

MEETING SUMMARY

WESTERN OREGON STATE FORESTS

HCP STEERING COMMITTEE

Friday, October 5, 2018, 1:00 pm – 3:00 pm
EcoNorthwest, 222 SW Columbia Street

ATTENDEES

Participants: Liz Dent (ODF), Paul Henson (USFWS), Kim Kratz (NOAA/NMFS), Leah Feldon (DEQ), Doug Cottam (ODFW), Bill Ryan (DSL)

Technical Consultants: Mark Buckley (EcoNorthwest), David Zippin (ICF)

Technical Advisor: Mike Wilson (ODF)

Facilitation Team: Cindy Kolomechuk (ODF), Brett Brownscombe (Oregon Consensus), Debra Nudelman and Sylvia Ciborowski (Kearns & West)

WELCOME AND INTRODUCTIONS

Cindy Kolomechuk, ODF, welcomed participants and noted that the key desired outcome of today's meeting is to review the results of the Business Case Analysis and have an opportunity for questions and answers. The ODF team will present the results of the Business Case Analysis to the Board of Forestry on November 8. That meeting will provide an opportunity for public input and will also include ODF's recommendation on whether to move forward to Phase 2. At this point, the ODF recommendation is to move in to forward with Phase 2.

Cindy handed off facilitation of the process to the Oregon Consensus and Kearns & West facilitation team and highlighted the value of their third-party perspective. Deb Nudelman, Kearns & West, explained that the role of the facilitation team is to provide neutral process support, allowing ODF to give full attention to the substantive issues.

Participants introduced themselves. Deb reviewed the agenda and meeting materials.

Cindy provided a recap of the August HCP Steering Committee meeting. At that time, Nick Palazzotto of the Scoping Team provided an update on species refinement and selection criteria. Steering Committee members also focused on the Western Oregon State Forests HCP Workplan and reviewed various forms of agreements that outline operating principles, process for dispute resolution, and the interplay between the Scoping Team and Steering Committee.

Cindy requested that members provide edits or comments to the August 28 meeting summary by email.

AGENCY UPDATES

Members provided updates relevant to the Western Oregon HCP process:

- Paul Henson: USFWS lost the fisher litigation and the species is now a candidate species. The agency has until March 2019 to publish a final decision. USFWS is continuing to talk with timber industry representatives. Fisher is not a proposed covered species for the HCP, but we may want to consider including it. This may come up as an issue for the public as part of the HCP process.
- Bill Ryan: DSL is moving forward with development of the department's HCP and is reviewing a first administrative draft. Public review of the HCP is anticipated for April/May 2020 and it is expected that the NEPA process will be complete Dec 2020, with an incidental take permit issuance in early 2021. A report on decoupling of the Elliott Forest process will be presented at the Land Board meeting through a public process later in 2018, in an effort to move forward to decouple the Elliott State Forest from Common School Fund lands.
- Doug Cottam: The Fish and Wildlife Commission received two petitions on Humboldt marten. One requested review of trapping rules, and the Commission accepted that petition. The second requested listing Humboldt marten under the state ESA, and the Commission voted to deny that petition; this denial was based on a conclusion that the petition did not have enough evidence to warrant status review of Humboldt marten; but was not necessarily a substantive response that Humboldt marten does not warrant review. ODFW is continuing research on fisher in Southwest Oregon under a grant.
- Kim Kratz: NOAA/NMFS is working on another HCP in addition to the Western Oregon HCP. There is concern about overlapping schedules and capacity to conduct both HCP processes.
- Brett Brownscombe: Oregon Consensus is in final stages of publishing report that summarizes assessment interview of about seventy interviewees that represent a wide cross section of diverse interests who care about the Elliott process. The report will be published on DSL's website and Oregon Consensus will present key outcomes at the Land Board Meeting on October 16. In the interviews, questions were brought up around how the Western Oregon HCP process relates to the effort to decouple the Elliott State Forest from Common School Fund.
- Liz Dent: A small number of ODF staff are busy working on three related efforts (the two HCPS and revision of the Forest Management Plan). ODF will present the Forest Management Plan goals, strategies, and measurable outcomes to Board of Forestry at their December 8/9 meeting. The Board includes three new members.

- Leah Feldon: DEQ continues to have conversations with the federal administration on Waters of the United States Rule, which may have some impact on this HCP process.
- Cindy Kolomechuk: ODF is working with Kearns and West to develop an effective stakeholder engagement process for the Western Oregon HCP. The Kearns & West team will be interviewing Steering Committee and Scoping Team members over the next several weeks; and will then interview a set of external stakeholders to include a wide range of interests and perspectives. Steering Committee members should email Cindy with recommendations on individuals that should be interviewed as part of the process.

BUSINESS CASE ANALYSIS

Cindy introduced the Business Case Analysis. She noted that the analysis required making some broad assumptions, but the conclusions show that moving forward with an HCP process has the potential to improve financial outcomes and improve conservation on Western Oregon forest lands.

