

**Council of Forest Trust Land Counties**

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W. 19-a

February 19, 2004

To: Boards of Commissioners of Forest Trust Land Counties
From: Gil Riddell, CFTLC Executive Director
Subject: 1) CFTLC budget amendment; 2) Voluntary assessment.

PLEASE TAKE ACTION DIRECTLY.
RESPONSE OF YOUR COUNTY BOARD OF COMMISSIONERS
NEEDED BY MARCH 11TH!

At the Board of Directors meeting of the Council of Forest Trust Land Counties on February 13, 2004, the Board took two actions that require response from the 15 Boards of Commissioners of the member counties: I. Recommendation to amend the 2004 Budget; II. Request for a voluntary assessment for a legal opinion by Schwabe, Williamson & Wyatt and continuing expert consulting by Mason, Bruce & Girard.

I.

The 2004 CFTLC Budget (attached), adopted at the Annual Meeting in November 2003, provides for a voluntary assessment of the 15 counties of \$20,000 for CFTLC to purchase a legal opinion from a private law firm on the efficacy of legal action against the State for transfer of revenues from the Forest Development Fund to the state General Fund. The CFTLC Screening and Selection Committee and the Board of Directors unanimously recommend retaining Schwabe, Williamson & Wyatt for this purpose. Schwabe's proposal, however, would call for a budgeted line item of \$30,000. Nevertheless, the SSC and Board were sufficiently impressed with the depth of the proposal that the increase in budget is considered well worth it. The Board unanimously recommends that the 15 member county governing bodies approve the amendment to the 2004 Budget to delete \$20,000 and insert \$30,000 in the Expenditures line item "Contract Services: Legal opinion" and in the Revenues line item "Voluntary Assessment: Legal opinion".

The CFTLC Bylaws require any budget amendment to be approved by action of the county or its voting delegate. Six counties have appointed a delegate for voting purposes beyond the 2003 Annual Meeting: Benton (Commissioner Jaramillo); Clackamas

(Commissioner Sowa); Douglas (Commissioner Robertson); Lane (Commissioner Morrison); Tillamook (Commissioner Hanneman); and Washington (Commissioner Duyck). As a result, these counties may take action by the governing body as a whole or by vote of their delegate.

Please have your Board of Commissioners or Delegate reply by MARCH 11TH to the question: Shall the 2004 CFTLC Budget be amended under Expenditures and Revenues to read that the "legal opinion" line items are \$30,000 rather than \$20,000?

II.

The Board of Directors also approved requesting a voluntary assessment of the 15 counties as anticipated by the 2004 Budget. [To avoid confusion, the Board directed that this request be sent at the same time as the budget amendment question above and that the portion of the request for the legal opinion be \$30,000.]

The voluntary assessment includes contract services for the legal opinion described above and for continuing specialized professional services of Mason, Bruce & Girard (Mark Rasmussen). For the latter, the 2004 Budget anticipates a voluntary assessment of \$30,000, considerably less than previous assessments for MBG. We need ask for only \$30,000, because of a favorable year-end balance and sharp eyes to economize without being penny wise and pound foolish. MBG has provided attached materials – updated from the Annual Meeting – reporting its accomplishments, assignments, and upcoming work.

The voluntary assessment is based on the CFTLC dues formula. **The assessment for each county is listed in the attached schedule. Your county will receive an invoice for that amount by snail mail.**

If you have any questions or comments, please do not hesitate to contact me or Commissioner Tim Josi, CFTLC Chair, at Tillamook County.

**COUNCIL OF FOREST TRUST LAND COUNTIES
2004 BUDGET
CFTLC FUND**

EXPENDITURES	2001	2002	2003 budget	2003 actual estimated	2004 recommended
<u>Materials & Services</u>					
Contract Services: AOC	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Contract Services: MBG	\$38,023	\$61,532	\$65,000	\$48,000	\$55,000
Contract Services: Legal opinion					\$20,000
<u>REVENUES</u>					
<u>Dues Assessment</u>	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
<u>Voluntary Assessment: MBG</u>	\$50,000	\$74,000	\$50,000	\$59,200	\$30,000
<u>Voluntary Assmt: Legal opinion</u>					\$20,000
<u>Year-end Balance - Vol. Assess.</u>	\$18,913	\$31,381	\$16,381	\$27,581	\$2,581

EXPLANATION

EXPENDITURES.

Contract Services: AOC - Purchase by CFTLC of personal services and materials and supplies from the Association of Oregon Counties.

Contract Services: MBG - Purchase by CFTLC of specialized professional services of Mason, Bruce, & Girard (Mark Rasmussen) to assist in development of, and adjustments to, the Implementation Plans for the State Forest Management Plans.

