S R12E S11	Trust 640 acres, bordering Bend's southeastern city limits; 12.49 acres within UGB. 11 easements.	Appraised; \$15.6 - 18.8 M.	Active	Manage for urban development potential. Include in Central Oregon SAMP. Complete Master Plan update and UGB amendment feasibility analysis. In coordination with City, seek UGB amendment and/or urban reserve designation. Invest in improvements to increase value. Seek master lessee to develop the site at urban densities.
Johnson Ranch Market Road Deschutes County T17S R14E S15 TL900	Trust 312 acres Grazing lease; Zoned EFU. Near Brusada Resort.	Not appraised.	Active.	Manage for rural development potential. Include in Central Oregon SAMP. Appraise and manage in accordance with SAMP or individual master plan.
Alfalfa Market Road Deschutes County T17S R14E S20 TL 10800; S29 TL 100; S28 TL 2500	Trust 200 acres. Leased for grazing. In area of large lot subdivisions/home sites. Near new destination resort (Brasada).	Not appraised; \$46,640 RMV.	Active	Manage for rural development potential. Include in Central Oregon SAMP. Appraise and manage in accordance with SAMP or individual master plan.
Ward Road Deschutes County T18S R13E S16 TL	Trust 39.1 acres. Surrounded by large lot subdivisions and	Not appraised; \$62,650	Active	Manage for rural development potential. Appraise as 40 four-to-ten acre sites or as planned unit development; investigate land division, water and road

TABLE 7, CONT'D.

Parcel/Location	Description	Value	Mgmt. Category	Strategy
Cline Butte Deschutes County T15S R12E S20 TL 5300 T15S R12E S21 TL 5300	Trust 160 acres. Leased to destination resort developer; adjacent to Eagle Crest Resort.	Not appraised; \$101,760 RMV.	Active	Manage for rural development potential. Appraise; continue to lease; evaluate for disposal. Include in Central Oregon SAMP as appropriate along with adjacent in-lieu land.
Peterson Burn Road Deschutes County T15S R10E S20 TL 1400	Trust 160 acres. Forest land.	Not appraised; \$339,200 RMV.	Active	Manage for rural development potential. Include in Central Oregon SAMP. Appraise and manage in accordance with SAMP.
Highway 20 Tract Deschutes County T16S R11E S9 TL 600	Trust 236 acres. Hwy. 20 frontage.	Not appraised; \$349,800 RMV.	Active	Manage for rural development potential. Include in Central Oregon SAMP. Appraise and manage in accordance with SAMP.
Redband Road Tract Deschutes County T16S R11E S8 TL 200	Trust 80 acres. County road frontage.	Not appraised; \$39,750 RMV.	Active	Manage for rural development potential. Include in Central Oregon SAMP. Appraise and manage in accordance with SAMP.
Juniper Canyon Crook County T15S R16E S36 TL 2300	Trust 636 acres. Leased for grazing. Zoned RRM-5. In area of large lot subdivisions and home sites.	Not appraised; \$90,560 RMV.	Active	Manage for rural development potential. Appraise and manage in accordance with SAMP or individual site master plan..
Prineville Airport Crook County T15S R15E S4/10 TL 1100	Trust 636 acres. Grazing lease on portion of tract. Zoned HM.	Not appraised; \$163,310 RMV.	Active	Manage for urban development potential. Include in Central Oregon SAMP. Appraise and manage in accordance with SAMP. Investigate potential for industrial development associated with Prineville Airport Industrial Park.
Millican Road Crook County T15S R15E S14 TL 2300	Trust 160 acres. Grazing lease.	Not appraised; \$90,640 RMV.	Active	Manage for rural development potential. include in Central Oregon SAMP. Appraise and manage in accordance with SAMP.
Cayuse Road Tract Crook County T16S R16E S22 & 27 TL2200	Trust 320 acres. Zoned RRM-5	Not appraised.	Active	Manage for rural development potential. Include in Central Oregon SAMP. Appraise and manage in accordance with SAMP.
Davis Road Tract Crook County T15S R16E S20 TL 1700	Trust 312 acres. Leased for grazing. In area of large lot home sites and subdivisions.	Not appraised.	Active	Manage for rural development potential. Appraise and manage in accordance with SAMP or individual site master plan..

TABLE 7, CONT'D.

Parcel/Location	Description	Value	Mgmt. Category	Strategy
Stillman Road Tract Crook County T16S R15E S5 & 6 TL 600 T15S R15E S32 TL 3700	Trust 144 acres	Not appraised.	Active	Manage for rural development potential. Appraise and manage in accordance with SAMP or individual site master plan.
N. Siuslaw/Bar View Lane County T18S R12W S09 TL500	Non-Trust 249 acres. Primarily inter-dunal lands.	Not appraised; \$295,000 RMV.	Active	Manage for non-development uses. Prepare SAMP and investigate potential for disposal as public recreation site and for natural resource protection. Appraise and manage in accordance with SAMP.
Lake Owyhee Cabins Malheur County T24S R44W S16 TL 200	Trust 160 acres. 4 cabin sites.	Not appraised; Cabins - \$69,330 RMV Land - \$33,880 RMV	Active	Manage for rural development potential. Renegotiate leases to market rates and periodically review to ensure market rates are attained. Investigate potential for additional cabin site development.
Government Hill Klamath County T38S R8E S10 TL800	Trust 40 acres. Surrounded by Running Y Ranch resort.	Not appraised.	Active	Manage for rural development potential. Appraise and evaluate for disposal to Running Y Ranch or others.
Wocus Klamath County T38S R9E S8 TL900	Trust 40 acres.	Not appraised.	Active	Manage for rural development potential. Appraise and evaluate for disposal.
Seven Devils Road Coos County T27S R14W S28 TL500	Trust 18 acres. Road easement held in perpetuity. Undeveloped. County has minor ownership interest.	Not appraised; \$109,890 RMV	Active	Manage for rural development potential. Evaluate for highest and best use and for disposal.
Ruch Tract Jackson County T38S R3W S16 TL 200	Trust 80 acres. Near Ruch.	Not appraised.	Active	Evaluate for rural development potential.
Applegate Tract Jackson County T38S R4W S16 TL 400	Trust 200 acres. Near Applegate.	About \$400,000 if sold with road and approved home site.	Active	Manage for rural development potential. Resolve access and home site issues. Develop disposal and marketing strategy.
Total	4,957 acres	\$31.1- \$34.3 (1)		
<p>Notes: (1) Estimate based on incomplete information. RRM = Rural Residential, 5-acre minimum HM = Heavy Manufacturing</p>				

Special Stewardship Lands (SS)

Description

About 38,220 acres are classified as Special Stewardship lands and managed primarily to ensure the protection of scenic, natural resource, cultural, educational or recreational values. This class may include both Trust and Non-Trust lands. Properties classified as Special Stewardship include the 4,771-acre South Slough National Estuarine Research Reserve in Coos County, State Scenic Waterways and federal Wild and Scenic Rivers, and tracts designated as conservation areas in the Oregon Natural Heritage Plan or as Special Stewardship by ODF.

The majority of lands classified as Special Stewardship are CSF lands managed by and currently designated by ODF as Special Stewardship lands. ODF, as contract manager for the majority of CSF Forest lands, classifies the lands under its management as General Stewardship, Focused Stewardship, or Special Stewardship. Special Stewardship lands are generally managed for uses other than timber production, e.g. aquatic and riparian habitat, energy and minerals, visual quality, or transmission corridors and sites.

