

# The Common School Forest Lands

FISCAL YEAR 2007  
ANNUAL REPORT

Prepared for the Department of  
State Lands by the Oregon  
Department of Forestry



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# Oregon

Theodore R. Kulongoski, Governor

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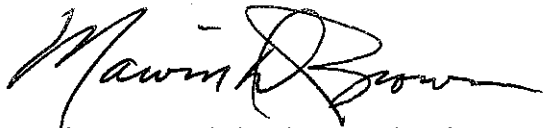
## MEMORANDUM



"STEWARDSHIP IN FORESTRY"

DATE: October 9, 2007

TO: Governor Ted Kulongoski  
Secretary of State Bill Bradbury  
State Treasurer Randall Edwards

FROM: Marvin D. Brown, State Forester 

SUBJECT: Fiscal Year 2007 Report on the Status of Common School Forest Land Management

The Oregon Department of Forestry (ODF) manages the Common School Forest Lands (CSFL) under agreement with the State Land Board (SLB) and the Department of State Lands (DSL). As trustee for the CSFL, the primary obligation of the SLB is to manage and protect these lands for the maximum, long-term benefit of public schools, consistent with sound stewardship, conservation and business principles. The Department of State Lands Asset Management Plan calls for these lands to be managed to provide a sustained, even flow of timber harvest.

ODF actively manages these lands for sustainable timber harvest and resource protection by implementing goal-driven strategies contained in broad forest management plans approved by both the Board of Forestry and the SLB. Revenues generated from CSFL are dedicated to the state's Common School Fund (CSF).

The agreement between ODF, DSL and the SLB requires ODF to report annually in writing concerning the status of CSFL management. The status report includes information about timber management (volume and value of harvested, sold and planned timber sales), actual fiscal year operating costs, revenue transferred to the CSF, reforestation and intensive management accomplishments and costs, research and monitoring results, contract modifications, and any other information affecting the management of CSFL.

This years report ends the 2005–2007 biennium, so it is in that context that some additional information is being provided here. In June 2004, the ODF provided the SLB a revenue projection of \$22.6 million for projected harvest of timber from CSFL for the 2005–2007 biennium. A total of \$22.2 million was actually distributed for the 2005–2007 biennium. For the past four bienna (1999–2001 to 2005–2007), the average distributed revenue has been about \$30 million per biennium. The current revenue projection forecasts an increase to \$29.1 million for the 2007-2009 biennium.

The CSF legislatively approved budget (LAB) for 2005–2007 was \$ 11.2 million. Actual costs associated with the management of CSFL during this time were \$ 10.6 million. These costs include charges of \$548,594 that were paid for through a federal grant for charges related to the planning efforts on the Elliott State Forest Habitat Conservation Plan. For the past four bienna, the average costs have been \$9.4 million. The four biennia average revenues and costs result in a 31 percent cost to revenue ratio.

The harvest volume removed during 2005–2007 totals 44.9 million board feet (MMBF). This is below the four biennia average of 65 MMBF. Following are some of the specific issues affecting the ESF's reduction of volume:

- Under the current 1995 Elliott State Forest management plan, approximately one-half of the ESF is constrained by long rotation basins during the first three decades (currently only operating on ½ of the forest).
- Additional marbled murrelet management areas are created each year and continue to reduce the area in which sales can be planned, thus often reducing overall volume.
- Managing the risks associated with ongoing surveys of threatened and endangered species limits the extent of the landbase available.
- Some of the recent timber sales have been in younger stands (thus less volume per acre).
- Thinning volumes have decreased, but as the timber matures, volume will again increase.
- Fluctuating market prices (log prices, timing and trends in harvest).
- The need to maintain a sustainable harvest level across both ownerships (increase in board of forestry acres/volume in recent years – harvest calculations are based on entire ownership).

As you are all aware, these issues will be an on-going challenge as ODF continues to manage the forests and provide outputs and accomplishments that are consistent with the 1995 HCP for northern spotted owls and current annual plans. The approval of the new plan and revised Habitat Conservation Plan currently under development for the ESF would alleviate many of these issues.

Highlights from ODF's current report (Appendix A) include the following:

1. Revenues and expenditures for FY2007 – Volume harvested from CSFL totaled 27.1 MMBF, and generated \$12.6 million in revenue to the Common School Fund. Management costs totaled \$5.4 million (\$334,811 will be paid for by a federal grant). Of the 27.1 MMBF, the Elliott produced 91 percent. The 10-year annual average for statewide CSFL timber harvest volume removed is 31.9 MMBF. Historically, the Elliott State Forest has contributed an average of eighty-plus percent of the total statewide volume removed.

2. Data on timber sales sold during FY2007 - Ten timber sales containing CSFL were sold in FY2007, for a total estimated volume of 17.0 MMBF and an estimated value of \$8.3 million. In FY2006 16 sales sold with a total volume of 34.7 million board feet and an estimated value of \$17 million. This decrease in sold volume is discussed further in the report, but some sales that just didn't sell are expected to be sold in FY2008.
3. Planned timber sales for FY2007 - Fourteen timber sales totaling 24.3 MMBF are planned for FY2008 (2007 marbled murrelet survey results may result in a change to these numbers).
4. Major Planning and Policy Actions – The final draft of the revised FMP was completed in September of 2005, and the Elliott State Forest draft multi-species HCP was completed in FY2007. Currently an EIS contractor has been working with ODF and the federal services to complete the public review draft EIS. The draft EIS is expected to go out for public review in the winter of 2008.

Due to some recent delays in the process, the anticipated date for the federal decision on Incidental Take Permit issuance is now March 2009, after completion of the National Environmental Policy Act process. The current timeline for requesting SLB and BOF approval of the revised FMP and HCP is spring 2009, after the federal decision.

5. Other specific management activities on the Elliott State Forest for FY2007 included:
  - Completion of the 2006 Marbled Murrelet Protocol Surveys. In the survey season, 326 surveys were completed at 208 stations representing 35 survey sites on the Elliott State Forest. A total of 251 acres were mapped as occupied with three new Marbled Murrelet Management Areas (MMMA) designated (Daggett Creek, Footlog Ridge, Panther Bench) totaling 92 acres.
  - Oregon Plan for Salmon and Watershed. The Coos District cooperated with the Coos Watershed Association to complete one large in-stream wood placement project in Elk Creek. Also a 40 year old multi-plate pipe arch on the West Fork Millicoma River at the mouth of Cougar Creek was replaced with a concrete stringer bridge
6. Other specific management activities on CSFL included the continued treatment of a musk thistle infestation in the Yainax tract (ODF Klamath-Lake District). Hand spraying of 1,321 acres was conducted during FY2007 and this program will be continued in 2007. The Klamath-Lake District has also begun to work in cooperation with Crater Lake National Park and Rogue River Ranch on Bull Trout restoration in Sun Creek.

7. Intensive management practices -- Management practices were applied to 6,365 acres of CSFL during FY2007. These practices included tree planting, tree protection, vegetation control, noxious weed management, fertilization, and pre-commercial thinning. The total cost for these intensive management practices in FY2007 was \$465,819.

**APPENDIX:**

- A. Report to the Department of State Lands and State Land Board on the Status of Common School Forest Land Management -- July 1, 2006 through June 30, 2007.
  
- c: Louise Solliday, DSL  
Steve Purchase, DSL  
Jim Paul, ODF  
Nancy Hirsch, ODF  
Ed Deblander, ODF  
Jim Young, ODF

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*Cover: A southern Oregon Coast Range forest photographed by Dave Lorenz of ODF.*

# Introduction

The Oregon Department of Forestry (ODF) manages the Common School Forest Lands (CSFL) under the CSFL Management Agreement with the State Land Board (SLB) and the Department of State Lands (DSL). CSFLs are trust lands that were granted by the United States to the State of Oregon upon admission to the union to finance public schools.

**The Oregon Constitution**, Article VIII, Section 5 (2); outlines the State Land Board's powers and duties for managing CSFL as, "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 techniques of land management." Revenues from these lands are dedicated to the State's Common School Fund (CSF).

The **DSL's Asset Management Plan (AMP)** (adopted October, 2006) provides the strategic direction for common school forest lands. The primary strategy for forest land in the AMP is to, "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". ODF staff is coordinating with DSL on an ongoing basis to implement changes needed to assure alignment with the revised AMP.

**The CSFL Management Agreement (June 2005)** outlines the primary objectives for management as:

1. Maximizing the return to the Common School Fund when forest lands are sold or exchanged, timber is harvested and sold, or from any sale of product or services from CSFL;
2. Managing the CSFL primarily to produce a sustainable, even-flow harvest of timber subject to economic, environmental, and regulatory considerations in accordance with specific forest management plans;
3. Maintaining forest management costs at a level comparable to similar lands managed by public and private entities; and
4. Investing in improvements to CSFL (e.g. timber stand inventory and environmental inventory, long-range planning, road construction to improve access, pruning, fertilizing, pre-commercial thinning) when it is justified through investment and return analysis.

The ODF manages a total of 123,879 acres of CSFL (Appendix A) under the agreement with the SLB and the DSL. These lands are located in several state forests throughout western Oregon and in Klamath County, with the largest block being on the Elliott State Forest in Coos and Douglas counties. This report highlights key management activities and issues during Fiscal Year (FY) 2007. Other information in this report discusses volume and estimated value of active and planned timber sales, reforestation and intensive management accomplishments and costs, estimated and actual fiscal year operating costs, sold sale revenues, contract modifications, timber sale planning, and other information affecting the management of CSFL.





# Section I. Common School Fund Lands

## Financial and Asset Management

### Overview

This report is intended to focus on Fiscal Year (FY) 2007 (July 1, 2006 to June 30, 2007). However, in the business of forest management and, particularly, management of the Elliott State Forest (ESF), it is important to look at the trend in revenues and costs over the past few biennia, because the timing of harvest and other factors can cause any one year to be above or below average. Revenue transferred to the Common School Fund (CSF) from management of CSFL has varied over the past ten years from \$24.3 million to \$8.5 million on an annual basis. Concerns about the variation in revenue are not new, but the primary factor influencing the revenue remains the same. Uncertainty from marbled murrelet detections, harvest timing as a result of market conditions, a changing ratio between CSFL harvest and Board of Forestry Lands (BOFL) harvest, and variation in individual sale volume and value all have an influence on annual revenue production.

The primary factor influencing net revenues and timber volume sold on the Elliott State Forest continues to be marbled murrelet surveying and set asides. Some relief and operational certainty resulted from the 1995 ESF Habitat Conservation Plan (HCP) which provided an Incidental Take Permit (ITP) for northern spotted owls and marbled murrelets, both listed species under the Endangered Species Act (ESA). The 1995 HCP eliminated the need for annual owl and murrelet surveys of proposed sale areas. The murrelet ITP, a six-year agreement, expired in 2001 and surveys for murrelets (a take avoidance strategy) were resumed in 1998 to assure sales being sold in 2001 complied with the ESA.

