

*~Final~*  
Committee for Family Forestlands  
Minutes  
February 18, 2009

A meeting of the Committee for Family Forestlands (CFF) was held in the SunPass Room at ODF's Salem compound.

*Committee members present:*

Gary Springer	Mike Cloughesy
Craig Shinn	Susan Watkins
Sarah Deumling	Greg Miller
Rick Barnes	Brad Withrow-Robinson

*Staff present:*

Kevin Weeks	Julie Welp
Peter Daugherty	Lanny Quackenbush
Jim Paul	

**Agenda Items:**

1. OSWA Legislative Agenda
2. Revenue/Budget Update
3. Budget Policy Implications for Family Forestlands
4. Wildfire Reduction Act, Protection Budget
5. OFRI Speakers' Bureau Presentation
6. Stewardship Agreements, Safe Harbor, NRCS Healthy Forest Reserves Program
7. Communications and Other Business

**Approve minutes from January 29, 2009, meeting**

Approved with corrections

**Old Business**

A letter needs to be written to Barbara Craig on behalf of the committee, thanking her for her work on the Board of Forestry. Kevin will create a standard Certificate of Appreciation from the CFF. Also, a welcoming letter needs to be sent to the new Board members. Craig brought up some topics that in previous meetings, committee members had said they wanted to talk about at some point. One is the impact of parcelization, and the OSWA initiative to reduce the portion of woodland that qualifies as tax exempt. Another topic is the interest associated with IRS payment schedules. Mike Cloughesy mentioned that at the last meeting, he'd offered to send out a committee update letter to symposium attendees, but hadn't received the final copy yet.

**Revenue and Agency Budget**

Peter updated the committee on the agency budget. There hasn't been much change in the revenue forecast. The forecast is due out on February 20, and it's not expected to look good. There will be new forecast changes within State Forests as well. A 30% - 40% drop in revenues from the current biennium to the 2009-2011 biennium is forecast for that program

because of the drop in the housing market. The program has some savings in the Forest Development Fund for times like these, but some of the money in the Fund has been used by Protection from Fire to fund their administrative costs. State Forests will need to reduce the size of their program over time.

Information on the federal stimulus dollars came out recently. The US Forest Service will receive \$1.15 billion total from the stimulus, \$650 million for construction on public lands, and \$500 million for reducing wildfire threats on both federal and non-federal lands. Of that \$500 million, \$250 million is designated for use on federal lands; the rest is to be used on State and private lands. None of the funding for the State and private forestlands is subject to providing a match for these funds. All the matching and cost sharing requirements have been waived. Peter has asked the Forest Service to look into what happens to all those existing fuel reductions projects with a 75% cost-share. The funds the department is being allotted really isn't an additional stimulus unless the 75% cost-share on current grants is retroactively waived, or the stimulus money could be used to backfill those grants immediately to make them 100% cost-share.

The Private Forests Program has been notified that it needs to submit a list of shovel-ready projects by February 19. Projects need to be ready to start within 7 days of the signing of the stimulus bill. Projects ready within that timeframe include some fuel reduction projects and bark beetle projects in northeast Oregon. Another project is Sudden Oak Death eradication. Peter listed several other projects that other agency programs are lining up. These projects will put some people to work, but only for a short time. Sarah commented that it's easier for the private landowners to be ready quickly with shovel-ready projects. Peter asked the committee members to send him any of these projects for consideration. He also suggested putting forward a cost-share program designed to provide capital funds for biomass driven kilns???? that would then be available to all landowners under the agency's normal cost-share process.

The committee went on to discuss a letter Gary Springer had written regarding the Oregon Department of Forestry and its budget. Over the last several years, the ODF budget, particularly in the Fire Program and the Private Forests, has been dying a slow death. The department has somehow made do with these cuts, which has given the impression that it can continue to do that indefinitely, but that is a broken model. As a result of the proposed budget cuts for the next biennium, there will be a lot more self-policing among forest landowners. One of the possible solutions is the suspension of the FPA with a two-year sunset clause. Jim Paul explained that the proposed budget of a 10% reduction takes the funding levels back to the mid-1980s. There have been a lot of statutory rules changes since then, which have added to the agency's budget requirements. It will be impossible for the agency to continue to administer the current FPA the way it would like to. There will be a shorter list of what the program can do with the limited funds and prioritization of stewardship forester duties. Landowners may need to hire private forestry consultants and technical specialists. Gary asked how the FPA would be affected with a 15% cut to Private Forests' budget? Jim explained that the one-on-one contact that the agency has provided in the past will be cut back. It could be limited to minimum water protection rules and reforestation rules. In the Salem administration office, the Private Forests Program would be down to 6 people, and in the field, there would be less than 30 stewardship foresters left. The idea of potentially suspending some or all of the FPA or converting the Act to

voluntary measures temporarily was discussed. Gary doesn't want to kill the FPA; we're doing that right now. It will become a complaint driven process. A near-term solution would be cost-share; it would no longer be 50/50. Susan pointed out that the Private Forests is not for foresters; it's for the public at large. Landowners don't want to pay for something that is not for them.