South Slough NERR was the first reserve designated under the National Estuarine Sanctuary Program. Under this program, healthy estuarine ecosystems that typify different regions of the county are designated and managed as sites for long-term research, and are used as a base for estuarine education and interpretation programs. The Reserve is administered as a partnership between

the National Oceanic and Atmospheric Administration (NOAA) and the Department. NOAA provides funding, national guidance and technical assistance. A 2006-2011 Management Plan guides the work of the Reserve. Daily operations are managed by the Department with direction from the South Slough NERR Management Commission. The Department holds title to the lands within the NERR and manages them as CSF assets.

General Strategies

- 1.** Manage Special Stewardship lands primarily to ensure the protection of unique scenic, wildlife, cultural, natural, or recreation values, and for research or education opportunities. Revenue generation activities will generally be permitted only if they do not adversely impact these values.
- 2.** Develop criteria and policies for the identification, classification and management of lands containing sensitive or unique natural, cultural or recreational resources.
- 3.** Establish, as necessary, special management prescriptions through the SAMP process to ensure the protection of unique scenic, wildlife, cultural, natural, or recreation features, as well as watersheds and sensitive, threatened and endangered species, and to provide research and education opportunities.
- 4.** Consider the use of some Special Stewardship lands for wetland mitigation banks in order to generate revenues from the sale of mitigation credits.

**RETENTION, ACQUISITION & DISPOSAL STRATEGIES,
SPECIAL STEWARDSHIP LANDS (SS)**

Action	Locational Considerations
Retention	<ul style="list-style-type: none"> • Tracts identified by ODF as Special Stewardship <li style="padding-left: 20px;">South Slough National Estuarine Research Reserve • Astoria Airport Mitigation Tract
Acquisition	Acquire additional Special Stewardship lands if they can be acquired with Non-Trust monies and set aside for a particular Non-Trust purpose (e.g., wetland mitigation banking).
Disposal	Consider the transfer of management of Special Stewardship lands, either by agreement, sale or exchange, if it is determined that another agency or entity is better equipped to protect the resource and public interest values.



**TABLE 8: SPECIFIC IMPLEMENTATION STRATEGIES,
SPECIAL STEWARDSHIP LANDS**

Land Type/ Location	Description	Value (millions)	Management Category	Strategy
Parcels identified by ODF as Special Stewardship. Various locations	Trust 24,380 acres.	\$108 - \$224	Limited	Retain. Manage per forest management plans and Special Stewardship land standards. Continue to utilize for HCP mitigation where applicable.
Bayshore Tidelands Clatsop County T8N R10W S12	Non-Trust 241 acres of tidelands.	Not appraised.	Limited	Retain. Evaluate for exchange or transfer of management to entity that would manage for natural resource values.
Astoria Airport Mitigation Clatsop County T8N R10W S24 TL200; S25 TL 200	Non-Trust 46.72 acres. Wetland mitigation bank; undeveloped.	Not appraised.	Limited	Maintain use for mitigation banking.
Onion Peak Clatsop County T4N R10W S22&23	Trust 51 acres. NHA.	Not appraised.	Limited	Evaluate for exchange or transfer of management to entity that would manage for natural resource values.
Mott Island Clatsop County T8N R9W S1 TL600	Non-Trust 120 acres.	Not appraised.	Limited	Evaluate for exchange to DOI.
Rice Island Clatsop County Columbia River, RM 20	Non-Trust 200 acres. Columbia River island. Dredge spoils site.	Not appraised.	Limited	Maintain as dredge spoils site and for sand sales.
Knappa Slough Island Clatsop County T8N R7W S5&8	Non-Trust 5 acres. NHA.	Not appraised.	Limited	Evaluate for exchange to DOI.
Skull and Little Wallace Islands Columbia County T8N R4W S30 T8N R5W S35	Non-Trust 29 acres. Columbia River islands. NHA.	Not appraised.	Limited	Evaluate for exchange to DOI.
Gull Island Columbia County Columbia River, RM 55	Non-Trust 20 acres. Columbia River	Not appraised.	Limited	Evaluate for exchange to DOI.
Lord and Walker Islands Columbia County Columbia River, RM 62	Non-Trust 240 acres. Dredge spoils site.	Not appraised.	Limited	Maintain as dredge spoils site and for sand sales.
Goat Island Clackamas County T1N R4E S20; 28&29	Non-Trust 40 acres. PNHCA.	Not appraised.	Limited	Evaluate for exchange to OPRD.

TABLE 8, CONT'D.

Land Type/ Location	Description	Value (millions)	Management Category	Strategy
South Slough (Coos Bay) National Estuarine Research Reserve Coos County	Trust 4,771 acres; 3,771 acres uplands, 1,000 acres waterways. Managed in partnership with NOAA, NHCA.	Not appraised; \$4.7 RMV, excluding timber.	Active	Continue to manage primarily to protect sensitive natural resources and for research, education, and recreation opportunities. Develop administrative rules to provide for other sources of funding, including OPRD and fees, per Advisory Committee recommendations. Invest in a forest management and restoration strategy, including assessing the potential for limited harvesting in conformance with the NERR Management Plan.
Simpson Reef/Cape Arago Coos County T26S R14W S18	Non-Trust 40 acres. NHA.	Not appraised.	Limited	Held in joint ownership with OPRD. Retain. Evaluate for transfer of management to entity that would manage for natural resource values.
Rogue Reef Curry County T36S R15W S16-17, 21-22,27	Non-Trust 800 acres ⁽⁴⁾ . NHA. Offshore collection of rocks.	Not appraised.	Limited	Retain. Evaluate for transfer of management to entity that would manage for natural resource values.
Humbug Mountain/Lookout Rock Curry County T33S R15W S23-26, 35,36	Non-Trust 1,000 acres. NHA.	Not appraised.	Limited	Retain. Evaluate for transfer of management to entity that would manage for natural resource values.
Winchuck Slope Curry County T41S R12W S16	Trust 193 acres. NHCA.	Not appraised.	Limited	Retain. Evaluate for exchange to entity that would manage for natural resource values.
Crook Point/Mack Reef Curry County T38S R14W S30,31	Non-Trust 134 acres. NHA.	Not appraised.	Limited	Retain. Evaluate for transfer of management to entity that would manage for natural resource values.
Eight Dollar Mountain Josephine County T38S R8W S8, 9,15-22,27-29	rust 640 acres. NHA, adjacent to BLM ACEC. Inactive communication site lease.	Not appraised.	Limited	Manage by ODF for resource protection. Appraise and evaluate for disposal (sale or exchange) to entity, e.g., OPRD, that would manage for natural resource values.
Woodcock Creek Josephine County T38S R8W S16	Trust 640 acres. NHCA.	Not appraised.	Limited	Retain. Evaluate for exchange to entity that would manage for natural resource values.

TABLE 8, CONT'D.