The final draft of the revised FMP was completed in September of 2005, and the Elliott State Forest draft multi-species HCP was completed in FY 2007. Currently an EIS contractor has been working with ODF and the federal services to complete the public review draft EIS. The draft EIS is expected to go out for public review in the winter of 2008. The new plans are expected to increase volume and revenue from the ESF, while protecting murrelets, spotted owls and other native fish and wildlife species pursuant to Federal Endangered Species Act requirements.

The anticipated date for the federal decision on Incidental Take Permit (ITP) issuance is March 2009, after completion of the National Environmental Policy Act (NEPA) process. The current timeline for requesting SLB and BOF approval of the revised FMP and HCP is spring 2009, after the federal decision.

## Biennial Context

The ODF provided the State Land Board a revenue projection of \$22.6 million for projected harvest of timber from CSFL in the 2005 to 2007 biennium. Actual revenue transferred to the DSL for the CSF was \$22.2 million (Table 1). This revenue distribution is 98 percent of what was originally projected.

The CSF legislatively approved budget (LAB) for 2005–2007 was \$11.2 million. Actual costs associated with the management of CSFL during this time were \$10.6 million. These costs include charges of \$548,594 that were paid for through a federal grant for charges related to the planning efforts on the Elliott State Forest Habitat Conservation Plan.

For the past four biennia (1999–2001 to 2005–2007), the average revenue transferred to the DSL has been about \$30 million per biennium. During the same four biennia, the average costs have been \$9.4 million per biennium. This results in a 31 percent cost to revenue ratio for the four biennia period. While the revenue to DSL over this period reflects a downward trend (Table 1), the revenue projection for the current 2007–2009 biennium is showing an increase that is anticipated to be maintained in future biennia (linked directly to the approval of the revised ESF FMP and HCP). Also, in this table, it is important to point out the difference between revenue projected and revenue to DSL in the 2001–2003 biennium. This difference was a result of marbled murrelet surveys influence on the FY 2001 sale plan.

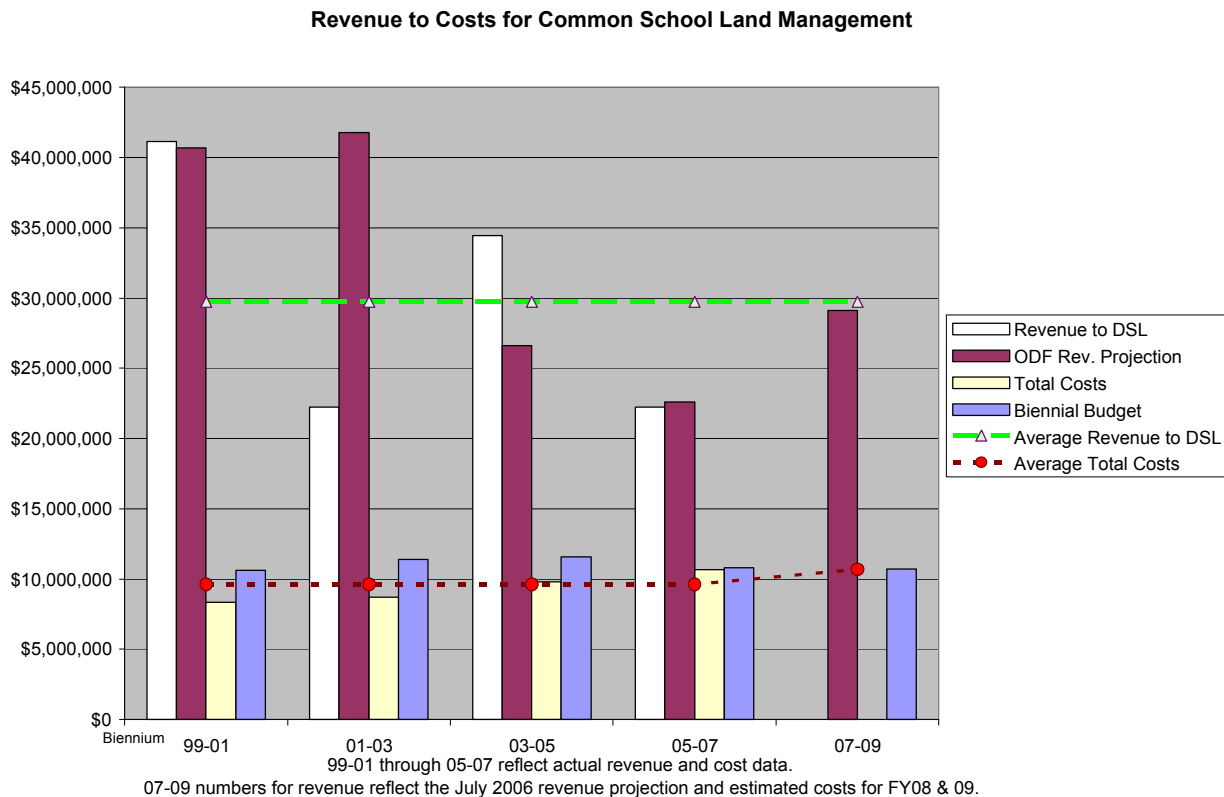
In September 2006 ODF provided the SLB with a revised revenue projection of \$31.2 million for the 2007–2009 biennium. Recently, the ODF completed an update for this period that indicates a decrease. The current estimate is at \$29.1 million, with increases forecasted for the future biennium. It is important to point out that these forecasts assume the Elliott State Forest FMP and HCP planning process will lead to an Incidental Take Permit in time for the 2010 sale plan year. These planning tools would provide a more stable harvesting schedule that would in turn generate higher timber volumes. It is also important to point out that a portion of the increased volume will come from timber sales that target younger stands for first-entry thinnings. Sales of this nature typically result in a lower stumpage value due to higher logging costs.

The other variable that casts uncertainty on this most recent projection is the sawlog market. With a recent downturn in the housing market it is unclear the extent to which this will affect stumpage price for future timber sales. The depressed market and the shift to a higher percentage of first-entry thinnings was factored into the recent projection by reducing the earlier projected average stumpage price per MBF for all species by eight percent; down from \$465 per MBF to \$425 per MBF.

## FY 2007 Revenue

During FY 2007, \$12,590,076 in revenue was transferred to DSL. This is four percent below the five year average of \$13 million and eighteen percent below the ten year average of \$15 million. Details of the specific sales that produced the revenue for FY 2007 and market conditions follow in the report.

**Figure 1. Biennial Revenue to Costs**



## FY 2007 Forest Investment Costs

Charges for managing the CSFL totaled \$5.4 million during FY 2007, the second half of the 05 – 07 biennium (Table 1). This is about a four percent increase from 2006. The DSL has a federal grant for charges related to the planning efforts on the Elliott State Forest Habitat Conservation Plan, which paid a total of \$334,811 of the planning costs in FY 2007. The remaining expenditures are the ODF charges to the CSF fund, reflecting costs in line with the approved biennial budget.

During FY 2007, \$4.4 million of \$5.4 million in costs were related directly to operational budget units that manage CSFL. The budget units include Salem’s State Forests’ staff, three regional areas and nine districts. The responsibilities of these units include overall program management, research and monitoring, long-range forest management planning, timber sale contract development and administration, and intensive management activities.

Other charges to the CSF referred to as “Transfers Out,” were \$947,815 in fiscal year 2007 (Table 2). This is approximately 21 percent of the overall costs. The transfers out charges include: an administrative prorate; capital improvement projects; certificate of participations (COPs); and seed orchard management.

It is the Department of Forestry’s goal to ensure our administrative prorate accurately reflects the work performed by administrative staff, and that each end-user pays their fair share of administrative costs. The administrative prorate provides DSL with the following services:

- Financial Services (accounting and reporting services);
- Information Technology support and infrastructure to ODF staff and field offices;
- Oversight of Facilities and Procurement activities (contracting and physical assets);
- Payroll calculation;
- Biennial Budget development and implementation; and
- Executive Level Policy and Administrative oversight (State Land Board, Board of Forestry, Executive Team and Administrative Services Program Directors).

The administrative prorate charges for fiscal year 2007 were \$888,131. The administrative prorate percentages are taken from work studies performed each biennium by ODF. The work studies in the different administrative areas calculate the percentage of time a specific service area performs work for the benefit of an end-user (i.e. DSL). Each biennium, a new work study is performed to make sure the allocated percentages are as accurate as possible, then a policy option package is presented as part of the budget to re-align the Department of Forestry’s budget within the study parameters.

Seed orchard costs for FY 2007 were \$14,283. This money was used to produce genetically improved seed (superior growth, wood quality, and disease tolerance characteristics as identified through traditional breeding and selection methods) appropriate for state forestlands. During FY 2007, Douglas-fir seed was harvested for use on the Astoria, Tillamook, Forest Grove, and West Oregon Districts. Western hemlock seed was harvested for use on the Astoria and Tillamook Districts, and western redcedar seed was harvested for use on all northwest Oregon lands. Funds were also expended to support the stimulation of a seed crop in FY08 for the Coos (Elliott State Forest), North Cascade, and Forest Grove Districts, and to support the upgrading of orchards to further improve genetic traits and increase tolerance to Swiss needle cast disease.

The certificate of participation (COP) interest and principle funds capital construction debt service is for facility development and improvement to the Salem compound. The (COP) interest and principle allocation closed out the fiscal year with a credit. This credit is a result of a reallocation of debt service charges to the correct fund allocation split of the current fiscal year and prior fiscal years 1999 through 2006.

The capital improvement projects for this period include, a bridge installation on the Elliot State Forest, tree cooler improvements and a garage remodel on the West Oregon District, and building improvements on the Salem ODF compound.

**Table 1. Revenue and Costs from Common School Forest Lands  
Fiscal Years 1998 through 2007**

<i>Actual Revenue Transfer to DSL</i>		<i>Fund 52 Expenditures</i>					<i>Transfers Out</i>	<i>Total Costs</i>
<i>Fiscal Year</i>	<i>Timber Sales &amp; Forest Product Sales Revenue<sup>1</sup></i>	<i>Personal Services</i>	<i>Services &amp; Supplies</i>	<i>Capital Outlay</i>	<i>Special Payments Other Expendi- tures</i>	<i>Total Expendi- tures</i>	<i>Admin Prorate, Capital Improvement, COPs, Seed Orchard, etc.</i>	<i>Fund 52 Expendi- tures and Revenue Transfers</i>
2007	\$12,590,076	2,473,445	\$2,007,265	-\$1,280	-\$54	\$4,479,377 <sup>2</sup>	\$947,815	\$5,427,192
2006	\$9,656,593	\$2,414,501	\$1,861,269	\$13,433	-	\$4,289,203 <sup>2</sup>	\$936,936	\$5,226,140
2005	\$19,092,180	\$2,344,566	\$1,687,799	\$16,833	\$34,193	\$4,083,391	\$1,037,909	\$5,121,300
2004	\$15,360,073	\$2,143,416	\$1,506,424	\$138,230	\$30,802	\$3,818,872	\$881,152	\$4,700,024
2003	\$8,550,000	\$2,142,745	\$1,567,088	\$2,471	\$50,167	\$3,762,471	\$660,865	\$4,423,336
2002	\$13,671,493	\$1,977,222	\$1,386,074	\$23,642	\$68,574	\$3,455,512	\$806,418	\$4,261,930
2001	\$16,787,101	\$1,986,033	\$1,243,061	\$12,629	\$171,314	\$3,413,037	\$740,159	\$4,153,196
2000	\$24,377,943	\$1,883,903	\$1,555,545	\$5,609	-	\$3,445,057	\$732,452	\$4,177,509
1999	\$17,439,454	\$1,702,266	\$1,966,104	\$20,521	-	\$3,688,891	\$490,209	\$4,179,100
1998	\$16,379,935	\$1,464,451	\$1,807,777	\$4,075	-	\$3,276,303	\$465,565	\$3,741,868

These numbers are produced from State Financial Management Application reports.

