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## **AGENDA COVER MEMO**

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**AGENDA DATE:** October 28, 2009

**TO:** Board of County Commissioners  
**DEPARTMENT:** Administration, Intergovernmental Relations  
**PRESENTED BY:** Alex Cuyler, Intergovernmental Relations Manager  
**AGENDA ITEM TITLE:** Final Report Timber and Wood Products Advocacy Task Force

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### **I. MOTION**

There are four potential motions to be made. One is to accept the final report of the Timber and Wood Products Advocacy Task Force. The other three involve adopting the three board orders proposed by the task force.

### **II. AGENDA ITEM SUMMARY**

The Timber and Wood Products Advocacy Task Force met on five separate occasions between August 1, 2009 and October 20, 2009. They were tasked with creating a set of principles the Board could adopt with regards to financially supporting organizations that are involved with federal lands lobbying issues. The task force took up the issue of membership within the Association of O&C Counties (AOCC) as an example of how such principles could be developed and applied. It found that such principles were elusive, but did address membership in the AOCC and has a recommendation for the review of federal advocacy issues through an internal oversight committee.

### **III. BACKGROUND/IMPLICATIONS OF ACTION**

#### **A. Board Action and Other History**

- Lane County has been involved with AOCC for many decades.
- The Board met on September 29 to discuss strategic direction and agreed that the reauthorization of federal safety net payments is of high importance to all Lane County residents.
- On September 23, the Board received a proposal from AOCC for developing a special advocacy fund managed by AOCC with money from the Second Endowment Fund.

#### **B. Policy Issues**

How should Lane County enter into financial support agreements with organizations that have multiple purposes, some of which may be in alignment with organizational values and some of which may not?

#### **C. Board Goals**

Active involvement with legislative issues

#### **D. Financial and/or Resource Considerations**

Lane County has never been able to support itself solely through property taxes, grants, and fees. It has always needed timber receipts or other federal support dollars in order to adequately provide services to its residents.

#### **E. Analysis**

The task force examined the "return on investment" for activities related to lobbying for federal safety net payments from 2006-2008. This analysis showed that for an approximate \$1 million investment, the general fund, road fund, and school fund received \$156 million. The task force agreed on a statement to summarize the task force's work, the historic significance of federal lands in Lane County, and the findings of the task force with regards to its initial charge.

The task force is recommending the adoption of three Board Orders.

Board Order # 1 (attachment A) directs Lane County to pay for membership in AOCC for calendar year 2009. It further directs any commissioner who wishes to run for election as a Director in the Association to work on specific reforms of the Association.

Board Order #2 (attachment B) directs Lane County to cease its involvement in the "Second Endowment" fund managed by AOCC. It further directs that the money currently held in the Second Endowment should be instead deposited into a sub-fund of the General Fund. It further directs that the County join the AOCC for calendar year 2010 with funds from the General Fund sub-fund and further stipulates that \$39,560 be allocated from the General Fund sub-fund for federal lobbying activities the AOCC will undertake during calendar year 2010.

Board Order #3 (attachment C) directs Lane County to form an internal oversight committee for the purpose of recommending actions that the Board may take with regards to future federal lobbying activities. It prescribes the members of that committee and outlines a reporting schedule to the BCC. This order further directs that the oversight committee will make recommendations regarding the remaining balance of the General Fund sub-fund created in Order #2.

#### **F. Alternatives/Options**

- 1.) Accept the task force final report
- 2.) Adopt the Board Orders regarding membership in the AOCC, return of endowment funds, and development of the oversight committee.
- 2.) Do nothing

#### **IV. RECOMMENDATION**

Staff recommends option 1 and 2

#### **V. TIMING/IMPLEMENTATION**

The advocacy for SRS reauthorization is beginning now and is being lead by the National Forest Counties and Schools Coalition, the National Association of Counties, the Association of Oregon Counties, and the AOCC. The AOCC annual meeting is in Eugene in December, and will elect a new slate of Directors at that meeting.

## **VI. FOLLOW-UP**

Staff will send the letter to the Washington offices of Senator Merkley and Wyden and work with local staff to follow up with regards to the specific recommendations made within the letter.

## **VII. ATTACHMENTS**

Attachments A is the final report of the task force.