Land Type/ Location	Description	Value (millions)	Management Category	Strategy
Douglas County T25S R4W S7 TL2300	Non-Trust 12.8 acres. Tidal marsh.	Not appraised.	Limited	Evaluate for disposal to USFS or South Slough NERR.
Newberry National Volcanic Monument in- holdings Deschutes County T19S R11E S36 TL 201 (Parcel A) T18S R11E S36 TL 1300 (Parcel B)	Trust 595 acres in two tracts adjacent to Monument: Parcel A: 515 acres. Parcel B: 80 acres.	Parcel A: \$96, 240 (RMV). Parcel B: \$26, 960 (RMV).	Active	Investigate geothermal potential. Evaluate for disposal (sale or exchange) to entity, e.g., USFS, that would manage for natural resource values e.g. lava fields.
Bull Flat Deschutes County T16S R11E S29-33	Trust 274 acres. NHA. Former Tumalo Reservoir site.	Not appraised.	Limited	Evaluate for disposal (sale or exchange) to entity that would manage for natural resource values.
Steens Mountain Summit Hamey County T33S R33E S 36	Trust 431 acres. NHA; communication lease site.	Not appraised.	Active	Maintain communication site leases. Evaluate for disposal (sale or exchange) to BLM as part of Steens Mountain Cooperative Management and Protection Area.
Klamath County T 40S R8E S22 TL 1400	Non-Trust 2 acres	Not appraised.	Limited	Evaluate for disposal.
Crump Lake South Lake County T38S R24E S34&35	Non-Trust 320 acres. NHA, with portions under grazing lease.	Not appraised.	Active	Retain. Continue leasing for grazing those portions not being managed as NHA.
Plute Creek Lake County T40S R26E S25,36 T40S R27E S30-32 T41S R27E S6-7	Non-Trust 1,300 acres. NHA, with portions under grazing lease (part of a larger grazing leasehold).	Not appraised.	Active	Retain. Continue leasing for grazing those portions not being managed as NHA.
Lake County T33S R21E S16 TL 500 T34S R21E S16 TL 200 T34S R21E S36 TL 200	Trust 1640.68 acres in three tracts: 639.13 acres 623.43 acres 378.12 acres Lake Abert bed and banks	Not appraised.	Limited	Evaluate for disposal to BLM.

TABLE 8, CONT'D.

Land Type/ Location	Description	Value (millions)	Management Category	Strategy
Malheur County T26S R43E S16 TL200	Trust 135 acres in two parcels: -101 acres -34 acres On Owyhee River above Lake Owyhee. State and federal Wild & Scenic River	Not appraised.	Limited	Evaluate for disposal to BLM.
Nestucca Bay Tillamook County T45 R10W S31-32 T55 R10W S5	Non-Trust 400 acres. NHA.	Not appraised.	Limited	Evaluate for exchange or transfer of management to entity that would manage for natural resource values.
Yachats Lincoln County T14S R12W S27	Non-Trust 160 acres. NHA.	Not appraised.	Limited	Evaluate for exchange or transfer of management to entity that would manage for natural resource values.
Total	38,219 acres	\$112.8-\$228.8		

Notes:

- (1) Includes ocean between offshore rocks
- ACEC = Area of Critical Environmental Concern
- ACOE = US Army Corps of Engineers
- BLM = Bureau of Land Management
- DOI = US Department of the Interior
- NHA = Natural Heritage Area listed in Register of Natural Heritage Resources by Oregon Natural Heritage Plan
- NHCA = Natural Heritage Conservation Area, as designated by Oregon Heritage Plan
- NOAA = National Oceanic and Atmospheric Administration
- ODF = Oregon Department of Forestry
- OPRD = Oregon Parks and Recreation Department
- RM = River Mile
- RMV = Real Market Value
- USFS = US Forest Service
- USFWS = US Fish and Wildlife Service

Waterways

Description

Almost 800,000 acres of submerged and submersible lands are classified as Waterways. These include submerged and submersible land under the Territorial Sea (i.e., oceanward to the Three-Mile Limit), tidally influenced land, and the non-tidally influenced bed and banks of 12 waterways and a number of lakes in the state. Waterways are Non-Trust lands.

The Department issues several types of authorizations for the use of state-owned submerged and submersible lands, including easements, leases, licenses, temporary-use permits and registrations. There are currently over 2,800 active waterway authorizations, including 437 waterway use leases and 23 sand and gravel licenses, with leasing activity concentrated along the Columbia and Willamette Rivers and coastal waterways. In FY 2006, Waterway leases generated almost \$1.9 million in revenues, against a total of \$685,049 in expenditures.

State ownership of waterways is established by the Oregon Admission Act and federal common law, including the Equal Footing Doctrine. Public rights of fishing, navigation, and commerce are “public” interests that apply to all tidelands, shorelines and underlying beds. The extent of public waterway ownership is determined by tidality or by title navigability. By tidality, most of the submerged and submersible lands subject to the ebb and flow of the tides are publicly owned. In some cases, lands between the ordinary high

and low tide on tidelands have been sold to private interests. Since 1995, state ownership of waterways (except meandered lakes) is based on a determination by the Land Board that they are title navigable, i.e., they were used or susceptible to use as a highway of commerce at time of statehood (ORS 274.402).

General Strategies

- 1.** Manage state land within the Territorial Sea in accordance with the provisions of the Oregon Ocean Resources Management Plan; ORS 196 and ORS 197; the Statewide Planning Goals, specifically Goal 19; the Department’s administrative rules; and other relevant state and federal statutes, regulations and policies.
- 2.** Manage submerged and submersible lands on title-navigable and tidal waterways to ensure the collective rights of the public to fully use and enjoy them for commerce, navigation, fishing, recreation and other related public purposes.
- 3.** Consistent with State law, conduct and complete navigability studies as directed by the Land Board to ensure the public’s right of use of rivers, lakes and other bodies of water to which the state has a valid ownership claim.
- 4.** Actively pursue leases and other authorizations for unauthorized uses and for unleased lands and enforce trespass regulations.
- 5.** Review state laws that affect the ability of the Department to charge for currently

- exempt waterway uses, e.g., prohibition on leasing for wharfs.
6. Conduct a review of policies and fees for easements for undersea cables, including a comparative assessment of policies and fees in California, Washington and British Columbia.
 7. Continue to update the waterway improvement inventory database, and ensure that new uses or changes to the use of state-owned submerged and submersible land are brought into compliance.
 8. Continue to be involved with the Hydroelectric Application Review Team to bring facilities without authorization that occupy state-owned submerged and submersible land into compliance.
 9. Pursue options to increase revenue from the beneficial uses of dredge spoils. Work with the State of Washington on review of royalty rates related to beneficial use of dredge spoils.
 10. Develop a policy regarding remedial actions to be taken by responsible parties for contaminated sediments on state-owned submerged and submersible land in the Portland Harbor Superfund Site.
 11. Develop, as necessary, cooperative agreements with government agencies and other entities regarding the Portland Harbor Superfund Site remediation activity.
 12. Investigate the potential for a conservation easement program for undeveloped waterway areas.

RETENTION, ACQUISITION & DISPOSAL STRATEGIES, WATERWAYS

Action	Locational Considerations
Retention	All, except consider the disposal of "new lands" (as defined in ORS 274.905), historically filled lands, and contaminated lands on a case-by-case basis.
Acquisition	Evaluate opportunities to acquire adjacent uplands to facilitate the development of prime waterfront locations as CSF investments, subject to performance targets and return-on-investment analyses.
Disposal	See Retention above.