<sup>1</sup>Includes revenue from negotiated sales, rights-of-way, permits, etc., in addition to timber sales.

<sup>2</sup>Expenditures for FY07 include \$334,811 and \$213,783 for FY06. These expenditures will be funded with a federal grant awarded to DSL for costs associated with Habitat Conservation Planning.

**Table 2. Details of Transfers Out**

<b>Transfers Out</b>	<b>Amount</b>
Admin prorated	\$888,131
Seed Orchard	\$14,283
Residual Equity	\$2,223
COP Interest	-\$80,239
COP Principle	-\$43,441
Capital Improvement	\$166,858
<b>Total</b>	<b>\$947,815</b>

## Financial Administration and Reporting

The current 2005 Common School Forest Land Management Agreement (CSFLMA) and 2006 sub-agreement between ODF and DSL provide operational and administrative guidance for the management of CSF lands to ensure fiscal accountability and appropriate exchange of information between sister agencies.

DSL and ODF have continued to work closely during the past year to improve communication and understanding of fiscal reports and budgeting. Ongoing meetings have been held to discuss fiscal and biennial budget development, how ODF gathers and reports financial data, annual operations plans, and other fiscal-related matters. ODF has implemented a new procedure that includes a memo outlining the monthly revenue and costs associated with CSFL management. ODF is also working to improve other monthly reports related to timber sales that will be more specific to CSFL.



## Long-Term Market Trends

*The projection of the long-term trend is based on data from the Oregon Economic and Revenue Forecast (based on projections from Global Insight, Inc.), Random Lengths, Washington DNR Revenue Forecast, and the 2005 RPA Timber Assessment Update*

Over the next several years, the Department of Forestry's log and sawtimber stumpage price trends are projected to remain relatively stable. However, conditions affecting the market trends are mixed. The overall U.S. economy is projected to grow, though at a slower rate, and the global demand for wood products is strong. However, the U.S. housing market is experiencing a slowdown causing a reduced demand for lumber and other wood products.



The primary product marketed by the Department of Forestry is sawmill grade logs. These logs from State Forests are processed into predominantly dimension lumber and plywood for the housing market. Accordingly, the Department's market trends are largely influenced by the amount of new home construction and home remodeling, mortgage interest rates, and competition from alternative suppliers of logs and sawtimber.

Downward pressure on lumber prices is expected over the next 18 months from housing starts that are continuing to decline from a current ten-year low. The decline is primarily due to tightened lending standards and a large unsold inventory of new and existing homes. Recovery is expected to start by mid-2008, but may be delayed if the subprime mortgage problem spills over to other segments of the industry.

On the upside, inflation is predicted to remain below two percent causing the Federal Reserve to hold interest rates steady. As a result, mortgage interest rates are projected to remain stable or only slightly increase in the near term, although the improvement of the world economy and a weaker dollar may eventually create upward pressure.

The Oregon Department of Forestry's current log and stumpage prices have declined 15 percent since 2006, but log and sawtimber prices may point higher in the longer-term due to global demand, Russia's stifling log export taxes designed to spur investment in domestic wood products manufacturing, and private ownership domestically focusing on better returns. However, future log and sawtimber prices are also complicated by factors such as the uncertainty of log imports from Canada, especially surrounding issues of mountain pine beetle devastation and the rising Canadian dollar, strikes in the British Columbia's forest products industry, southwest Washington increased mill capacity, potential harvest increases from Oregon BLM lands, biomass utilization, and forest-related catastrophes.

Plywood prices have increased 14 percent in the last year. Chip and small log prices were recently at their highest level in 10 years, a result of mill closures, reduced production, and decreased supplies of mill residuals. Currently chip prices have declined somewhat with increased supplies of roundwood chips but are projected to remain stable in spite of lower lumber production.

From the 2005 update to the RPA Timber Assessment a modest growth in softwood prices is projected through 2050 in the Pacific Northwest after a modest downturn through 2015 as a result of the influx of beetle-killed timber salvage in interior British Columbia.

Table 3 provides an examination of CSFL historical timber harvest value, volume and average stumpage prices from FY 1998 through FY 2007, along with five- and ten-year averages.

## **Hardwood Sales Outlook**

ODF regularly monitors the prices and trends of alder and other hardwoods to establish the starting point for the timber sale appraisal process. Along with regular monitoring of alder pond values, the Department has an active log accountability program, which provides monitoring, investigation and identification of current industry practices in the grading, pricing and utilization of different alder log sizes. Awareness of current industry practices and issues allows for response to changes and provides data for consideration when planning future sales.

ODF continues to investigate opportunities to offer smaller sales of alder, and sales in which alder is the predominant species. The demand for alder has continued to grow and is becoming more competitive. Prices for alder continue to rise and remain more consistent than conifer. There are no specific alder sales included in the FY08 Annual Operations Plan. Common School Fund lands include a relatively small volume of alder, which is difficult to offer as a small, "unbundled" sale opportunity.

Table 4 provides an examination of hardwood volume and value information from FY 1998 through FY 2007, along with five- and ten-year averages.



**Table 3. Common School Forest Land Historical Timber Harvest Value, Volume and Average Stumpage Price  
Fiscal Years 1998 through 2007**

<b>Fiscal Year</b>	<b>*Timber Sales Value of Timber Removed</b>	<b>Timber Harvest Volume (MBF) Removed</b>	<b>**Average Stumpage Price</b>
2007	\$12,760,992	27,084	\$471
2006	\$7,609,658	17,833	\$492
2005	\$20,080,172	42,106	\$477
2004	\$14,260,450	32,520	\$439
2003	\$10,992,972	24,310	\$452
2002	\$14,043,117	29,557	\$475
2001	\$19,231,816	36,621	\$525
2000	\$24,398,921	49,715	\$491
1999	\$20,089,447	38,019	\$461
1998	\$13,658,303	22,055	\$677
<b>Last 5-Year Average</b>	<b>\$13,140,849</b>	<b>28,770</b>	<b>\$457</b>
10-Year Average	\$15,712,585	31,982	\$491

\*Timber Sale Value is gross timber sales value before project work credits are subtracted

\*\*Average stumpage price of sold sales per thousand board feet.

**Table 4. Common School Forest Land Hardwood Volume and Value Information**

<b>FISCAL YEAR</b>	<b>Total # of Timber Sales</b>	<b>Total # Hardwood Bid Species Sales</b>	<b>Hardwood Volume Harvested</b>	<b>Hardwood Value Harvested</b>
FY07	10	1	1,063	\$142,744
FY06	12	1	2,613	\$746,779
FY05	12	0	1,286	\$555,439
FY04	10	0	536	\$187,234
FY03	10	1	889	\$352,515
FY02	12	0	786	\$345,688
FY01	14	7	1,319	\$522,765



# Common School Forest Land Timber Sales

## Timber Management Activities

Activities conducted on the 123,879 acres of CSFL managed by ODF include: timber harvest; reforestation and intensive management; road construction; and road maintenance. Approximately 71 percent of these lands are managed under the strategies described in the Elliott State Forest Management Plan (adopted 1994). The remaining 29 percent is managed under three other plans: the Northwest Oregon State Forests Management Plan (adopted 2001); the Southwest Oregon State Forest Management Plan (adopted 2001); and the Eastern Region Long-Range Forest Management Plan (adopted 1995).

Timber is harvested on CSFL through regeneration harvests and partial cut harvests. Regeneration harvests remove most of the trees on a site and allow a new stand to be established. Regeneration harvests are the most cost effective harvest method, maintain a diversity of age classes across the landscape, and create the early seral habitats preferred by many wildlife species. Partial cut harvests provide an earlier flow of volume, improve stand growth, and accelerate the development of more complex habitat required by some wildlife species.

Harvests of timber on lands managed by ODF occur through timber sale contracts. These timber sales can be summarized in three categories: Timber Sales Sold During the Fiscal Year; Summary of Active Timber Sales (harvesting that occurs on the sale during a fiscal year); and Planned Timber Sales (to be prepared for sale the following fiscal year). In addition, Reforestation and Intensive Management activities can be summarized for each fiscal year and represent an investment in future volume and revenue. Investments in the forest infrastructure through the Road Management Activities support the timber harvest and other management actions on the forest and increase the asset value of the forest. Each of these categories is further discussed in the following sections.



## Timber Sales Sold During Fiscal Year 2007

During this fiscal year, 10 timber sales were sold that included CSFL (Table 5). These sales are estimated to produce a total volume of 17.0 million board feet with a value of \$8.3 million. Five of the sales were from the Elliott State Forest (ESF), and will produce approximately fifty-one percent of the estimated revenue. This volume is lower than average, but will not result in a substantial decrease in future revenue. Many of the FY07 AOP sales that did not sell in FY07 are expected to sell in FY08.

Revenue from these sold sales will be received over the course of a three-year period. Total project costs for these sales will be about \$620,482. All were recovery sales (paid for based on volume measured after cutting rather than in a lump sum payment on standing cruise volume).

The ESF (Coos district) is the largest contributor to the volume and value of CSFL timber sales. The harvest calculations (harvest objectives) on the ESF include both CSFL and BOF land under the current forest management plan. In recent years there has been a slight increase in the BOF harvest volume in the sales that sold. The BOF increase is also an effort to ensure harvest levels on CSFL are sustainable over time. Over the past ten years a higher percentage of sales occurred on CSFL than would be sustainable over time due to threatened and endangered species and policy restrictions. A new HCP is expected to be completed by late 2008, which will increase harvest opportunities in future AOPs.