Attachment B is the first Board Order.

Attachment C is the second Board Order.

Attachment D is the third Board Order.

**ATTACHMENT A**  
**LANE COUNTY TASK FORCE ON TIMBER AND WOOD PRODUCTS ADVOCACY**  
**Final Report, October 20, 2009**

**SUMMARY**

Federal forests in Lane County provide for a wide range of benefits to residents. These include clean water, climate stabilization, habitat for diverse native wildlife, spiritual renewal, soil conservation, slope stability, flood control, and even food and medicines. Broadly, these are referred to as ecosystem services. Historically, these benefits have not had a dollar figure associated with them, nor have they particularly influenced the management of federal forests. Instead, hunting and fishing opportunities, diverse year-round recreation opportunities, and the variety of employment opportunities and revenues association with harvesting wood products has dominated legislation governing these forests.

For much of the twentieth century federal forest policy was to liquidate old-growth forests through clearcutting them. Replanting was required, but there were few plans to regrow the mature and old forests that best sustain ecosystem services. The 1994 Northwest Forest Plan was intended to halt and reverse the loss of old-growth forests, the decline of imperiled wildlife, and the degradation of water quality. The laws that govern the use of federal lands in western Oregon include: the Northwest Forest Plan prepared under the National Forest Management Act and the Federal Land Policy & Management Act, O&C Act of 1937, National Environmental Policy Act, Endangered Species Act, Clean Water Act, Clean Air Act, Migratory Bird Treaty Act, Magnuson Fisheries Conservation Act, Coastal Zone Management Act, National Historic Preservation Act, among others.

Logging on federal land in Lane County is very unlikely to significantly increase, because the reasons that logging was reduced have not gone away. The status of threatened fish & wildlife remains perilous. There is increasing concern about climate change and the need to store carbon in long-lived forests. Recoupling county finances to a low rate of federal timber harvest will not meet Lane County's goals and objectives related to the continuity of funding and service needs that continue to evolve.

**BACKGROUND**

The Task Force was established to determine whether a set of principles could be developed which the Board of County Commissioners could use to examine how it provides funding to organizations which advocate on issues related to federal forest management.

**MEETINGS**

The Task Force met a total of five times between August 1 and October 19, 2009 (minutes are available upon request).

Members included:

Liane Richardson (staff), County Counsel  
Alex Cuyler (staff), Intergovernmental Relations Manager  
Faye Stewart, East Lane County Commissioner  
Bill Fleenor, West Lane County Commissioner  
Doug Heikon, Oregon Wild  
Jared Mason-Gere, Eugene Area Chamber of Commerce  
Doug Riddle, Seneca Jones Timber Company

## **HISTORICAL IMPORTANCE**

The federal government established revenue sharing commitments to local communities from its federal forest receipts almost a century ago. These commitments distinguish between:

- O&C lands, which are managed by the BLM (Dept. of Interior); and,
- National forest lands, which are managed by the U.S. Forest Service (Dept. of Agriculture).

O&C lands comprise 2.1 million acres of forest lands in Western and Southern Oregon managed by the Bureau of Land Management. Of the total lands, the current actual net operational inventory (suitable for future harvest activities) is 493,510 acres. The O&C Act specifies that the counties in which the O&C lands are located are to receive a total of 75 percent of the harvest receipts from those lands according to each county's percentage of the assessed value of O&C lands in 1915. Counties agreed to a "plowback" agreement in 1953, and since that time have re-invested 25% of the revenue for road construction and maintenance, recreational facilities, reforestation, fire suppression, and general operating expenses.

Forest Service lands comprise 14.3 million acres in 11 national forests in Western and Eastern Oregon. Federal law enacted in 1908 specifies that 25 percent of the harvest receipts from a national forest are distributed among the counties, based on the acreage that each county has within that national forest. . Distribution of these receipts within each county is left to the states. Oregon law provides for a distribution of 75 percent to the recipient counties for their road budgets and 25 percent to school districts within the recipient counties.