Contract Services: Legal opinion - Purchase by CFTLC of a legal opinion from a private law firm on the efficacy of legal action against the State for transfer of revenues from the Forest Development Fund to the state General Fund.

REVENUES.

Dues Assessment - CFTLC dues assessment apportioned under the formula provided in the Bylaws. Dues have been held constant at \$12,000 since 1995.

Voluntary Assessment: MBG - Moneys in 2001, 2002, & 2003 were to retain

Mason, Bruce, & Girard (see EXPENDITURES, Contract Services: MBG). The assessment was apportioned under the dues formula. To date, all counties have paid the voluntary assessment except Clatsop and Washington. Another voluntary assessment for the same purpose is anticipated for 2004.

Voluntary Assessment: Legal opinion - A voluntary assessment is anticipated to explore legal action against the State (see EXPENDITURES, Contract Services: Legal opinion). If the legal opinion leads to legal action, a further voluntary assessment is likely, which will require a budget amendment.

Year-end Balance - Voluntary Assessment. Amount unexpended from previous voluntary assessments.

Draft 10-12-03

Mason, Bruce & Girard, Inc.
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MEMORANDUM

DATE: 2/18/2004
TO: CFTLC
FROM: Mark Rasmussen
SUBJECT: Update: Report on ODF planning activities

1. Background

At its April 2003 meeting, CFTLC asked MB&G to sit, as one of its representatives, on the team charged with building a new Harvest and Habitat model for State Forest Trust Lands. MB&G's objectives on this project are to:

- Help ODF create an efficient and effective process to correct/update/revise the planning model as quickly as possible. The model should reflect the Agency's "corporate view" of the forest, habitat and response to management.
- Provide input to the modeling process that reflects MB&G forest planning expertise and experience.
- Monitor model building efforts to assure CFTLC that the resulting projections will be credible, achievable and fully reflect the Counties' interest in management of the Forest Trust Lands.

This memo summarizes the work we've done to date and highlights topics of interest to CFTLC.

2. Organization of the effort

ODF has established a "Core Team" to oversee the project. There are about a dozen people on the Core Team including Chuck Hurliman and me. The ODF staff are primarily from the District offices. Dave Johnson, Forest Grove District Forester, heads up the project.

The Core Team has divided the work up into a number of more manageable pieces, each piece addressed by a subcommittee. I sit on a number of subcommittees:

- Purpose of the model. This subcommittee was charged with defining how the model would and would not be used. The resulting document guides the full committee on

where to spend the most time and effort, as well as help avoid misunderstandings about the numbers that come out of the model.

- **Prescription development.** This subcommittee is designing timber management regimes, a key input into the model. I see my role here as ensuring that the model has a set of efficient and effective timber management prescriptions. One set that minimizes the time required to reach complex forest structure, and another set that maximizes timber returns. A wide range of efficient management regimes will help ensure that the model can find solutions that provide high levels of both harvest and habitat.
- **Landscape design.** This subcommittee is charged with determining how to apply the "landscape design" (the location of the Layered and OFS) to the model. In previous modeling effort, the model was allowed to locate the complex structure where it wanted. The IPs, however, mapped out where the Districts want to put the complex structure. I am concerned that the Districts' placement of the complex structure may result in further constraints on harvest levels. I see my role on that committee as minimizing any such reductions.
- **Availability review.** This committee will establish the process the Districts will use to evaluate whether a model solution could actually be implemented. Clearly this is an area of discretion and my role here is to ensure that there is as little impact on harvest levels as possible.

3. Upcoming topics

So far, the Core Team and its subcommittees have been involved in defining processes and setting them in motion. We don't yet have any substantive results to review. There are a few things coming up, however, that may be of special interest to CFTLC. I note them here so that you can be more ready to talk about them as they ripen. I'm watching these closely.

- **Complex forest structure definitions.** An ODF committee outside the Core Team has been charged with coming up with a more operational definition of LYR and OFS structures -- something that can be applied directly against the inventory data. There is a chance that these definitions could be more exclusive than those used in the original model. If so, the model would find it more difficult to meet the 50% complex structure target. We won't know until we apply these definitions to the management regimes.
- **Desired future condition.** The "DFC" is the Districts' planned location of the OFS and LYR over the next 50 years or so. After "achieving the DFC," then those stands can be harvested and the OFS and LYR targets will be met by other stands. The DFC was not included in the original NWO model. There is a potential that applying the DFC could reduce the model outputs because the model found "more efficient" strategies for locating the DFC and LYR. The Landscape Design subcommittee is dealing directly with this issue.
- **Timber yields.** The Prescription Development subcommittee will generate new yields for the new regimes. Some have expressed a concern that the yields in the current model are overly optimistic. Reducing the yield projections, of course, would likely result in decreased harvest levels.