**Table 5. Common School Forest Land Timber Sales Sold in Fiscal Year 2007.**

Sale Name	Sale #	ODF District	CSFL % of Sale	Total Sale Volume (mbf)	CSFL Volume (mbf)	Acres Partial Cut	Acres CC	Total Project Cost	CSFL Project Cost	Net Sale Value	Net CSFL Value
Elkhorn Ridge No. 6	07005	COOS	100	2,825	2,825	0	42	\$68,664	\$68,664	\$1,400,840	\$1,400,840
West Fork Headlands	07036	COOS	100	1,015	1,015	0	29	\$40,336	\$40,336	\$411,960	\$411,960
Joe Knife	07048	COOS	100	3,011	3,011	0	50	\$64,164	\$64,164	\$1,869,205	\$1,869,205
Locked Marlow	07061	COOS	26	936	243	0	42	\$10,938	\$2,844	\$297,566	\$77,367
Kentucky Plantation	07062	COOS	100	1,483	1,483	0	82	\$31,173	\$31,173	\$421,826	\$421,826
Gates Hill	07066	NORTH CASCADE	7	6,165	432	63	148	\$71,367	\$4,996	\$3,219,449	\$225,361
Table Mountain	07051	WEST OREGON	100	797	797	38	0	\$34,475	\$34,475	\$234,768	\$234,768
ReHatch	07017	WEST OREGON	15	1,543	231	100	0	\$52,032	\$7,805	\$587,156	\$88,073
Burnt Black	07050	WEST OREGON	4	1,608	64	281	0	\$71,224	\$2,849	\$242,207	\$9,688
Big Gate	07035	WESTERN LANE	100	6,925	6,925	0	108	\$175,608	\$175,608	\$3,518,187	\$3,518,187
<b>TOTALS</b>				<b>26,308</b>	<b>17,027</b>	<b>43,335</b>	<b>501</b>	<b>\$619,981</b>	<b>\$620,482</b>	<b>\$12,203,164</b>	<b>\$8,257,276</b>

This data is produced from an ODF sale plan database. All dollar amounts were rounded down to the nearest whole dollar. All board foot amounts were rounded down to the nearest board foot.

## **Elliott State Forest Harvest Levels**

The Elliott State Forest has entered the second decade of implementing the 1995 Forest Management Plan (FMP) and Federal Habitat Conservation Plan (HCP) for the northern spotted owl. In the first four years of this second decade, planned Annual Operations Plan (AOPs) harvest volumes (FY 2005 through FY 2008) have averaged 23 MMBF, which is less than the 27.1 MMBF attained in the first decade (FY 1995 through FY 2004). The Program has conducted an analysis of both the 1995 plan's harvest model outputs and recent AOPs, as well as a review of the 1995 FMP/HCP, to better communicate factors that contribute to these lower harvest levels. This analysis and review has identified four primary contributing factors: expiration of the marbled murrelet Incidental Take Permit; FMP and HCP revision process; age class of harvestable stands; and thinning opportunities. Following is a discussion of each of these factors.

### **Marbled Murrelets**

The Federal Incidental Take Permit for marbled murrelets expired in 2001, six years into the first decade of plan implementation. Surveying planned timber sales for the marbled murrelet (under take avoidance protocol) has resulted in harvest restrictions in additional stands, particularly the older, higher volume stands. About 25 percent of annual proposed sales are affected by murrelet occupancy, resulting in over 2,000 acres of additional murrelet areas having been set aside. These restrictions have led to fewer AOP harvests in older high-volume stands and more in lower-volume mid-age stands.

### **FMP and HCP Revision Process**

During the last several years, the Department has been in the process of developing a revised FMP and HCP, which has resulted in less area from which to choose harvests. Under the 1995 FMP/HCP, less than half the forest has been available for harvest because of the long rotation basins and reserve areas in these plans. In addition, the proposed conservation areas of the revised plan are being avoided to maintain the revised plan's integrity. This has temporarily removed additional acreage from which sales can be chosen – particularly in the older high-volume stands.

### **Age Class Distribution**

The harvest model used in the development of the 1995 Elliott FMP/HCP predicted clearcut harvest acres by age class, decade, and basin. Model outputs showed little change between the first and second decades for total harvest acres (478 to 510 acres) but did show a significant shift in the age classes to be harvested. First decade predictions showed 95 percent of the harvest occurring in stands over 100 years in age. Second decade predictions showed 22 percent of the harvest occurring in approximately 40 year old stands and another 13 percent in 60 to 100 year old stands. The remaining second decade harvest comes from older stands. As predicted, the AOPs over the last four years have proposed clearcut harvest in stands approximately 40 years old (14 percent of the total clearcut harvest acres). These younger stands have less volume per acre than the older stands, contributing to a lower total AOP volume.

### **Thinning Opportunity**

The 1995 Elliott FMP included an estimate of 500 acres of thinning per year only for the first decade, producing an estimated three MMBF of annual volume (there was not a thinning acre objective identified for the second decade). An estimate of thinning was not part of the harvest model. The AOPs averaged 471 acres of thinning per year for the first decade of the FMP/HCP. After completing this first decade of thinning, very few stands suitable for thinning have been identified. However, significant increases in thinning opportunities have been projected for the next decade.



## Summary of Active Timber Sales

There were twenty-one active timber sales on CSFL during FY 2007. The volume of timber harvested from Common School Forest Lands for these sales totaled 27 MMBF with a value of \$12.7 million (Table 3). This is an increase from the amounts in FY 2006, which totaled 17.8 MMBF with a value of \$7.6 million. The key factors influencing revenue are discussed in the section titled “Financial and Asset Management” under revenue, on page five.

Volume and value details related to the active sales are shown in Table 6. Funds in this table represent the value of timber harvested during this period. For comparison, the revenues in Table 1 reflect actual revenue transferred to the Department of State Lands. Project costs associated with active timber sales—work on roads, bridges, culverts, etc., accomplished in conjunction with timber sales—totaled \$655,800. This is an increase over last year which is attributed to a higher number of timber sales outside of core transportation systems that require more road construction and improvement to facilitate harvest operations.



**Table 6. Active Timber Sales on Common School Forest Land—Volume and Value Report for Fiscal Year 2007.**

District	Sale No.	Sale Name	%CSFL	Timber Removed MMBF	Estimated Value
WEST OREGON	104002	LONG HAUL THIN	21%	0.01	\$1,313
WEST OREGON	104024	LONG TOM	100%	0.19	\$54,742
WEST OREGON	105006	THIN STEERE COMBINATION	60%	0.08	\$17,705
WEST OREGON	105034	DESOLATION SADDLE	100%	0.25	\$40,257
WEST OREGON	106001	ELLMAKER OVERLOOK	4%	0.02	\$9,571
WEST OREGON	106003	BIG YAQ	26%	0.09	\$17,286
WEST OREGON	106016	GREENBACK	26%	0.38	\$92,389
WEST OREGON	106035	MILL STONE	2%	0.02	\$4,078
WEST OREGON	106072	TUMS RELIEF	14%	1.00	\$533,416
WEST OREGON	207540		100%	0.01	\$3,828
WEST OREGON	207561	NORTH BENTON SALVAGE	35%	0.05	\$22,561
NORTH CASCADE	107066	GATES HILL	7%	0.02	\$9,635
ASTORIA	106029	SAGERMEISTER	11%	0.34	\$189,676
ASTORIA	106076	MCKNOB	1.3%	0.10	\$26,266
TILLAMOOK	106015	SOUTH BURMA	44%	2.69	\$592,748
TILLAMOOK	106056	FAREST	100%	0.82	\$239,658
TILLAMOOK	207286	SOUTH BURMA PULP	44%	0.01	\$351
COOS	105002	JOE BUCK	100%	0.005	\$0
COOS	105003	EAST FORK MILLICOMA	0.4%	0.001	\$2,406
COOS	105004	TOTTEN CREEK NO 2	100%	2.31	\$1,085,388
COOS	105047	MIDDLE ELK	100%	1.01	\$425,180
COOS	105069	KELLY FISH OVERLOOK	100%	1.71	\$962,506
COOS	105074	BROWN RIDGE CORNERS	100%	2.33	\$1,134,572
COOS	105076	SALANDER TOP	100%	1.41	\$815,461
COOS	106004	OTTER CREEK OVERLOOK	100%	2.14	\$1,156,326
COOS	106019	LONE DEER	67%	1.83	\$961,825
COOS	106064	COUGAR DIVIDED	100%	1.80	\$978,608
COOS	106069	FISH DIVIDED	100%	0.28	\$176,517
COOS	106083	TROUT HEAD	100%	2.45	\$1,270,475
COOS	106091	BOWL BOUND BEAVER	100%	2.99	\$1,699,826
COOS	107061	LOCKED MARLOW	26%	0.14	\$53,923
GRANTS PASS	106032	KERBY PEAK	100%	0.55	\$169,481
GRANTS PASS	207443	GALICE THIN	100%	0.06	\$13,019
<b>FINAL Totals</b>				<b>27.08</b>	<b>\$12,760,992</b>

\*Value equals gross value of timber sales before project costs are subtracted.

## **Timber Sale Contract Modifications and Extensions**

Of the twenty-one active timber sales on CSFL during FY 2007, seven were modified and two were given extensions of time (See Appendix B). This compares to FY 2006 when five sales were modified and four were given time extensions. The modifications in FY 2007 included changes to payment schedules for hardwoods and utility logs prices, and the addition of ground yarding language to a contract. Three sales also added additional project work that resulted in an increased total cost of \$40,051. These changes included a rock source change, additional road improvement, sidecast pullback, and mechanical brushing. The two contract extensions added a total of 30 days to each contract. Specific timber sale modification and extension information is detailed in Appendix B, Table B-1.



## **Planned Timber Sales**

The Fiscal Year 2008 sale plan includes 791 acres of regeneration harvest and 413 acres of partial cutting on CSFL. Table 7 provides additional information on these planned sales. The total estimated CSFL volume is 24.3 MMBF, with an estimated net value of \$8.7 million. This estimated net revenue does not take into account bid-up factors, which are factored into the biannual revenue projection. Future revenue to the Common School Fund from these sales is likely to be received over a 2 to 3 year time period due to the length of each contract. Project costs of about \$0.5 million will pay for road and landing construction, road improvement and maintenance, rock stockpiles, culvert replacement, creation of wildlife trees and snags, and stream structure and riparian area rehabilitation. The Coos District's planned FY 2008 harvest is 19.2 MMBF, or 79.6 percent of the total CSL harvest volume.



