

Forest Management Plan Approach
Alternative Forest Management Plan
Stakeholder Group

2-3-14

Title- “Timber Harvest Optimization” Alternative (revised)

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General Description- This alternative management approach follows Harvest Scheduling work completed by Forest Analytics, LLC where a couple of Harvest Schedules were compared using FPA and FMP Stream Buffers. Although these harvest modeling approaches were an attempt to look at a “*more industrial approach*” to managing the lands, they are still conservative when compared to true industrial standards. Generally, this proposal maximizes revenue while ensuring environmental protections through the FPA and also by enforcing current FMP stream buffers. Moreover, this alternative creates a unique opportunity to establish and fund a new “Conservation Fund” for improving conservation outcomes.

Land Management Strategy

Scope- All 6 Districts would be included in the timber harvest optimization alternative. Forest Analytics, LLC employed the following methods and assumptions:

- 1) A Commercial Thinning practice would be employed at age 30 and when appropriate, from below for first and second rotation yield projections.
- 2) A minimum rotation age of 40 was utilized along with variable rotation age.
- 3) Reductions in standing inventory is allowed.
- 4) Mixed species used in second rotation yields.
- 5) A “Take Avoidance” Strategy for T&E Species was utilized.
- 6) FPA and alternatively, FMP stream buffers were used for comparison.
- 7) Harvests were scheduled by District rather than combined.
- 8) Larger polygons were divided into thirds to allow a maximum unit size of 120 acres.

Land Protection Set Asides

Applying the current FPA and/or FMP standards for Aquatic/Riparian protections and “Take Avoidance Strategy” on T&E Species will result in a 23% and 26% acreage set aside respectively on the 6 Districts using a FPA or FMP Standard in conjunction with the other set aside protections.

Expected Optimized Harvest Volumes with Different Stream Buffers

	<u>FPA Stream Buffers</u>	<u>FMP Buffers</u>
Big 3	303 MMBF	297 MMBF
Little 3	<u>71 MMBF</u>	<u>69 MMBF</u>
Total	374 MMBF	366 MMBF

Current Harvest Volumes

Big 3	182 MMBF
Little 3	<u>38 MMBF</u>
Total	220 MMBF

Incremental Harvest Volumes Available

Total	154-146 MMBF
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Incremental Income Available (High and Low)

154 MMBF X \$350/MBF= \$53,900,000 ODF Share= \$53,900,000 X 36.5%= \$19,673,500

146 MMBF x \$350/MBF= \$51,000,000 ODF Share= \$51,000,000 X 36.5%= \$18,615,000

Business Model/ Funding Strategy

The funding for this approach could easily come from ODF's share of the increased timber revenue. Estimated incremental timber revenue could increase by about \$19.6-\$18.6 million to the agency. The sizable revenue increase could create a respectable reserve fund to buffer down cycles, catch up on deferred land management actions and create a funding source for other desired outcomes.

Expected Outcomes

Ensuring Financial Viability- Create incremental timber revenues of \$53.9-\$51.0 million which equates to \$19.6-\$18.6 million to ODF. This harvest level ensures long-term financial viability of the program and improves the financial return to a more satisfactory level for the land asset. Further, this proposal is sustainable over the long term without significant departure in standing inventory.

Improving Conservation Outcomes- A new "Conservation Fund" would be established and funded by this management alternative from the "incremental timber harvest and revenues" generated. To initiate the fund, a \$2.0 million deposit (from operating income) would be made in the first year of the plan implementation. Following the fund initiation, \$10/MBF would be set aside as a budgeted line item for the new fund from ongoing annual harvesting operations. The incremental volume from this proposal would generate between \$1.4-1.5 million annually to fund conservation projects. This fund would be significant and dependable through implementation of this alternative. Further, it would ensure continued financial support for priority restoration and conservation projects. Projects would be approved by a Board of Directors made up of a diverse stakeholder group and could include such things

as conservation easements, riparian and stream enhancement projects, recreation and other conservation projects.

Summary-This alternative provides a very high level of financial viability and drastically improves the return on asset value per the responsibility of ODF, the Land Board and Board of Forestry.

The alternative also provides incremental Conservation Values through the following:

- 1) Retains current protections through the Oregon Forest Practices Act and /or FMP Riparian Buffers for aquatic species.
- 2) Creates badly needed habitat (early seral stage) for big game (deer and elk) species. With less active management on federal land for decades, this is a large need. Hunting groups like OHA and Rocky Mountain Elk Foundation continually express this concern across all Western and Inland States.
- 3) The Conservation Fund will provide a unique opportunity to partner with diverse stakeholders in conservation projects. This fund in combination with voluntary measures by private landowners, would provide a new basis to work collaboratively on incremental conservation initiatives.

Conclusion-There must be a drastic diversion from the present management plan to accomplish the assigned task to the Stakeholders Group. Improved Financial Viability and Conservation Values will not be simultaneously accomplished without a drastic change in management plans. The current plan if retained, will result in a progressively worse financial outcome, and return on asset value. Further, not only will the economic viability worsen, but the conservation outcomes will diminish also over time as land managers progressively will not be able to manage the land through growing of older and older trees. There is no economic reason to continue to increase standing volume on the six districts managed by ODF, which has occurred over the last couple of decades. Incremental harvest is the only sensible, viable and predictable way to increase economic viability and conservation outcomes.

Further, the six districts will go the way of the Elliot Forest if the current management plan continues. Layering of more “Federal- like Encumbrances” on these state lands will only further deteriorate viability. Continuation of the plan will generate a progressive economic death to financial viability. The result of this action will be a land sale of the six districts or a subset of them. We can do better than that if we have the political will to do it.