TABLE 9: SPECIFIC IMPLEMENTATION STRATEGIES, WATERWAYS

Land Type/Location	Description	Management Category	Strategy
<i>Territorial Sea</i>	Non-Trust 600,000 +/- acres. (1)		Manage per Oregon Ocean Resources Management Plan, Statewide Planning Goal 19, and other state and federal policies and regulations.
Unleased	Submerged and submersible lands oceanward to Three-Mile limit	Limited	Manage for protection of public trust values.
Leased	1 lease. 2.9 acres. Commercial marina; Port of Port Orford.	Active	Manage for public trust values, including commercial uses. Evaluate lease rates.
<i>Submerged/Submersible Lands</i>	Non-Trust 200,000 +/- acres. (1)		
Leased	426 leases. 1,271 acres. - Commercial Marinas: 692 acres - Non-Commercial Marinas: 138 acres - Log Raft/Log Storage: 275 acres - Marine Industrial/Marine Service: 114 acres - Non-Marine (e.g., restaurants, retail, etc.): 17 acres - Other (historic vessel, government use, non-profit use): 39 acres	Active	Manage for public trust values, including commercial uses. Evaluate lease rates.
Unleased	All other tidally influenced land and non-tidally influenced bed and banks of 12 waterways and number of lakes	Limited	Continue to identify unauthorized uses and bring under authorization.
Total	800,000+/- acres		
Note: (1) Estimated acreage.			

Mineral and Energy Resources

Description

The Department is responsible for the management, leasing, and sale of state-owned mineral rights on approximately three million acres throughout Oregon. ORS 273.780 gives the Land Board authority for mineral and geothermal rights on most lands owned by the State of Oregon. These mineral rights occur on both the lands managed by the Department, as well as on lands owned by other state agencies. Approximately 753,000 acres occur in “split estates,” in which the Department owns the mineral rights but not the land surface associated with those rights. In addition to this acreage, the Department also manages 410,000 acres of mineral rights underlying Department land (which are included in other land asset classifications), and 2.1 million acres of mineral rights underlying surface acreage owned by other state agencies, such as ODF. The Department receives compensation from the production of minerals from these lands in the form of royalties on the value of the minerals mined, as prescribed by statute and/or administrative rule.

Mineral lands generated \$230,426 in revenues in FY 2006, against expenses of \$66,713. Among the minerals produced on state-owned land are rock, diatomite and natural gas. Most of the Department’s mineral rights are located in eastern Oregon, particularly in Lake, Harney and Malheur counties. These mineral rights generally occur as a “split estate,” underlying the surface of land owned by either a private party or another government agency, most often the BLM. Throughout the rest

of Oregon, the Department’s mineral rights typically are associated with scattered state-owned parcels, large forested areas, and state-owned submerged and submersible land. Although the Department of Geology and Mineral Industries (DOGAMI) is the regulatory agency for the development and reclamation/abandonment of mineral resources, the Department of State Lands manages the following mining activities on state-owned lands:

- ☀ Exploring for mineral deposits;
- ☀ Collecting mineral samples, including petrified wood and semi-precious stones;
- ☀ Recreational mining such as panning, sluicing, or dredging for gold or other metals in or along Oregon’s state-owned streams;
- ☀ Developing or mining mineral deposits; and
- ☀ Removing sand and gravel/rock from both upland as well as submerged and submersible lands.

Energy Resources include solar, geothermal, hydropower, wave energy, and wind energy sites. To-date, only hydropower resources have been developed on state land. However, opportunities exist for the future development of solar, geothermal, ocean and wind energy projects that could result in significant revenue to the CSF.

Solar Energy

According to energy experts, the West has great potential for solar energy production. The development of large-scale solar energy “farms” or “parks” is currently being investigated. Some solar facilities have been operating in the Southwest U.S. for over a decade. Concentrating Solar Power (CSP) is the most likely means for

commercial-scale energy production, although photovoltaic cells also have commercial potential. CSP uses various systems to concentrate sunlight through mirrors or lenses to heat a liquid harnessed to a steam turbine. The Department's rangelands, located in the sun-rich, arid high desert of eastern Oregon, may offer potential sites for large-scale solar power production facilities. One site being investigated by the Department is near Hampton Buttes in eastern Deschutes County.

Geothermal Energy

Geothermal occurrences have been identified throughout much of Oregon east of the Willamette Valley. A number of occurrences have fluid that is of a sufficiently high temperature (greater than 212 degrees Fahrenheit; 100 degree Celsius) to be used to generate electricity. Mid- to high-temperature geothermal resources have been identified on lands on which DSL holds mineral rights in the vicinity of the Newberry Caldera, Paisley, Adel, Glass Butte, Klamath Falls, and Alvord Lake. Numerous other occurrences of low- and mid-temperature fluids also have been identified on or near state land.

Hydropower Energy

Marmot Dam operated by Portland General Electric on the Sandy River is currently the only hydroelectric facility under authorization, but that facility is de-commissioned. Opportunities for future revenue from authorizations are being investigated by the Department for other hydroelectric facilities located on waterways that have been determined to be title navigable,

e.g. segments of the Willamette, Klamath, and Snake River rivers.

Ocean Energy

Wave energy power plants have been constructed and successfully operated at a number of locations throughout the world. In 2004, the Electric Power Research Institute conducted a feasibility study of siting a wave energy power plant off the coast of Oregon in the vicinity of Gardiner. If a small (750 KW) demonstration wave energy power plant off the Oregon coast proves to be economically practical, it is possible that a commercial-scale wave energy power plant will be constructed. Any component of a wave energy power plant located within the Territorial Sea would require authorization by the Department.

Wind Energy

Numerous areas in Oregon have been identified to have sufficient wind characteristics to warrant the development of this resource. A number of major commercial wind farms have been constructed in Oregon having a total capacity of 263 MW. As much as 900 MW of additional wind power capacity is either under construction in, or being planned for Oregon. Some of this projected new capacity consists of expansions to existing wind farms. A number of parcels of CSF lands have been identified as having some potential for wind power development. For example, major wind generation facilities could be feasible at the Stockade Block in southeast Oregon and at Hampton Buttes in Deschutes County.

General Strategies

Mineral Resources

1. CSF lands will be open to mineral exploration and development subject to existing laws, regulations and management plans. CSF Lands will be open to mineral activity unless the proposed use would:
 - ✓ Have significant adverse and non-mitigable impacts on watershed integrity and natural, cultural or archaeological features;
 - ✓ Substantially conflict with, or preclude, existing or future uses of the subject land that offer a higher return;
 - ✓ Significantly interfere with the Public Trust uses on Non-Trust land; or
 - ✓ Are located within a federal Wild and Scenic River, state Scenic Waterway, or similarly designated area, and the proposal would not be permitted under the appropriate specific area management plan.
2. Develop working guidelines, in cooperation with other state agencies (e.g., DOGAMI, ODOE, ODFW, ODEQ, etc.) for permitting solar, gas, oil, wind, geothermal, mineral, and wave energy development using environmentally sound techniques.
3. Periodically review fees for mineral exploration and leases and royalties for mineral production.
4. Prior to investing in a mineral exploration or development project or acquiring a known mineral property, conduct a geological evaluation and financial analysis to ensure a rate-of-return commensurate with the risk.