Mark Buckley, EcoNorthwest provided an overview of the Business Case Analysis results. The presentation included the following points:

- The focus of the Business Case Analysis was to understand the bottom line implications of harvests and associated cost and revenue. The Business Case Analysis (BCA) helps provide the range of tradeoffs that the Board of Forestry will face. Much more data, analysis, and modeling will be developed as part of the HCP process, if the Board decides to move to Phase 2. The BCA was a non-spatial analysis, whereas the HCP process would include a spatial analysis.
- A Western Oregon HCP represents a shift from take avoidance to potential take. It is a change from current practice, which has caused many financial and non-financial constraints on ODF's operations, and challenges in planning for when and how harvest can occur.
- The BCA made the following assumptions:
 - The HCP would begin with three years of design followed by a fifty-year implementation (2021-2070).
 - The HCP covers all eight western districts, except Klamath Lake and the Common School Fun lands. Not all districts have implementation plans, so the BCA had to do some extrapolations for those areas.
 - Covered species include nine fish and seven wildlife species.
 - The BCA analyzed two scenarios over the 53-year timeframe (3 year development, 50-year ITP period): no HCP and with HCP. The analysis modeled available acres, and how available acres would change over time with each scenario, to predict future potential harvest. The analysis modeled the cost and

revenue under each scenario, and implication for County payments. The modeling used a 3% discount rate, to understand differences from a financial perspective.

- The analysis assumes that agency costs will increase at a rate of 0.5% annual, that ESA compliance costs will increase by 2.8% annual (which has important consequences for revenue), timber prices remain constant at \$350/MBF, and current harvest schedules and implementation plans remain the same.
- Key conclusions of the BCA include:
 - Under the HCP scenario, there is an immediate step up on constraints, but then a gradual decline in those constraints over time. The initial 2021 constraints would include 11,000 acres of stream buffers, an additional 15,000 acres of set-asides for northern spotted owl and marbled murrelet, and 20,000 additional acres of set-asides for new species. An HCP would lead to an increase in acres available for timber harvest over time.
 - Under the no HCP scenario, there is no immediate step up on constraints, but a gradual increase in constraints over time.
 - The estimated cost of preparing the HCP over a three-year time period is \$4 million. Current typical ESA compliance costs without an HCP are \$5 million annually. ESA compliance costs are expected to rise substantially over time. The analysis calculates an approximate \$2 million annual savings with an HCP as compared to no HCP.
 - The range of acres available for harvest is higher under the HCP scenario as compared to the no HCP scenario.
 - The HCP scenario results in stable net revenue. Overall, the HCP scenario has a \$250 million net present value benefit over the 50-year timeframe. The no HCP scenario would result in annual declines in net revenue as well as greater uncertainty in future revenues.
 - Other benefits of the HCP scenario include: reduced planning costs for ODF staff; more reliable habitat; increased carbon sequestration due to increased harvests and plantings; and reduced litigation risk. The impacts on recreation do not change in any meaningful way under the HCP and no HCP scenarios.

Steering Committee members asked questions and discussed the analysis conclusions:

- Members recommended that the analysis include assumptions for litigation costs. County Commissioners in particular will want to know the impacts of litigation costs on the analysis. ODF staff noted that the Oregon DOJ suggested not conducting a deep analysis of litigation costs in the BCA.
- Members discussed availability of grant funding to conduct the HCP.

- Members recommended making the *Changes in Acreage Designations from 2021-2070* slide more clear, as the graphic is confusing. The acres calculation should be the same from slide to slide. The most important message to convey is where acres will be freed up from. Members suggested lumping together the LD and TAS constraints, rather than showing them together.
- Members discussed the key messages that the BCA presentation should relay. Messages need to be carefully crafted to take into account different stakeholder points of view. Stating that the HCP “frees up land for timber” will not be received well by the conservation community. Messaging should also reinforce the conclusion that quality of habitat improves with an HCP
- Members noted that the main message regarding revenue forecasts is that the HCP scenario results in a positive net revenue result; the exact revenue difference between HCP and no HCP is less important. The relative comparison is what is important.
- Members noted that some stakeholders may debate the carbon sequestration benefits of an HCP, so the BCA may want to mark these benefits as “potential.”
- A member suggested including a slide to clarify that some program costs will continue with or without an HCP (such as infrastructure management, maintenance issues, etc.). The presentation should not imply that an HCP is the key to making ODF financially viable.

Members provided their overall observation of the BCA and level of support for moving forward into Phase 2:

- Overall, members appreciated the analysis and work that went into the BCA, and feel the results are easy to understand. They are pleased to have data to support the HCP before beginning Phase 2.
- Staff and consultants should be cautious as they present messages about the benefits of an HCP, and keep in mind the perspectives of the conservation and timber communities.
- Members expressed support for moving in to Phase 2.
- As the BCA is presented to the Board of Forestry, presenters should be mindful that the Board includes three new members that may need more background information to understand the BCA and benefits of an HCP.

NEXT STEPS AND SUMMARY

Upcoming meeting dates include:

- October 26: 9:30 a.m. – 12:00 p.m.: Meeting with Forest Trust Land Advisory Committee
1:00 p.m. – 5:00 p.m.: Informational Meeting at which the HCP Phase 1 results will be presented to the public

- November 8, 8:00 a.m. – 12:30 p.m.: Presentation to the Board of Forestry. Steering Committee members are encouraged to attend to show their support for Phase 2.
- November 30, 10:00 a.m. – 12:00 p.m.: Next HCP Steering Committee Meeting