**Table 7. Annual Operations Plans—Timber Sales Planned on  
Common School Forest Lands in FY2008.**

<b>ODF District</b>	<b>Sale Name</b>	<b>CSL %</b>	<b>MBF Plan</b>	<b>CSL Volume</b>	<b>Regen Acres</b>	<b>Partial Cut Acres</b>	<b>Gross Sale Value (BOF &amp; CSL)</b>	<b>Project Costs CSL Portion</b>	<b>Estimated CSL Net Value</b>
Astoria	Summit Stone	9	4,000	360	65	293	\$1,200,000	\$20,700	\$87,300
Coos	Larson Creek No. 2	99	1,652	1,636	47	0	\$578,630	\$9,900	\$562,944
Coos	Fishing Cougar	100	3,909	3,909	71	0	\$1,758,710	\$20,500	\$1,738,210
Coos	Panther Headwaters No 3	100	3,418	3,418	61	0	\$1,532,745	\$38,000	\$1,494,745
Coos	Double Barrell	100	925	925	87	0	\$220,050	\$41,000	\$179,050
Coos	North Buck	100	3,173	3,173	57	0	\$1,424,358	\$15,000	\$1,409,358
Coos	Piledup Marlow No 2	14	2,460	344	92	0	\$1,062,000	\$20,160	\$128,520
Coos	Umpcoos Ridge No 2	100	3,208	3,208	79	0	\$1,441,295	\$24,605	\$1,416,690
Coos	Howell About Combo	100	2,800	2,800	82	354	\$690,000	\$35,000	\$655,000
Tillamook	Cougar Camp	2	14,975	300	0	992	\$2,345,880	\$9,676	\$37,242
Western Lane	Center 8	15	5,300	795	111	124	\$1,747,600	\$62,700	\$199,440
West Oregon	Haulin Wolf	97	1,500	1,455	39		\$675,000	\$84,390	\$570,360
West Oregon	Tums Up	81	1,000	810	0	180	\$180,000	\$40,500	\$105,300
West Oregon	Scattered Sam	86	1,400	1,148	0	233	\$252,000	\$116,960	\$99,760
<b>TOTALS</b>			<b>49,720</b>	<b>24,281</b>	<b>791</b>	<b>413</b>	<b>\$15,108,268</b>	<b>\$539,091</b>	<b>\$8,683,919</b>

## Reforestation and Intensive Management

Intensive management activities (Table 8) represent an investment to increase the volume and/or quality of timber. These investments result in increased harvest revenue and improved habitat for many late seral habitat-dependent fish and wildlife species – species requiring older forest habitat.

Reforestation activities include site prep, planting, and tree protection. These activities are dependent on the timber harvest schedule, the availability of suitable seedlings and weather. The timing of when a harvest unit will be completed and available for site preparation or planting is sometimes unpredictable and made over a year in advance. This often results in a situation where the harvest unit is not ready and the scheduled activities are postponed. Conversely, there are situations when harvest units are finished earlier than predicted resulting in opportunities to move scheduled reforestation activities forward. Capturing these opportunities is contingent on having flexible reforestation contracts, being able to prepare the site, and availability of appropriate seedlings.

The quality of seedlings available from the nurseries is also variable. Due to a number of situations, there may be a shortfall or excess of seedlings available from the nurseries. Shortfalls result in not being able to plant ground on schedule, while an excess may allow the planting of an available area a year ahead of schedule. Weather conditions are a major factor in chemical site preparation and tree planting. The window of opportunity is sometimes so short for certain activities that conditions may not be suitable to accomplish all the work planned. This is especially true in chemical applications where weather parameters and physiological development of the vegetation are critical. Because of these variables, what is accomplished is often different than what was planned.

Release, precommercial thinning, fertilization, and pruning are activities that enhance the growth or quality of crop trees. These activities are not generally as time dependent, and can provide flexibility to the program. Due to circumstances, such as high fertilizer costs, a project may be cancelled or postponed, and funds shifted to accomplish higher priority or more cost effective activities. Noxious weed control is usually done concurrently or as an opportunity with other vegetation management projects.





**Table 8. Intensive Management Activities on Common School Fund Lands in FY 2007.**

<b>Management Activity</b>	<b>Acres Planned</b>	<b>Acres Completed</b>	<b>Average Cost/ Acre</b>	<b>Total Cost</b>
Initial Planting	551	714	\$280	\$199,585
Interplanting	116	414	\$204	\$84,602
Underplanting	43	8	\$141	\$1,131
Tree Protection- Barriers	25	101	\$170	\$17,166
Tree Protection- Direct Control	1,513	1,748	\$32	\$56,596
Site Prep- Chemical -Aerial	392	551	\$72	\$39,604
Site Prep- Chemical -Hand	18	6	\$164	\$984
Site Prep- Slash Burning	57	20	\$168	\$3,363
Site Prep- Mechanical	113	0	\$0	\$0
Fertilization	112	104	\$101	\$10,504
Noxious Weeds	1321	1321	\$10	\$13,738
Release- Chemical- Aerial	65	228	\$66	\$15,048
Release- Chemical- Hand	13	0	\$0	\$0
Release- Mechanical- Hand	10	0	\$0	\$0
Pre-commercial Thinning	514	228	\$51	\$11,577
Other	922	922	\$13	\$11,921
<b>Totals</b>	<b>5,785</b>	<b>6,365</b>	<b>\$73</b>	<b>\$465,819</b>

## Road Management Activities

Roads essential to forest management are constructed or improved as needed. Construction includes any new roads and reconstruction or relocation of abandoned roads, while improvement brings an old road up to current standards. Road vacating is used on a limited basis, and is the permanent closure of roads, including removal of stream crossings and complete stabilization of the road prism, and is used for roads that are no longer needed and that often pose risk to other resources. Table 9 is designed to provide information about the road system management on Common School Fund lands as they vary by District. Activities listed reflect those that occurred during Fiscal Year 2007. Early construction on the Elliott State Forest of roads and proper maintenance since that time has enabled effective management with little new construction or improvement over this past fiscal year. The new bridge was installed in cooperation with the watershed council in part to improve salmon passage.

**Table 9. 2007 Annual Road Report - Work Completed during FY 2007  
Common School Fund Lands**

Road Miles and Replacement Value							
District/ County	Aggregate/Paved Surface			Dirt Surface			Bridges
	Constructed	Improved	Vacated	Constructed	Improved	Vacated	
Coos/ Coos Co.	0.82 mi. \$125,040	1.91 mi. \$112,940	0.83 \$4,263	0.25 mi. \$25,465			1 new \$113,956
SW Oregon/ Josephine Co.				1.0 mi. \$30,000			
Tillamook / Tillamook Co.	.48 mi. \$19,471	.54mi. \$16,087					
West Oregon/ Benton Co				0.4 mi. \$891			

## Research and Monitoring

The role of the Research & Monitoring (R&M) Program is to assist forest managers by providing information pertinent to resource management. A critical function of this role is to contribute to the adaptive management framework by which the State Forests Program assesses the impacts of management decisions and makes changes where necessary.

The R&M program operates under a formal policy adopted by the State Forests Program in 1995. The research policy states that approximately five percent of the State Forest Management Program annual budget can be invested in research, monitoring, and technology transfer. As a result of the funding structure, biennial and annual expenditures are somewhat variable in response to shifting revenue levels. The overall research budget to-date (both CSF and Board of Forestry funds) has ranged from about \$350,000 to a high of over \$1.5 million. For fiscal year 2007, investment in

research and monitoring projects on CSFL was approximately \$126,000. This investment is slightly lower than the five-year CSF average of \$134,000, and represents about eleven percent of total investments of \$1,193,000.

Projects conducted by the program can be broadly categorized as either research or monitoring. Research projects are typically conducted with external cooperators and are designed to answer fundamental forest management research questions. Monitoring projects are typically conducted by program staff to answer questions regarding program-specific resource goals. These projects can take one of four forms of monitoring: a) implementation monitoring (*did we do what we said we were going to do?*); b) effectiveness monitoring (*do our actions lead to the results we predicted?*); c) validation monitoring (*are our assumptions valid?*); and d) status and trends monitoring (*of economic, social or environmental conditions*). Research and monitoring activities currently focus on testing the implementation and effectiveness of the Northwest and Southwest plans but lessons learned pertain across all ownerships, to all plans, and to forest management in general.

Several overarching research and monitoring themes serve to guide research projects and monitoring opportunities. The following themes relate directly to the integrated forest management strategies and underlying assumptions:

- stand structure development and wildlife relationships;
- hydrologic functions and aquatic and riparian habitat;
- young stand development and management;
- forest health; and
- social and economic indicators.

Research and monitoring projects are designed to address these themes as well as management strategies described in the NW and SW Oregon Forest Management Plans:

- stand structure types (e.g. early-seral, “complex” older forest structure);
- landscape design (e.g. patch sizes and placement on the landscape);
- structural habitat components (e.g. snags, downed wood, residual green trees);
- aquatic and riparian strategies (e.g. buffer sizes on different stream types); and
- forest health strategies (e.g. integrated pest management, disease prevention).

The Research and Monitoring Program currently consists of approximately 20 research and monitoring projects and five research cooperatives (Table 10). The unifying theme is that they all test questions relevant to the implementation, effectiveness and validation of the Forest Management Plans and their strategies. Projects conducted on CSFL include:

- Cooperative Forest Ecosystem Research program (CFER)
- Riparian Function and Stream Temperature (RipStream)
- Stand structure development and habitat effectiveness
- Implementation monitoring
- Stand management research cooperatives
- Tree improvement research cooperatives
- Threatened and endangered species surveys
- Stand-level inventory

Shown below are a selection of findings from current or completed research and monitoring projects.

- District operational strategies are broadly consistent with Northwest and Southwest FMP Landscape Management Strategies and Aquatic and Riparian Strategies but more data are needed for conclusive results. (Implementation Monitoring)
- Residual trees left after partial cuts in Swiss Needle Cast (SNC) infected stands rebound more quickly than previously thought and thinning does not increase the severity of SNC. As a result, partial cuts can be used in infected areas that had previously only been considered for clearcutting. (SNC Commercial Thinning)
- Northern spotted owls have not been moving into the Tillamook burn area, but barred owl detections have been increasing. (Tillamook Burn NSO Surveys)
- Gaps in forest cover increase biodiversity, especially in herb and shrub populations, but planning for gaps must occur early in the stand development process for maximum benefit. Stand modifications of standard management operations are necessary to ensure gaps that have fully developed shrub, herb and hardwood vegetation layers. In comparison, gaps that appear or are enlarged in later development stages have reduced understory vegetation because a new invasion of early seral species is required to provide desirable stand structure components. (Young Stand Management)
- Many Oregonians are unfamiliar with the ODF State Forests program, but where they are, the program typically enjoys a high level of public support. A majority (57 percent) are concerned about forest management. 90 percent accept and understand the need for thinning while only 42 percent believe clearcutting should be allowed. (Public Knowledge Survey)
- ODF is doing a good job of protecting and diversifying fish and wildlife habitats and appears to be harvesting at sustainable levels. However, improvement could be made in reducing erosion from off-highway vehicle use near streams and improving stand-level record-keeping to help determine the effectiveness of past treatments. (Second Party Assessment)

Results from these projects can be incorporated at the program, district or site level. For example, results of the Public Knowledge Survey have been used as a component of the State Forest Performance Measures, while results from the Swiss Needle Cast Commercial Thinning study are allowing managers to prescribe partial cuts in areas previously targeted for clearcutting. The communication of results is critical to the success of the adaptive management process. This occurs through Board of Forestry meetings, annual reports, journal articles and informal information sharing. The incorporation of findings into management actions completes one loop of the ongoing adaptive management cycle and allows an improvement of management strategies over time.