5. Revise the administrative rules governing the issuance of authorizations for the exploration for/development of sand and gravel; oil and gas; geothermal resources; and quarry rock to make them more understandable to the public. Streamline the processes required to obtain the necessary authorizations; and ensure that they address agency and public concerns.
6. Partner with federal agencies and the private sector to identify and conduct needed research on environmentally responsible practices for sand and gravel operations within state waterways.

Energy Resources

7. Continue to participate in the implementation of the Oregon Renewable Energy Action Plan.
8. Explore solar, wind, geothermal, wave and other renewable energy source opportunities in coordination with the ODOE and other appropriate agencies.
9. Cooperate with biomass energy developers in locating potential facility site locations on state lands where it can be accommodated, taking into account the Department's Trust obligations and current lease commitments.
10. Develop administrative rules governing wind turbines/wind farms and ocean wave generating facilities.
11. Investigate the feasibility of an energy park, with solar, wind and other energy-producing sources, at the Department's Hampton property and/or other appropriate locations.

RETENTION, ACQUISITION & DISPOSAL STRATEGIES, MINERAL & ENERGY RESOURCES

Action	Locational Considerations
<i>Mineral Resources</i>	
Retention	All mineral interest ownerships unless a geologic evaluation reveals no or extremely limited mineral or geothermal potential
Acquisition	
Disposal	Exchange mineral rights with the BLM on split estate lands when it results in equivalent mineral or geothermal potential.
<i>Energy Resources</i>	
Retention	Retain all known energy resources.
Acquisition	
Disposal	See Retention above.



**TABLE 10: SPECIFIC IMPLEMENTATION STRATEGIES,
MINERAL & ENERGY RESOURCES**

Land Type/Location	Description	Value	Management Category	Strategy
MINERAL RESOURCES				
<i>Leases</i>				
Balsam Quarry Klamath County 39S 8W11 TL 200, 1200	Trust 66 acres. Limited rock quarry; reserves appear exhausted. Approximately 15 acres in TL 200 and 40 acres in adjoining TL 1200 are undeveloped.	Not appraised; TL 200 - \$35,200 RMV ⁽²⁾ ; TL 1200 - \$8,800 RMV ⁽²⁾ .	Limited	Conduct appraisal and evaluate for disposal.
Eagle Picher Mine Harney County 19S 36E S19	Trust 640 acres. Diatomaceous earth production.	Appraised; \$1.17- \$1.56M.	Active	Retain. Renegotiate lease to reflect various uses of site.
Windsor Rock. Marion County 6S 3W S16&21	Non-Trust 100 acres. Combination lease-sand and gravel operation and land rental.	Not appraised.	Active	Retain. Continue to lease.
Fort Rock Lake County 26S 15W S16 TL 2100	Trust 30 acres (portion of 640- acre tract). Gravel pit.	Not appraised; \$4,150 RMV ⁽²⁾ .	Active	Appraise and investigate for expansion of aggregate extraction.
Oil and Gas Leases Columbia, Clatsop and Coos Counties	Trust & Non-Trust. 4 upland leases; 321 acres. 9 waterway leases; 11,739 acres.	Not appraised.	Active	Manage per lease agreements.
Subtotal Leases	846 acres ⁽¹⁾	\$1.22-\$1.26 M ⁽²⁾		
<i>Mineral Rights</i>				
Subsurface Rights Only	Trust & Non-Trust 753,000 acres.	Not appraised.	Limited	Respond to applications for leases and exploration permits. Periodically review lease, fee and royalty rates.
- Mineral rights within Steens Mountain Cooperative Management and Protection Area	Trust 33,000 acres.	Not appraised.	Evaluate	Evaluate for sale or exchange to BLM.
Split Estates	Trust & Non-Trust 410,000 acres. Includes both surface and subsurface rights.	Not appraised.	Limited	Respond to applications for leases and exploration permits. Periodically review lease, fee and royalty rates. Investigate exchanges with BLM on split estate lands, with the Steens Mountains a high priority.

TABLE 10, CONT'D.

Land Type/Location	Description	Value	Management Category	Strategy
ENERGY RESOURCES				
<i>Hydropower</i>				
Easements	Non-Trust Marmot dam on Sandy River.	Not appraised.	Active	
Facilities on navigable waterways	Non-Trust - J.C. Boyle Dam on Klamath River (RM 223) - Hells Canyon Dam on Snake River (RM 248) - Oxbow Dam on Snake river (RM 273) - Brownlee Dam on Snake River (RM 285)	Not appraised.	Active	
<i>Wind and Solar Energy</i>				
Hampton Buttes Deschutes County 21S 19E; 20S 19&20E; numerous sections	Trust 2 large blocks totaling several thousand acres	Not appraised.	Active	Investigate suitability for energy park and reclassify if appropriate
Other Suitable Sites	Trust & Non-Trust - Several small parcels in northern Umatilla County. - Numerous parcels within the Stockade Block in Malheur and Harney Counties. - A small parcel in the vicinity of Union in Union County. - A small parcel in the vicinity of Chenoweth in Wasco County. - A small parcel on the North Coos Bay Spit. - A small parcel near Nicolai Mountain in Clatsop County.	Not appraised.	Active	Investigate suitability. Cooperate with ODOE, Energy Trust, other agencies, and developers to identify and develop sites.
<i>Wave energy</i>	Non-Trust Unknown	NA	NA	Work with ODOE, utilities and private parties to identify potential projects. Establish rules for siting and fees.
<i>Geothermal</i>	Trust & Non-Trust Undeveloped sites at Steens Mountain, Newberry Crater, and other locations	Not appraised	Limited	Cooperate with ODOE, DOGAMI and developers to identify and develop sites.
Total	753,130 acres	Undetermined		

Notes:

- (1) Incomplete; does not reflect acreage for oil and gas leases.
- (2) Does not include value of subsurface aggregate material.
- (3) Estimates based on incomplete information.

DOGAMI = Department of Geology and Mineral Industries

M = Million

RM = River Mile

ODOE = Oregon Department of Energy

Expected Outcomes

This Plan provides the policy direction and management principles to guide the short- and long-term management of the CSF's real estate assets. Anticipated key outcomes are:

- ☀️ Balanced approach to revenue enhancement and resource stewardship.
- ☀️ Consistent and sustained stream of revenue from the CSF to K-12 schools throughout the state.
- ☀️ More aggressively managed portfolio, with a strong focus on ICR lands and Mineral and Energy Resources to generate new revenues.
- ☀️ Rebalanced portfolio through investment in assets with high performance potential and the strategic disposal of selected assets.
- ☀️ Market level rates for leases and other authorizations.
- ☀️ Investment standards that help determine the value of proposed land acquisitions and capital improvements.
- ☀️ Realistic performance targets that assist the Land Board and Department in measuring progress in achieving key outcomes.
- ☀️ Disposal in the short term of approximately 12,000 acres of unleased, isolated Rangelands and a significant proportion of 12,000 acres of Forest lands identified for evaluation for disposal.
- ☀️ Disposal, through sale or exchange on a case-by-case basis, of assets not meeting management expectations; certain ICR lands for development purposes; and certain Special Stewardship lands to other entities to manage for resource protection.
- ☀️ Use of sale proceeds to acquire and/or improve ICR lands, Agricultural lands, Forest lands, and energy sites. Because of the overly speculative nature of such projections, an acreage figure is not estimated for land acquisitions during the planning period. Rather, for illustration purposes only (this does not represent policy direction), it is estimated that \$20 to \$25 million in revenues could be generated through land sales. It is assumed that 60% of those could be reinvested in land acquisitions, with the remainder invested in land improvements or held in the Revolving Fund. Thus, approximately \$15 to \$18 million could be expended on land acquisitions, with \$10 million on the acquisition of new ICR lands, \$3 million on Forest lands, and \$5 million on Agricultural lands.