Craig wanted to go around the table so everyone could give their opinion.

- Gary: The BOF hasn't really engaged yet in the budget process; the CFF needs to come up with an endgame for the department.
- Greg: Agrees with Gary's letter, aside from abolishing the FPA.
- Mike: Thinks Gary's letter should be brought before the Board.
- Susan: Agrees with Mike, but should also include the public benefits issue. Make the public aware of the budget crisis; and reshape the program.
- Sarah: Agrees with Gary's letter; it gets people talking. Agrees with Susan on approaching the public.
- Rick: Shouldn't approach the legislature about changing the FPA; it's a good Act that we need to keep. Thinks the program should keep at least one person in key disciplines so landowners have some resources to rely on.
- Jim: March and June BOF meetings will include discussion of program priorities. Encourages committee members to attend and join the discussion.
- Craig: Good discussion; we shouldn't miss pitching something to the BOF. Emphasize the public benefits and sense of fair share. We could also do a more robust job on presenting the positive aspects of where the department currently is in relationship to the FPA and what the agency is doing in the forests.

### **Protection from Fire Program**

Travis Medema, the new deputy chief of the Protection from Fire Program, joined the committee to discuss that program's budget. He began with a couple of handouts regarding the program's highest priorities, and legislative concepts. One of the priorities, HB2215, re-ups the forestland protection fund; it increases that limit from \$10 million to \$15 million. SB189 deals with forestland classification. Forestland classification is how the Fire Program receives revenue. It's the assessment portion, what landowners pay, both forest and grazing landowners. It hasn't be updated since the 1960s. It includes three key principles: 1). It updates the definition of forestland to include the urban interface. 2). It deals with the districts and classification. A district can cover many counties and currently, a classification committee needs to be created for each county. The new legislation allows for a classification committee to cover several counties. 3). It allows for fire chiefs to be involved in classification committees, which they are currently not allowed to participate in.

Travis then moved onto the Fire Program's budget. The program moved forward with the proposal of the Wildfire Reduction Act, which includes capacity, severity, and equity in large fire funding. It was not an approved item that came out of the Governor's recommended budget, so the program wasn't able to completely move forward with this concept. The cost of fires has escalated and is outpacing the agency's ability to pay to fight fires. The forestland protection fund has been in the hole for a while; last year, the department had to borrow \$5 million. The agency feels the best way to fight a fire is to stop it early. Stopping one large fire can save \$5 million. Several things came of the Governor's recommended

budget. These include budget reductions, fund-shifts, and leaving the budget as it is. One fund-shift includes landowners' contributions to initial attack. For several years, the split has been 50/50 with the State picking up the other half. It's been proposed to change that to 45/55, which means the State picks up 45% of the cost, while the landowners contribute 55%. Rick commented that this shifts the burden to rural landowners when there is already a high unemployment rate. Another fund-shift comes in the form of forest development funds. These are State Forests' dollars. When a unit harvested, State Forests gets one-third of the money, while the other two-thirds goes to the counties. The counties' portions make up the forest development fund. The Governor's budget pulls \$7.8 million out of that fund and puts it in the Fire Program budget. The Special Purpose Appropriation was fully funded in the Governor's recommended budget at \$5.1 million. This is used to contract helicopters and air tankers, and moving equipment around the state.

Travis explained the agency's insurance premium for large fire insurance. The premium is \$1 million. This allows for \$25 million in insurance deductibles, and in the Governor's recommended budget that \$1 million is still a 50/50 split between the State and landowners. The \$25 million deductible is first 100% covered by the forestland protection fund (paid by landowners), which is handled by the Emergency Fire Costs Committee. Once the first \$15 million in large firefighting costs has been covered by the landowners, the State then contributes out of general fund. The insurance policy covers the first \$25 million of fire costs. Anything over that is general fund. Over the past several years, the cost of firefighting has been between \$8 million and \$13 million. This is all landowner funds.

### **Speakers' Bureau**

Mike Cloughesy gave a presentation on OFRI's Speakers' Bureau program. The program has a number of presentations and trainings it provides to various organizations including Lions' Clubs, rotary clubs, watershed councils, Small Woodlands, SAF, and chambers of commerce. Perhaps someone on the CFF would like to become a trained speaker on Family Forestlands.

### **Stewardship Agreements and Safe Harbor Agreements**

Lanny Quackenbush provided a handout on the Healthy Forests Reserve Program (HFRP). It includes information on the program and an application. The Spotted Owl is being used as a pilot project. The HFRP is available in Lane County and south and is funded by the NRCS, which has funding of \$1.7 million. Those people, or organizations, who are interested in participating in this program will be able to submit applications to ODF from mid-March through mid-April. NRCS is offering the department \$100,000 to create stewardship agreements that will qualify people for this program. Lanny has an electronic version of the handout, if any committee member would like it forwarded to them. This program runs under a Safe Harbor Agreement that ODF is negotiating with the US Fish and Wildlife Service.

### **Next Meeting**

The March 26 meeting is canceled. Changing the date of the April meeting was discussed, but nothing was decided, so that meeting remains scheduled for April 16.