The Research and Monitoring program will continue to develop projects related to our forest management activities, and to use the resulting information in a formal adaptive management process to inform State Forest Program decision-making

**Table 10. Current Research and Monitoring Activities and their Relation to both R. and M. Themes and the Forest Management Plan Strategies. For simplicity, some projects have been grouped and not all are shown.**

Project	(1) Research & Monitoring Themes						(2) NW/SW Forest Management Plan Strategies						
	Implementation Monitoring	Structure and Habitat	Aquatic and Riparian	Young Stand Management	Forest Health	Socio-Economic Indicators	Landscape Management 1	Landscape Management 2	Landscape Management 3	Aquatic and Riparian	Forest Health	Specie of Concern	Socio-Economic Indicators
Implementation Monitoring Project	X	X	X				X	X	X	X			
Stand Structure & Wildlife Habitat		X					X		X				X
Mature Forest Study		X		X			X		X				
Young Stand Management Studies				X			X		X				
Intensively Monitored Watershed Study (Trask)			X				X			X			
Riparian Function & Stream Temperature			X						X	X			
Coastal Oregon Productivity Enhancement Program (COPE II)		X	X				X	X	X	X			
Swiss Needle Cast - Commercial Thinning					X		X				X		
Swiss Needle Cast Cooperative					X		X				X		
Stand Management Cooperatives		X		X			X		X				
Tree Improvement Cooperatives				X	X	X					X		X
Threatened & Endangered Species Surveys												X	
Spotted Owl Surveys - Tillamook Burn												X	
NCASI Spotted Owl Monitoring		X					X		X			X	X
Barred Owl Ecology		X							X			X	
Asset and Revenue Reporting						X	X		X				X
Recreation						X	X						X
Performance Measures		X	X		X	X			X	X	X		X
Public Acceptance Surveys		X	X	X	X	X	X	X	X	X	X	X	X

## Section II. All State Forests Lands

### Forest Management Activities on All State Forests Land

#### Performance Measures

The Oregon Board of Forestry adopted nine performance measures in 2007 to evaluate over time whether management of Board of Forestry lands is achieving “greatest permanent value” for Oregonians, as the law requires. The Greatest Permanent Value is defined in administrative rule as meaning healthy, productive and sustainable forests that provide social, economic and environmental benefits.

These benefits provide direction for the nine interrelated measures. In addition to the Board of Forestry performance measures, a coordinated effort between the departments of Forestry and State Lands is planned to assure alignment with the Asset Management Plan approved by the State Land Board in October 2006. This plan establishes some performance measures for Common School Forest Land. Ongoing work is planned between both departments on the development of performance measures and their use.

#### Public Involvement

Each year, the public is invited to comment on the annual operations plans (AOP) on state-managed forestlands. A district AOP includes a summary report and details related to proposed on-the-ground operations, such as: timber sales, road building, reforestation, stream enhancement projects, and trail building. The 45-day comment period for FY 2008 was held from Feb. 14 to March 30, 2007. After public comments have been considered and any changes made, district foresters approve the annual operations plans for their districts by June 30. Annual operations plans are available at each district office, area ODF offices, and Salem headquarters. The plans also are posted on the ODF web site.

The public involvement process provides an opportunity for ODF districts to share their annual plans, and provide opportunities for the public to ask questions and offer comments on the planned activities on state forestlands. Written comments providing the most useful suggestions focus on one or more of the following:

- enhancing the consistency of an annual plan with the forest management plan;
- improving the clarity of an annual plan;
- providing new information that affects an annual plan (such as location of a domestic water source or cultural resource site); or
- improving the efficiency and effectiveness of an annual plan or planned operation.



## **Elliott State Forest—Coos District**

*The Coos District includes Coos, Curry and western Douglas counties on the southern Oregon coast and contains about 87,934 acres of Common School Forest Land, and 9,088 acres of Board of Forestry Lands. The largest block of this land is 93,282 acres in the Elliott State Forest located southeast of Reedsport.*

### **Forest Management and Habitat Conservation Plans**

Planning for revision of the Elliott State Forest Management Plan (FMP) and the Elliott Habitat Conservation Plan (HCP) continued in FY 2007. The planning team consists of a policy steering committee, which includes representation from ODF, Department of State Lands, Department of Justice, Oregon Department of Fish and Wildlife (ODFW), Coos County Commission, South Coast Education Service District, and a core team comprised of technical specialists from ODF and ODFW.

The final draft of the FMP was completed by the planning team and made available for review and comment at public meetings in September 2005. In January and February 2006, the BOF and SLB approved continued development of the HCP consistent with the strategies in the draft FMP.

The draft HCP was completed in FY 2007 and an EIS contractor has been working with ODF and the federal services to complete the public review draft EIS. The draft EIS is expected to go out for public review in the winter of 2008. The HCP strategies have been developed to minimize and mitigate the effects of authorized incidental take associated with forest management. The revised Elliott HCP includes the northern spotted owl, marbled murrelet, and 18 other species at risk for listing that are known to, or could, inhabit the Elliott State Forest.

The anticipated date for the federal decision on Incidental Take Permit (ITP) issuance is March 2009, after completion of the National Environmental Policy Act (NEPA) process. The current timeline for requesting SLB and BOF approval of the revised FMP and HCP is spring 2009, after the federal decision.

### Marbled Murrelet Protocol Surveys

In 2006, 326 surveys were completed at 208 stations representing 35 survey sites on the Elliott State Forest. These 35 sites represented 12 planned timber sales. Detections of marbled murrelets were recorded during 121 surveys at 12 different sites with 17 surveys recording sub-canopy behavior. Of the surveys with significant, sub-canopy detections, all were associated with protocol surveys of eight planned sales.

Sub-canopy detection and presence detections of marbled murrelets resulted in the creation of three new Marbled Murrelet Management Areas (MMMA's) totaling 92 acres. In addition to the new MMMA's, four existing MMMA's received additional acreage as a result of nearby sub-canopy detections (see tables below).

Six sale units were released for sale preparation after no significant detections were observed within the sale area during protocol surveys. The 2006 surveys began in May and ended August 1.

#### Marbled Murrelet Management Areas Created in FY 2007

MMMA Name	Sale Name	Acres
Daggett Creek	West Fork Headland	21
Footlog Ridge	Umpcoos Ridge	34
Panther Bench	Panther Headwaters	37
<b>Total</b>		<b>92</b>

#### Existing Marbled Murrelet Management Areas with Added Acres in FY 2007

MMMA Name	Sale Name	Additional Acres
Marlow Bottom	S. Marlow Switch	23
Larson Bottom	Larson Cr. #2	83
Marlow Lockhart	Piledup Marlow #2	55
Joe Buck	Lower Deer	90
<b>Total</b>		<b>251</b>

### Oregon Plan for Salmon and Watersheds

The following activities were accomplished during the 2007 fiscal year under the Oregon Plan for Salmon and Watersheds:

- There were nine sales completed during the reporting period where additional trees were retained along stream buffers under ODF Harvest Measure 62 for the Oregon Plan.
- The Coos District cooperated with the Coos Watershed Association to complete one large in-stream wood placement project in Elk Creek utilizing whole trees and 70-foot logs from a nearby timber sale. Logs were moved from the stockpile location at the nearby timber sale on a low boy because they were too large for a self-loader. The logs were pulled off the low boy with a skidder onto the road and then into the creek with a log puller.
- A 40 year old multi-plate pipe arch on the West Fork Millicoma River at the mouth of Cougar Creek was replaced with a concrete stringer bridge in cooperation with the Coos Watershed Association. This was the first new bridge installed on the Elliott since 1985. The bridge opened up approximately four miles of stream to juvenile fish passage.
- Coos District continues to have voting board members on the Coos Watershed Association and the Tenmile Lakes Basin Partnership.





Log structures placed in Elk Creek during the summer of 2006.



70-foot long logs to be placed into Elk Creek.



Pipe-arch removed from the West Fork Millicoma River to allow juvenile fish passage upstream and downstream.



Concrete stringer bridge under construction on the West Fork Millicoma River that opened up four miles of habitat to juvenile fish migration.

## **NW and SW Oregon State Forests**

*The lands managed under the Northwest Oregon and Southwest Oregon State Forest Management plans include about 26,000 acres of Common School Forest Land, which represents about three percent of the total state forest land managed under the northwest and southwest Oregon state forest plans.*

### **District Implementation Plans**

District Implementation Plans are an important tool for describing the management approaches and activities each district will pursue in order to carry out the Northwest Oregon and Southwest Oregon State Forests Management Plans. The districts that are operating under an Implementation Plan include: Astoria, Forest Grove, Tillamook, North Cascade, West Oregon, Western Lane, and Southwest Oregon Districts. The initial implementation plans were approved by the State Forester in March of 2003, and are for the 10-year period from July 1, 2001 through June 30, 2011.

The Implementation Plans are developed with a ten-year outlook, but are subject to revisions as needed, or at least every ten years. The Board of Forestry and the State Forester requested additional model runs over the last year to assist with policy-level decision-making. Modeling to-date indicates a possible need for revisions to some district implementation plans. However, ODF is conducting additional model runs to refine the information needed for such decisions, and to assist with the establishment of harvest levels. Concurrently, ODF is examining possible improvements to the implementation plan development process. Together, these two efforts may result in a decision to revise implementation plans prior to 2011. Plan revisions meeting the ‘major’ modification threshold would trigger a public involvement process (minimum 30-day comment period).

### **Western Oregon Habitat Conservation Plan**

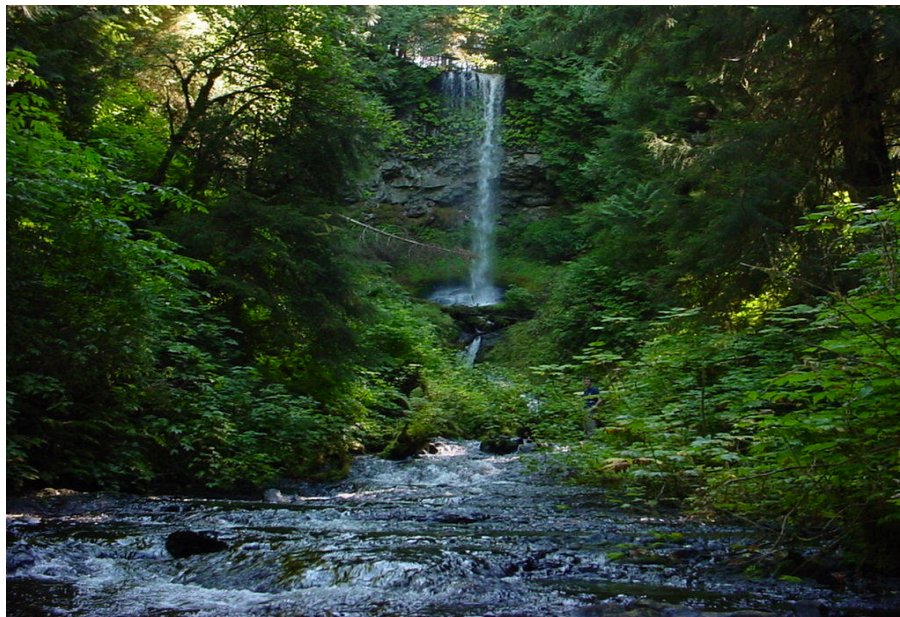
Planning efforts on the Western Oregon Habitat Conservation Plan (HCP) have focused this past year on participating in the continuing modeling efforts to better understand the economic and environmental strengths and weaknesses of management alternatives. Additionally, the State Forests Program has responded to direction from the State Forester to explore two aspects of the Forest Management Plan’s species-of-concern strategy.