It is expected that rebalancing of the CSF real estate portfolio will occur through the timely disposal of some land assets and investment/reinvestment in assets with greater return potential. This rebalancing will be accomplished through:

- ☀️ Completion of approximately 3,400 acres of in-lieu selections of federal land owed to the state.

These and other Plan strategies are expected conservatively to generate \$5 to \$10 million in gross revenues from land sales over the next five years and \$20 to \$25 million over the ten-year planning period. Timber harvests, leases,

easements, rents and other use authorizations would add to the revenues generated. To achieve these efforts, the Department's administration costs could increase as much as \$1 to \$2 million per biennium.



Monitoring and Updating

Ongoing monitoring of Plan implementation will occur through a variety of means including:

- ☀ Annual reports by the Department to the Land Board designed to provide a compilation of land management activities for the past fiscal year and a progress report on Plan implementation.
- ☀ Annual reports to the Legislature on the agency's progress in meeting its performance measures.
- ☀ Biennial reports to the Legislature on Plan implementation.

Land classifications, performance measures and targets, and implementation priorities will be periodically evaluated and updated as identified in the Plan.

To implement the Plan, the Department must compile additional information, must engage in additional planning, initiate administrative rule-making and undertake a variety of other tasks. The Land Board and the Department will continue to seek public input as the plan is implemented. The plan will be reviewed and updated beginning in 2014 through a public process.



For More Information

In addition to managing the resources described in this report, the Department of State Lands provides some direct services to the public and regulates certain aspects of the protection of Oregon's waterways.

DSL acts as a trustee for unclaimed property, administers estates with no known heirs, manages the South Slough National Estuarine Research Reserve (near Coos Bay), and provides support to the Oregon Natural Heritage Advisory Council. Moreover, DSL also maintains historical records on all state land transactions.

DSL administers Oregon's Removal-Fill Law, which requires a permit to remove, fill, or alter more than 50 cubic yards of material in the state's waterways. Wetlands conservation and management also is a key responsibility of DSL.

Contact our Salem office for further information about this Plan or any of the other services DSL provides. You may also access the Plan on the Department's Web site: <http://www.oregonstatelands.us>

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Appendices



Glossary

Recommended
Forest Lands
for Disposal
Evaluation

Glossary

— A —

Active Management - Category applied to lands that are leased, occupied with facilities, or otherwise being actively managed and included in the assessment of performance targets.

Agricultural Lands - Lands managed for the production of agricultural commodities.

AMP - 1995 Asset Management Plan; replaced by this Plan.

Authorization - Any permission given by the Land Board or Department for the use of CSF lands. Includes leases, easements or rights-of-way, licenses, temporary use permits, etc.

— B —

BLM - Bureau of Land Management, U.S. Department of the Interior.

Blocked Lands - Blocked Forest lands are those CSF lands that are adjacent to other CSF or BOF lands and that have been consolidated into units for more efficient management. Blocked Rangelands are those where the total contiguous area is 640 acres or greater.

BOF - Oregon Board of Forestry.

— C —

Certified Forest Lands - Forest lands managed by ODF for DSL.

CSF - Common School Fund.

CSFL - Common School Forest Land; trust forest lands.

— D —

De-Certified Forest Lands - Forest lands returned by ODF to DSL for management.

Department (DSL) - Oregon Department of State Lands.

Disposal - Transfer, exchange or sale from DSL to another entity.

DOGAMI - Oregon Department of Geology and Mineral Industries.

DOI - U.S. Department of the Interior.

— E —

Energy Resources - Includes solar, geothermal, hydropower, wave energy, and wind energy.

— F —

Fair Market Value - The amount of money a willing buyer or lessee will pay to purchase or lease for property of the same or similar use as the subject.

Forest Lands - Lands managed primarily to produce merchantable timber for periodic harvest and sale according to a specific plan developed by forest managers.

— I —

Industrial/Commercial/Residential Lands (ICR) - Lands managed for industrial, commercial or residential uses or managed as transitional lands pending anticipated urban development.

In-Lieu Lands - Trust lands granted to the State in lieu of Sections 16 and 36 if they were not available at time of statehood.

Isolated Parcel - A parcel that is either largely surrounded by land not owned by the state, isolated from larger state-owned tracts, and/or difficult or uneconomical to manage. Isolated Rangelands are those parcels or groups of parcels less than 640 acres in size.

— L —

Land Classes, Classification - System to classify lands by suitability for both existing and potential uses and to apply management prescriptions to categories of land uses.

Limited Management - Category applied to lands that are not leased, actively managed, or invested in and that are excluded in the assessment of performance targets.

— M —

Market Rate of Return - The ratio of net operating costs to the asset value for similarly-situated business enterprises. It is expressed as a percentage.

Mineral Lands - State-owned subsurface mineral ownership interest and lands developed for mineral resource development or exploration.

Mineral Resources - Includes oil, gas, sulfur, coal, gold, silver, copper, lead, cinnabar, iron, manganese and other metallic ore, and any other solid, liquid or gaseous material or substance excavated or otherwise developed for commercial, industrial or construction use from natural deposits situated within or upon state lands, including mineral waters of all kinds.

— N —

Natural Heritage Conservation Area (NHCA) - A natural area dedicated by the State Land Board under the Natural Heritage Act as part of

a statewide system of protected natural areas. NHCA's can be state or privately owned.

New Lands - Lands created on state-owned submerged and submersible land by artificial fill or contaminated submerged and submersible lands.

Non-Trust Lands - Lands managed by DSL that are not Admission Act grant lands (e.g., navigable rivers, Swamp Land Grant Act).

— O —

ODEQ - Oregon Department of Environmental Quality.

ODF - Oregon Department of Forestry.

ODFW - Oregon Department of Fish and Wildlife.

ODOE - Oregon Department of Energy.

ODOT - Oregon Department of Transportation.

Oregon Natural Heritage Plan - 2003 plan to provide guidance to federal, state, and local agencies and private landowners on the most efficient way to create a comprehensive system of natural areas in the state. Establishes criteria for the selection of natural areas suitable for: (1) inclusion on the Oregon Register of Natural Heritage Resources; (2) dedication as a Natural Heritage Conservation Area; (3) designation as a Research Natural Area; or (4) designated as another public or private reserve.

Oregon Register of Natural Heritage Resources - A registry maintained by the Natural Heritage Program of significant natural areas, voluntarily managed in ways that protect one or more natural heritage resources.

— P —

Parcel - Property less than 640 acres

Performance Targets - Goals for return on asset value to be achieved during the planning period.

Plan - This 2006 Asset Management Plan; replaces 1995 AMP.

Planning Period - Ten years, the anticipated life of the AMP before revision.

— R —

Rangelands - Lands classified and managed for livestock grazing.

Real Market Value (RMV) - Land value established by county assessor's office for taxation purposes; typically lower than the appraised or fair market value.