- Inoperable acres. Recall that in the current model, harvest levels are reduced 25% in the first period due to a number of "operability constraints." The core team is addressing this issue head on, asking a contractor to help identify unthinnable and inoperable acres as part of another contract. It is too early to tell what the result will be, but whatever the result, it will be better supported than the earlier assumption.
- Timber inventory. To my knowledge, the ODF has not yet compared the new SLI inventory data to the old OSCUR/CLAMS inventory used in the old model. Direct comparisons are difficult, for a number of technical reasons, but there are some things that can be done. I'll be monitoring this issue.
- Comfort level. One reason to include the District level foresters in this effort is so that they would have a greater level of comfort with the model projections and be willing to use those projections to re-evaluate the implementation plans. I believe that as the foresters understand better how the model works, and participate in creating the data for the model, they are becoming more accepting of the idea of using the model to help with short and mid-term planning. We don't have any real model results to test yet, but there is a high degree of interest and commitment to doing a good job.

4. HCP

In addition to my work on the Harvest and Habitat Model, you've asked me to help CFTLC's subcommittee on the Habitat Conservation Plan (HCP). I've helped the HCP subcommittee identify a number of specific criteria to be used to evaluate, as a business decision, whether to proceed with the HCP. I am also helping the subcommittee understand and evaluate the proposed conservation strategies. Upcoming work will focus on ensuring an Implementation Agreement as favorable to the Counties as possible.

5. Summary

Building a new Harvest and Habitat model from the ground up is a big job. It is my opinion that the ODF staff involved are committed to doing a good job and to using the model results as a more integral part of management and planning. Right now, it looks like the project is on schedule. I believe that our involvement so far has had a positive impact on the process.

MB&G's work for CFTLC

Following is a brief summary of the work performed to date by MB&G for CFTLC.

Phase 1 - June 2001 through December 2004

Objectives:

- Identify reasons for differences between the Dec 2000 Final Forest Management (FMP) projected harvest of 279 MMbf and the May 2001 draft Implementation Plans (IP) projected harvest of 145 MMbf.
- Make recommendations about how to increase the IP harvest while staying within the sideboards established in the FMP.

Results:

Following is a quick chronology of how the harvest levels have changed. Please note that MB&G was only one of many involved in helping to bring about these changes.

1. Jan 2002 – MB&G report explains the differences and recommends changes that would bring IPs from 145 MMbf to 280 MMbf.
2. May 2002 – ODF incorporates some of MB&G's recommendations, bringing harvest levels to 175 MMbf. ODF agrees to further work on the IPs.
3. Dec 2002 – ODF and CFTLC agree on a "work plan" to correct/update/revise a planning model to recalculate harvest levels.
4. Dec 2004 – ODF agrees to increase harvest levels to the high end of the range specified in the HCP, until the new planning model is completed. This is about 250 MMbf.

Phase 2 – Jan 2003 through June 2005

Objectives:

- Help ODF create an efficient and effective process to correct/update/revise the planning model as quickly as possible. The model should reflect the Agency's "corporate view" of the forest, habitat and response to management.
- Provide input to the modeling process that reflects MB&G forest planning expertise and experience.
- Monitor model building efforts to ensure CFTLC that the resulting projections will be credible, achievable and fully reflect the Counties' interest in management of the Forest Trust Lands.

Results:

1. MB&G sits on the Core Team charged with designing and overseeing the process, and on several of the subcommittees responsible for various model components.

MB&G's efforts at this time are designed to guide the process and help establish sideboards on assumptions and data. MB&G is not responsible for doing the detailed work.

2. The Core Team has established a process that should result in a new model runs by 4/2004. In the interim, the Department is operating at the "high end of the range" established in the IPs – about 250 MMbf.

Future work:

1. Monitor work products to ensure that projections will be realistic, but not overly conservative.
2. Help Core Team work effectively through process obstacles.
3. Advise CFTLC about the reliability of the model projections. Raise policy issues and suggest solutions while there is still a chance to affect the solution.

**CFTLC DUES FORMULA
VOLUNTARY ASSESSMENT - \$60,000**

COUNTY	PERCENT OF TOTAL DUES	DUES
Benton	0.01968	\$1,181
Clackamas	0.01912	\$1,147
Clatsop	0.2	\$12,000
Columbia	0.01691	\$1,015
Coos	0.01782	\$1,069
Douglas	0.02128	\$1,277
Josephine	0.00613	\$368
Klamath	0.06629	\$3,977
Lane	0.05516	\$3,310
Lincoln	0.0373	\$2,238
Linn	0.05129	\$3,077
Marion	0.04402	\$2,641
Polk	0.01439	\$863
Tillamook	0.3	\$18,000
Washington	0.13063	\$7,838
TOTAL		\$60,000