The first aspect is to “explore alternative strategies for ‘species of concern’ that produce a favorable biological result on the ground.” The Forest Management Plan species-of-concern strategy discusses negotiating an HCP, but does not describe the specifics of this strategy should one developed by the State Forests Program be implemented. The Program is working to describe a species-of-concern strategy. Such a strategy could be used for possible modification of the FMP should the decision be made not to pursue an HCP. The second aspect of the State Forester’s direction was to review the current draft HCP strategies. This review is considering current operational and biological information, including: knowledge of owl locations on state forestlands in the Northwest: the *Federal Draft Recovery Plan for the Northern Spotted Owl* currently out for public review; and modeling outputs.

A workgroup of biologists and district staff is working to develop strategy recommendations. The work group will also be seeking input from the Oregon Department of Fish and Wildlife and stakeholders during this process that will extend into 2008.

## **Public Involvement**

The State Forests Program continues to proactively involve the public in the successful implementation of its Northwest Forest Management Plan, recreation plans, and activities. In addition to the public comment period on annual operations plans, the Program uses a standing advisory committee, the Northwest State Forests Advisory Committee (SFAC), which works with district staff on issues associated with implementing the FMP. The committee is comprised of members that are representative of a diversity of interests. The SFAC meets at least every quarter to engage in ongoing discussions regarding operational activities or issues. There are also additional committees that advise district staff on important recreation issues and activities.



## **Sun Pass State Forest—Klamath-Lake District**

*The Klamath-Lake District is comprised of 6,403 acres of Common School Forest Lands and 26,862 acres of Board of Forestry lands. These lands are managed under the Eastern Region Long Range Forest Management Plan, adopted in 1995.*

### **Interpretive and Education Activities**

During FY06 the district issued a five-year Special Use Permit to the Klamath Outdoor Science School (KOSS) to develop and operate an outdoor science school in Sun Pass State Forest. KOSS provides community outdoor science education that highlights the unique features of the Upper Klamath Basin, serving primarily the youth of the region. Forest Ecology and Management is a required module for all attendees, as is an introduction into the Oregon Department of Forestry and Sun Pass State Forest. In FY07, KOSS continued to provide successful outdoor science camps. KOSS was also successful in acquiring several large grants. These grants will enable significant infrastructure additions over the next year.

### **Bull Trout Restoration**

The District has begun to work in cooperation with Crater Lake National Park and Rogue River Ranch on Bull Trout restoration in Sun Creek. Crater Lake National Park has been working on protection of federally threatened bull trout in Sun Creek for 14 years. A Recovery Plan for Bull Trout in the Klamath Basin identified a two phase recovery strategy: phase I - secure headwater populations; and phase II – expand distribution downstream and provide connectivity between populations to reduce the risk of extinction from a catastrophic event such as fire or flooding, or from genetic isolation. The present bull trout population is resident in nature, living their entire life history in the headwater section within the National Park. A migratory component of the population presumably once occurred, where juvenile bull trout moved downstream into the Wood River or Agency Lake, grew to a large size, and returned to headwater tributaries to spawn. The Sun Creek bull trout are expanding in number and distribution within the Park due to recent restoration efforts and some will likely be moving downstream onto Sun Pass State Forest land in the near future. At present, bull trout are not likely to persist downstream due to the presence of introduced brook trout and unscreened water diversions for agriculture.

In FY 2007, ODF awarded a contract to develop alternatives for reconnecting Sun Creek with the Wood River, improve the efficiency/effectiveness of the adjacent landowner's irrigation system, screen fish out of the irrigation system, and prevent non-native fish from reentering the system in order to recover bull trout in Sun Creek. Once the cooperators select the preferred alternative, the contractor will complete design and cost estimates on this alternative.

The two projects listed above occur on Board of Forestry lands and do not involve any funding from the Common School Fund.

On Common School Forest Lands in the Yainax tract, the District continued treatment of a musk thistle infestation. Hand spraying of 1,321 acres was conducted in FY07 at a total cost of \$13,720. The need to continue this treatment will be evaluated for 2008.

# Stand Level Inventory on all State Forests

Stand Level Inventory (SLI) is a forest inventory developed by ODF. Field measured sampling occurs in a carefully selected representative portion of all stands. These inventory cruise stand results are used to extrapolate inventory information to all stands. This provides site-specific information on trees, snags, downed wood and non-tree vegetation (herbs-shrubs-grasses) in the cruised stands, statistically derived information about all stands for forest modeling purposes, and the ability to aggregate the information to report district and state-wide inventory totals for state forestlands.

Statewide, there are approximately 13,300 SLI stands, of which, just more than 6,400 (48.6 percent) have field-based measurements. Stands are delineated along differences in general timber characteristics – boundaries are drawn to group together areas with similar tree species, size and stocking. SLI boundaries often coincide with administrative boundaries, but individual stands may include more than one land ownership category such as County Forest Trust Lands (CFTL) and Common School Fund Lands (CSFL). Inventory reporting specific to ownership category is facilitated by integration of the SLI data with ownership information from GIS. The table below (Table 11) shows the total number of stands by ODF District, the number of stands with field-based measurements, and the number of stands having one or more acre of CSFL lands (stands with very small slivers of ownership not counted):

**Table 11: SLI status of all ownership classes as of June 2007:**

ODF District	Total Stands	Measured Stands	CSFL Stands
Astoria	1,490	898	66
Coos	2,139	1,013	2,005
Forest Grove	1,257	710	22
Klamath-Lake	301	257	81
North Cascade	752	382	33
Southwest Oregon	289	162	128
Tillamook	5,759	2,369 <sup>1</sup>	193
Western Lane	359	209	26
West Oregon	955	459	291
<b>Totals</b>	<b>13,301</b>	<b>6,459</b>	<b>2,845</b>

<sup>1</sup> Many measured stands have fewer than the desired number of plots due to recent stand re-delineation in Tillamook District.

Forest stands undergo continuous change over time, due to timber growth, mortality and harvest. The long-term goal for SLI is to maintain at least 50 percent of all stands with recent (with respect to change factors) field measured cruise information. ODF conducts annual inventory cruising projects in order to acquire and maintain the needed measurements. During the period from July 2006 through June 2007, 842 newly measured stands (about 6.3 percent of all stands) were completed as part of the latest annual project.

During FY 2006, Tillamook District completed a stand boundary re-delineation project. The District undertook the project because prior stand delineation featured too much within-stand variation in tree characteristics. Though the mean estimates were useful for reporting on broad scales, the variation caused the information to be less useful for operational site-specific planning and decision making.

The number of SLI stands in Tillamook increased as a result of the boundary re-delineation – from 1,850 to 5,759 (of which about 5,166 are forested stands suitable for SLI sampling methods). Field plots established in the past for the 1,850 stand configuration are still usable for the new stand delineation, but most stands had fewer than the desired number of plots.

Tillamook contract cruising work done in FY 2007 focused on leveraging the previously cruised plots by adding new plots to bring the number of plots in the re-delineated stands up to a more desirable intensity – 363 stands received additional plots during the last year. Additional work is slated in the near future to acquire new measured cruise information for more Tillamook stands.

Districts and Program staff have begun work to improve SLI measured to non-measured stand sample assignment methods, transitioning from the previously used strata-based assignment approach to what's known as "nearest-neighbor" assignment, or "imputation". Imputation offers the advantage of reducing estimation errors for non-measured stands by eliminating the effects of within-strata variation.

As part of its Asset Management Plan for 2006-2016, the Department of State Lands seeks to obtain an annual timber stand inventory to assist it in tracking total inventory volumes and values. DSL and ODF are in the process of defining the information specifics. A major reporting element anticipated to meet those needs is presented in the table below. Table 12 shows the SLI-based estimate of merchantable net board foot volume by species for CSFL lands as of June 30, 2007. The acres information is net of area in roads (non-forested acres) only – other non-forested acres are not removed, but the volume estimate does reflect the effect of low or non-stocked acres outside of roads.

Table 12: Timber Inventory Estimate for State Forests Common School Fund Lands, June 30, 2007:

Timber Inventory Estimate for State Forests Common School Fund Lands, June 30, 2007											
District	Net Acres	Total Net Scribner Board Foot Volumes (MBF)									Average MBF/Acre
		Douglas-fir	Cedar	True Fir	Hemlock	Pine	Spruce	Alder	Other	Total	
Astoria	1,923	22,462	164	182	8,499	0	2,042	4,274	130	37,753	19.6
Coos	86,170	2,104,235	13,915	1,102	297,592	127	9,401	103,339	46,662	2,576,373	29.9
Forest Grove	590	8,785	32	365	153	0	0	677	121	10,133	17.2
Klamath-Lake	6,816	53	410	18,784	0	25,580	0	105	66	44,998	6.6
North Cascade	992	11,999	3	26	421	0	0	1,006	679	14,134	14.2
Southwest Oregon	8,578	67,956	2,844	5,248	78	7,101	0	68	8,776	92,071	10.7
Tillamook	4,934	50,224	441	258	26,390	0	5,777	16,816	531	100,437	20.4
Western Lane	1,774	49,031	544	753	2,034	0	0	637	2,037	55,036	31.0
West Oregon	7,863	132,132	1,164	3	8,659	8	864	19,045	4,260	166,135	21.1
<b>Totals</b>	<b>119,640</b>	<b>2,446,877</b>	<b>19,517</b>	<b>26,721</b>	<b>343,826</b>	<b>32,816</b>	<b>18,084</b>	<b>145,967</b>	<b>63,262</b>	<b>3,097,070</b>	<b>25.9</b>

Source: ODF Stand Level Inventory, June 30, 2007



## Appendix A

**Table A-1. Common School Lands Managed by ODF by County**

COUNTY	CSFL
BENTON	723
CLACKAMAS	113
CLATSOP	2,060
COLUMBIA	80
COOS	54,241
CURRY	2,597
DOUGLAS	34,566
JACKSON	2,062
JOSEPHINE	4,821
KLAMATH	6,827
LANE	1,762
LINCOLN	5,612
LINN	90
MARION	720
POLK	1,690
TILLAMOOK	5,584
WASHINGTON	250
YAMHILL	80
<b>Grand Total</b>	<b>123,879</b>