Research Natural Area (RNA) - Areas established by federal agencies under the plan of the Pacific Northwest Research Natural Area Committee. The RNA is the federal counterpart of the NHCA, as the Oregon Natural Heritage Program is the state counterpart of the federal research natural area program.

Return-on-Asset Value (ROAV) - The ratio, expressed in percent, of the net operating income and the value of the asset.

— S —

Scattered Tracts - Small tracts of state forest land not contiguous to other DSL or ODF forest lands.

Specific Area Management Plan - Plan for a specific type, e.g., ICR lands, or area of state lands that is a site-specific plan to carry out

the goals and strategies of the AMP. Formerly referred to as area management plan.

Split Estates - Lands where surface rights and subsurface mineral rights are owned by separate parties.

State Land Board - Comprised of the Governor, Secretary of State, and State Treasurer, the Land Board serves as the trustee for the CSF.

Special Stewardship Lands - Lands managed primarily to protect sensitive or unique natural, cultural or recreational values.

Submerged Lands - Lands lying below the line of mean low tide in the beds of all tidal waters within the state; or below the ordinary low water line of non-tidal waterways.

Submersible Lands - Lands lying between the line of ordinary (mean) high water and the line of ordinary (mean) low water.

— T —

Territorial Sea - Waters and the seabed three miles (nautical) seaward of the mean low water.

Tract - Property greater than 640 acres, typically encompassing more than one tax lot.

Trust Lands - Lands granted the state for schools by the Admission Act or lands purchased/exchanged with proceeds or value derived from such lands.

— W —

Waterways - Submerged and submersible lands underlying navigable waterways, the Territorial Sea, and "swamp lands" granted to the state by the federal government.

Recommended Forest Lands for Disposal Evaluation

TABLE 1: SE OREGON REGION

COUNTY	LEGAL DESC.	ACREAGE	TOTAL PARCEL VOLUME (MBF)	VOLUME PER ACRE (MBF)	ESTIMATED VALUE	
					LOW VALUE	HIGH VALUE
KLAMATH	32S7.5E22	478.14	4.182	8.75	\$1,287,478	\$1,541,708
	32S7.5E23	641.34	1.108	1.73	\$518,444	\$590,898
STATE FOREST	32S7.5E24	653.10	2.347	3.59	\$891,917	\$1,046,581
	32S7E19	109.23	370	3.39	\$132,019	\$154,075
	32S7.5E26	319.55	2.087	6.53	\$671,735	\$799,707
	32S7.5E25	482.23	2.043	4.24	\$749,704	\$884,156
	32S7E34	201.88	1.691	8.37	\$548,420	\$656,832
	33S7E4	320.75	6.188	19.29	\$1,905,533	\$2,307,601
	33S7E3	160.26	3.929	24.52	\$1,182,100	\$1,434,105
Subtotal	SUN PASS	3,366.48	23.945		\$7,887,350	\$9,415,662
KLAMATH	37S11E25	243.64	1.286	5.28	\$441,477	\$523,341
	37S12E30	483.86	2.607	5.39	\$846,308	\$1,002,119
YAINAX BUTTE	37S12E29	639.66	4.212	6.59	\$1,327,713	\$1,580,117
	37S12E28	276.30	2.318	8.39	\$722,507	\$864,644
	37S12E31	162.60	684	4.21	\$231,757	\$272,419
	37S12E33	160.04	1.305	8.15	\$403,526	\$482,529
	37S12E32	81.18	98	1.20	\$53,652	\$60,162
	37S12E34	82.95	211	2.54	\$84,837	\$98,159
	38S12E5	120.20	147	1.22	\$79,482	\$89,132
	38S12E4	384.52	969	2.52	\$402,122	\$465,847
	38S12E3	244.72	677	2.77	\$278,842	\$324,492
	38S12E2	157.14	688	4.38	\$255,624	\$301,954
Subtotal	YANAIX BUTTE	3,036.81	15,203		\$5,127,846	\$6,064,913
Total SE OR		6,403	39,147		\$13,015,196	\$15,480,575

TABLE 2: NW OREGON REGION

COUNTY	LEGAL DESC.	ACREAGE	ADJACENT OWNERS	TOTAL PARCEL VOLUMES(MBF)	VOLUME PER ACRE (MBF)	ESTIMATED VALUE LOW	ESTIMATED VALUE HIGH
BENTON	32/13S/8W	161.10	Pr	1,549	9.62	\$635,709	\$ 759,077
Subtotal	BENTON	161.10		1,549		\$635,709	\$759,077
CLACKAMAS	36/2.5S/06E	63.03	BLM/FS	2,361	37.46	\$871,270	\$1,057,882
Subtotal	CLACKAMAS	63.03		2,361		\$871,270	\$1,057,882
CLATSOP	22/04N/10W	57.29	Pr	2,097	36.60	\$443,202	\$535,326
	23/04N/10W	140.70	Pr	2,059	14.63	\$550,904	\$657,694
Subtotal	CLATSOP	197.99		4,156		\$994,106	\$1,193,020
COLUMBIA	27/04N/04W	39.98	Pr	310	7.75	\$131,680	\$1,260,991
	08/05N/04W	38.43	Pr	295	7.68	\$125,335	\$148,917
Subtotal	COLUMBIA	78.41		605		\$257,015	\$1,409,908
YAMHILL	16/03S/06W	77.80	BLM/Pr	803	10.32	\$322,348	\$385,336
Subtotal	YAMHILL	77.80		803		\$322,348	\$385,336
Total NW OR		578.33		9,474.00		\$3,080,448	\$4,805,224

TABLE 3: SW OREGON REGION

COUNTY	LEGAL DESC.	ACREAGE	ADJACENT OWNERS	TOTAL PARCEL VOLUME(MBF)	VOLUME PER ACRE (MBF)	ESTIMATED VALUE LOW	ESTIMATED VALUE HIGH
COOS	22/24S/13W	17.58	FS	-	-	\$7,911	\$7,911
	18/30S/13W	154.85	Pri/BLM	2,679	17.30	\$1,469,583	\$1,780,672
	36/31S/10W	613.32	Pri/FS/BLM	3,000	4.89	\$1,854,480	\$2,205,254
Subtotal	COOS	785.75		5,679	7.23	\$3,331,974	\$3,993,837
CURRY	21/31S/13W	76.72	Pri	528	6.88	\$290,704	\$351,468
	16/39S/13W	299.29	Pri/BLM	2,131	7.12	\$305,618	\$350,489
	16/32S/13W	229.61	FS/BLM/Pri	11,206	48.80	\$5,864,576	\$7,144,854
	36/34S/13W	641.92	FS/BLM/Pri	4,387	6.83	\$1,462,614	\$1,723,448
	16/41S/11W	554.48	FS	2,280	4.11	\$1,422,272	\$1,718,001
	16/41S/12W	216.57	Pri/FS/CA	12,810	59.15	\$6,768,509	\$8,264,681
Subtotal	CURRY	2,018.59		33,342	16.52	\$16,114,292	\$19,552,940
DOUGLAS	07/22S/12W	8.90	Pri	278	31.24	\$110,242	\$133,949
	12/22S/13W	106.80	State Park	4,317	40.42	\$1,677,124	\$2,040,324
	13/22S/13W	62.30	State Park	2,363	37.93	\$947,193	\$1,152,143
	06/23S/09W	157.00	BLM	932	5.94	\$528,060	\$631,452
	18/25S/04W	38.37	Pri/BLM	-	-	\$15,348	\$15,348
	16/25S/07W	46.45	Pri	739	15.91	\$402,670	\$488,024
	36/29S/07W	123.63	Pri/BLM	3,916	31.68	\$2,093,384	\$2,547,592
Subtotal	DOUGLAS	543.45		12,545	23.08	\$5,774,021	\$7,008,831
LANE	36/16S/03E	80.08	Pri	386	4.82	\$194,655	\$229,903
	01/16S/04E	32.47	FS	1,474	45.40	\$290,682	\$352,031
	02/16S/04E	69.78	FS	3,003	43.04	\$1,234,698	\$1,502,098
	12/18S/09W	164.83	Pri	6,500	39.43	\$515,975	\$614,154
	06/23S/02W	30.99	Pri/BLM	124	4.00	\$60,110	\$70,369
Subtotal	LANE	378.15		11,487	30.38	\$2,296,120	\$2,768,554
Total SW OR		2,396.74		44,829	18.70	\$18,410,412	\$22,321,494