Source: Pcate Acres.mdb 8/25/2006

## Appendix B

**Table B-1. Fiscal Year 2007 Timber Sale Modifications and Extensions on Contracts and Projects on Common School Forest Land.**

<b>Modifications and Adjustments</b>		
<b>Sale Description</b>	<b>Modified</b>	<b>Narrative</b>
341-04-24 CSL Long Tom Swanson Group Inc West Oregon District NWOA	July 17, 2006	Section 44, Log Prices - Change prices of Utility, Pulp and Sawmill grade logs for Conifer and Hardwood Logs from various prices listed to \$30.00 per weight log load receipt.
341-06-56 CSL Farest Kottre Tree Farms Tillamook District NWOA	July 17, 2006	Section 1750, Payment Schedule - Change Hardwood payment amounts at 30% and 60% from \$15,317.05 each to \$11,457.58 at 30% and \$13,387.32 at 60%.
341-06-35 BOF & CSL Mill Stone Swanson Group, Inc. West Oregon District NWOA	September 8, 2006	Section 1740, Log Prices - Change the price of Conifer Utility logs from various prices listed to \$30.00 per weight log load receipt.
341-06-16 BOF & CSL Greenback Swanson Group, Inc. West Oregon District NWOA	September 8, 2006	Section 1740, Log Prices – Change the price of Conifer Utility logs from various prices listed to \$30.00 per weight log load receipt.
341-06-72 BOF/CSL Tums Relief Frank Lumber Co., Inc. West Oregon District NWOA	June 22, 2007	Section 2610, Project Work - Add Project No. 4 – Mechanically brush the roads within the sale area as marked in the field.  State agrees to credit Purchaser \$1,198 upon completion and acceptance.

**Table B-1. Fiscal year 2007 Timber Sale Modifications and Extensions—Continued**

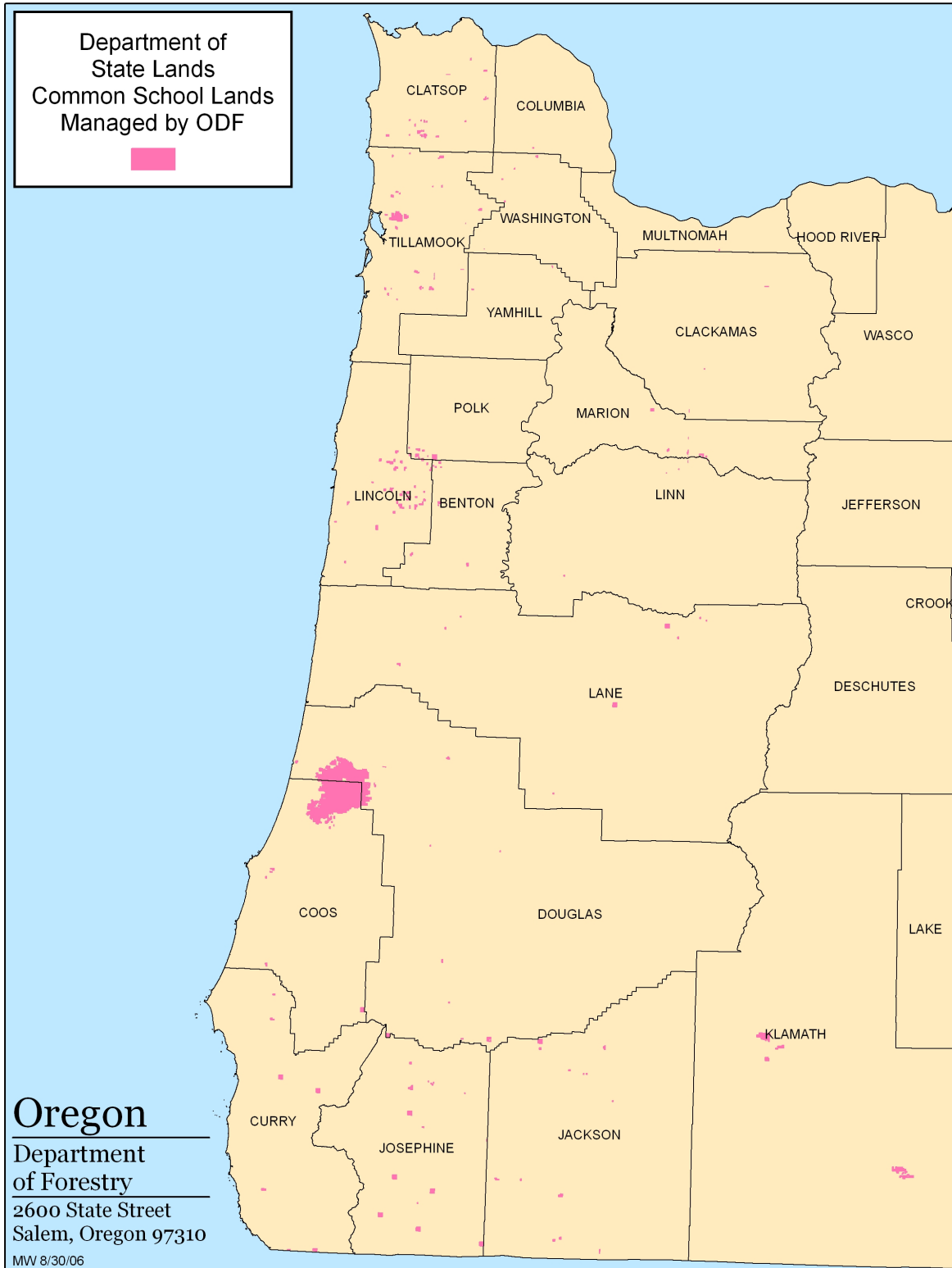
<b>Modifications and Adjustments</b>		
<b>Sale Description</b>	<b>Modified</b>	<b>Narrative</b>
341-06-76 BOF & CSL McKnob Hampton Tree Farms, Inc. Astoria District NWOA	September 15, 2006	Section 2610, Project Work, Rock Source – Change rock source from Shingle Shack Quarry to Knob Point Quarry; change Project No. 3 from Shingle Shack Quarry Development and Rock Crushing to Knob Point Quarry Development and Rock Crushing. Section 2630, Credit for Project Work - Change total credit amount from \$654,244 to \$687,212 upon completion and acceptance. Exhibit D, Forest Road Specifications and Road Surfacing – Delete specifications and instructions related to the Shingle Shack Quarry as listed. Exhibit E, Culvert list – Delete Culvert No. 75. Exhibit F, Rock Quarry Development and Use – Delete Pages 3 and 4.
341-07-05 CSL Elkhorn Ridge No.6 Scott Timber Co. Coos District SOA	May 21, 2007	Add Section 2355, Ground-based Operations - Limits ground yarding activities to specific areas, type of equipment, and procedures in consideration of high soil moisture. In Section 2455, Seasonal Restrictions - Add (f) Ground-based operations shall not be allowed from October 15 through May 15. In Section 2610, Project Work - Points E to F have been assigned to a new location; the original spur and landing will not be used. Add Project No. 3 - Improve skid road Points F to I, according to Exhibits D and F. Add Project No. 4 - Side cast pullback between Points F to I, according to Exhibit K. In Section 2630, Credit for Project Work - Change total credit amount from \$68,664 to \$74,549, upon completion and acceptance, and according to the credit schedule. Exhibit A – Add Page 3. Exhibit D – Add new project specifications and change Point E to F. Exhibit K – Add Exhibit K

<b>Extensions</b>		
<b>Sale Description</b>	<b>Modified</b>	<b>Narrative</b>
341-05-04 CSL Totten Creek No. 2 Swanson Bros Lumber Co. Inc Coos District SOA	September 15, 2006	Per Section 26, Extension of Time - Extend from: October 1, 2006 To: October 31, 2006
341-05-74 CSL Brown Ridge Corners Swanson Group Inc Coos District SOA	September 15, 2006	Per Section 26, Extension of Time - Extend from: October 1, 2006 To: October 31, 2006





# Department of State Lands and Oregon Department of Forestry



## Errata

This two page document replaces Page 6 of the  
Common School Forest Lands Fiscal Year 2007 Annual Report

Other charges to the CSF referred to as “Transfers Out,” were \$947,815 in fiscal year 2007 (Table 2). This is approximately 17 percent of the overall costs. The transfers out charges include: an administrative prorate; capital improvement projects; certificates of participation (COPs); and seed orchard management.

It is the Department of Forestry’s goal to ensure our administrative cost structure accurately reflects the work performed by administrative staff, and that each end-user pays their fair share of administrative costs. The administrative prorate supports the following services:

- Human Resources (Personnel, Labor Relations, Safety, Training);
- Financial Services (accounting and reporting services);
- Internal Auditing, Quality Control, and Risk Management;
- Information Technology support and infrastructure to ODF staff and field offices;
- Oversight of Facilities, Property Control, and Procurement activities (contracting and physical assets);
- Payroll administration;
- Biennial Budget development and implementation;
- Agency Affairs (public information, education, legislative coordination);
- Resource analysis and technical studies and;
- Executive Level Policy and Administrative oversight (State Land Board, Board of Forestry, Executive Team and Administrative Services Program Directors).

The administrative prorate charges for fiscal year 2007 were \$888,131. The administrative prorate percentages are determined from work studies performed each biennium by ODF. The work studies in the different administrative areas calculate the percentage of time a specific service area performs work for the benefit of an end-user (i.e. DSL). Each biennium, a new work study is performed to make sure the allocated percentages are as accurate as possible, then a budget policy option package is presented to re-align the Department of Forestry’s budget within the study parameters. If the Legislative Assembly approves the packages, then the prorate is realigned. If not, the existing prorate is continued.

Seed orchard costs for FY 2007 were \$14,283. This money was used to produce genetically improved seed (superior growth, wood quality, and disease tolerance characteristics as identified through traditional breeding and selection methods) appropriate for state forestlands. During FY 2007, Douglas-fir seed was harvested for use on the Astoria, Tillamook, Forest Grove, and West Oregon Districts. Western hemlock seed was harvested for use on the Astoria and Tillamook Districts, and western redcedar seed was harvested for use on all northwest Oregon lands. Funds were also expended to support the stimulation of a seed crop in FY08 for the Coos (Elliott State Forest), North Cascade, and Forest Grove Districts, and to support the upgrading of orchards to further improve genetic traits and increase tolerance to Swiss needle cast disease.

The certificate of participation (COP) interest and principal funds capital construction debt service which is for facility development and improvement to the Salem compound. The COP interest and principal allocation closed out the fiscal year with a credit. This credit is a result of a reallocation of debt service charges to the correct fund allocation split of the current fiscal year and prior fiscal years 1999 through 2006.

The capital improvement projects for this period include, a bridge installation on the Elliot State Forest, tree cooler improvements and a garage remodel on the West Oregon District, and building improvements on the Salem ODF compound.