TABLE 4: SE OREGON REGION

COUNTY	LEGAL DESC.	ACREAGE	ADJACENT OWNERS	TOTAL PARCEL VOLUME(MBF)	VOLUME PER ACRE (MBF)	ESTIMATED VALUE	
						LOW	HIGH
DESCHUTES	05/14S/11E	40.24	BLM/Pri	196	4.87	\$57,545	\$80,281
	07/14S/11E	200.43	BLM/Pri	616	3.07	\$203,040	\$274,496
	08/14S/11E	120.62	BLM/Pri	-	-	\$36,187	\$36,187
	20/15S/10E	162.06	Pri	-	-	\$48,618	\$48,618
Subtotal	DESCHUTES	523.35		812	1.55	\$345,389	\$439,581
HARNEY	36/19S/31E	322.05	FS/Pri/BLM	1,485	4.61	\$478,493	\$677,483
	16/20S/29E	317.87	FS/Pri	802	2.52	\$265,532	\$358,564
	36/20S/30E	367.10	Pri	480	1.31	\$220,415	\$284,735
	36/21S/26E	314.87	BLM/Pri	-	-	\$78,718	\$78,718
Subtotal	HARNEY	1,652.98		4,123	2.49	\$1,489,337	\$2,027,383
KLAMATH	27/37S/14E	122.86	Pri/FS	305	2.48	\$107,363	\$136,106
	KLAMATH	122.86		305	2.48	\$107,363	\$136,106
Total SE OR		2,299		5,240	2.24	\$1,942,089	\$2,603,070

TABLE 5: NE OREGON REGION

COUNTY	LEGAL DESC.	ACREAGE	ADJACENT OWNERS	TOTAL PARCEL VOLUME(MBF)	VOLUME PER ACRE (MBF)	ESTIMATED VALUE	
						LOW	HIGH
BAKER	27/09S/39E	41.71	Pri/FS	202	4.84	\$50,020	\$69,816
	36/11S/37E	79.01	Pri/BLM	269	3.40	\$72,477	\$98,839
Subtotal	BAKER	120.72		471		\$122,496	\$168,654
GRANT	16/09S/31E	442.69	Pri/FS	1,302	2.94	\$365,865	\$493,461
	16/12S/29E	640.85	Pri/FS/BLM	2,051	3.20	\$562,209	\$763,207
	16/12S/33E	42.49	Pri	280	6.59	\$65,503	\$92,943
	16/14S/26E	495.27	Pri/FS/BLM	2,449	4.94	\$603,822	\$843,824
Subtotal	36/18S/26E	476.95	Pri/BLM	202	0.42	\$158,830	\$178,626
	GRANT	2,098.25		6,284		\$1,756,227	\$2,372,059
HOOD RIVER	26/01N/9E	158.01	Pri	1,142	7.23	\$332,716	\$467,472
	06/01N/10E	153.00	Pri	2,031	13.27	\$540,516	\$780,174
	24/01N/10E	40.00	Pri	1,223	30.58	\$304,628	\$340,707
	13/01N/10E	328.49	Pri	-	-	\$131,396	\$131,396
	30/02N/10E	30.00	Pri	-	-	\$12,000	\$12,000
Subtotal	16/01S/10E	637.41	Pri/FS	455	0.71	\$340,868	\$383,820
	HOOD RIVER	1,346.91		4,851		\$1,662,124	\$2,115,569
JEFFERSON	16/12S/11E	80.50	Pri/FS	237	2.94	\$66,577	\$89,803
	JEFFERSON	80.50		237		\$66,577	\$89,803
MORROW	04/06S/25E	36.07	Pri	134	3.71	\$35,282	\$48,414
	16/06S/25E	41.56	Pri	108	2.59	\$31,583	\$42,167
Subtotal	MORROW	77.73		242		\$66,865	\$90,581
UMATILLA	36/04N/37E	161.26	Pri/FS	1,927	11.95	\$286,971	\$410,299
	36/01S/35E	136.86	Pri	521	3.81	\$100,903	\$134,247

TABLE 5: NE OREGON REGION, CONT'D.

COUNTY	LEGAL DESC.	ACREAGE	ADJACENT OWNERS	TOTAL PARCEL VOLUME(B/MBF)	VOLUME PER ACRE (MBF)	ESTIMATED VALUE	
						LOW	HIGH
UNION	21/01S/38E	78.30	Pri/FS	745	9.51	\$165,595	\$238,605
	33/01S/38E	79.03	Pri/FS	470	5.95	\$111,878	\$157,938
	13/10S/39E	78.73	Pri	274	3.48	\$73,387	\$100,239
	36/01S/39E	79.95	Pri	812	10.16	\$179,140	\$258,716
	36/02S/34E	611.48	FS	3,737	6.11	\$ 885,322	\$1,251,548
Subtotal	UNION	927.49		6,038		\$1,415,321	\$2,007,045
WALLOWA	16/05N/42E	40.59	Pri/FS	786	19.36	\$164,204	\$241,232
	36/05N/42E	327.15	Pri/BLM	-	-	\$ 81,788	\$81,788
	36/05N/43E	237.20	Pri/FS	-	-	\$59,300	\$59,300
	16/01S/42E	156.43	FS	1,434	9.17	\$320,172	\$460,704
Subtotal	WALLOWA	761.37		2,220		\$625,463	\$843,023
WASCO	11,13,14/01S/11E	236.91	Pri	-	-	\$59,228	\$59,228
	WASCO	236.91		-		\$ 59,228	\$59,228
WHEELER	16/08S/23E	114.17	Pri	-	-	\$28,543	\$28,543
	12/10S/23E	40.32	Pri	259	6.42	\$71,204	\$101,766
	23/10S/23E	40.98	Pri	222	5.42	\$53,757	\$75,513
	24/10S/23E	80.09	Pri	204	2.55	\$46,135	\$59,191
	19/10S/24E	79.68	Pri	247	3.10	\$68,332	\$ 92,538
	31/10S/24E	40.05	Pri	305	7.62	\$81,993	\$117,503
	36/10S/24E	79.96	Pri	-	-	\$19,990	\$19,990
05/11S/23E	40.42	Pri	-	-	\$10,105	\$10,105	
Subtotal	WHEELER	593.28		1,859		\$479,075	\$643,973

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