From 1908 until the late 1980's this "Revenue Sharing" system provided a steady and significant income stream for forest counties and schools. As scientific understanding and cultural values shifted, the system became viewed by many as unsustainable. By the late 1980's national environmental laws were commonly cited in litigation originating from both environmentalists and industrialists. As a result, U.S. Forest Service revenues declined very rapidly as did the 25% Forest Revenue receipts to counties and schools. By 1998 these revenues had declined by over 70%.<sup>1</sup> Similarly, federal harvests declined by 93% on BLM lands between 1986 and 2004.<sup>2</sup> Combined with mechanization of the industry and log exports to a booming Asian economy, job losses in the timber industry were severe and had a ripple effect on Oregon communities.

As timber harvests and shared timber receipts declined in the 1990's, Oregon counties mobilized to secure "safety net" payments to Counties in lieu of shared timber receipts. A series of safety net programs resulted in infusions of federal support, with the expectations in Congress that a resumption of timber harvests would eventually return Counties to fiscal health. When conditions would not allow resumption of timber harvest to support previous levels of shared receipts, the historic Secure Rural Schools safety net was passed by Congress in 2000. That program lasted through 2006, was extended for one year in 2007, and has been extended again, with certain limitations, through 2011.

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<sup>1</sup> National Forest Counties and Schools Coalition: A Brief History of 25% Forest Reserve Payments and the Secure Rural Schools and Communities Act.

<sup>2</sup> Secure Rural Schools Payments Termination, Impacts on Oregon's O&C County Economies, Dr. Daniel Green, May 16, 2007, Report to the Association of O&C Counties, p.1.

At their height, the SRS payments provided for approximately \$150 million in total annual support to Oregon's "timber dependent" counties. It is estimated that Lane County's annual payment under the final year of the current SRS will be approximately 40% of historic levels.

On July 16, 2009 the Western Oregon Plan Revision (WOPR), a plan five years in the making that originated out of a settlement agreement stemming from the Northwest Forest Plan, was withdrawn by Secretary of Interior Ken Salazar.

The United States recession is also likely to be relentless for the forest products industry. Housing starts failed to break 1 million units in 2008 and possibly only 800,000 units in 2009. This would be a 61% decline from the 2 million starts in 2005.<sup>3</sup>

### **TASK FORCE FINDINGS**

- 1.) There is no "one size fits all" set of principles that should be used to determine county support for independent organizations that may advocate for management options on federal lands.
- 2.) The Association of O&C Counties is an important leader in the effort to provide for a permanent solution to county timber payment issues, but its strict adherence and advocacy for the O&C Act of 1937 has made it a target for those critical of forest policies that link forests to economic vitality only.
- 3.) Advocacy for continued federal support for Lane County is critical, given the broad range of impact SRS dollars have across the operations of Lane County and the impact to Lane County residents which result from cuts on those program areas.
- 4.) Membership in the Association of O&C Counties must be coupled with actions that serve to ensure transparency and that work towards valuing ecosystems services as an equal to timber harvest.

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<sup>3</sup> The Financial Crisis and the Wood Products Industry, Timberline Newspaper, February 1, 2009.

**ATTACHMENT B**  
**THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON**

<b>ORDER</b>	<b>( IN THE MATTER OF ALLOCATING \$37,704</b> <b>( FROM THE LANE COUNTY GENERAL FUND TO</b> <b>( BE USED FOR THE ASSOCIATION OF O&amp;C</b> <b>( COUNTIES DUES FOR MEMBER YEAR 2009</b>
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**WHEREAS**, Lane County shares a commonality with 17 other Oregon Counties by having a significant federal ownership presence resulting from revested railroad lands dating back to 1866, and;

**WHEREAS**, legislative history is rich with state and federal actions to secure management of these lands such that they may contribute to the economic stability of Oregon counties, and;

**WHEREAS**, the latest iteration of this legislative history is an attempt to replace the reductions in revenues resulting from significant reductions in timber harvests which occurred between 1986 and 2004, and;

**WHEREAS**, the Emergency Economic Stabilization Act of 2008 extended the Secure Rural Schools and Community Self Determination and Act until 2012, with little likelihood of any further extensions after 2012, and;

**WHEREAS**, that Act will provide for almost \$142 million in quality of life benefits to Lane County residents over the four years it is in effect, and;

**WHEREAS**, Oregon counties currently have limited ability to secure alternative revenue through taxing authority, timber production, or revenue from ecosystem services and/or energy production, and;

**WHEREAS**, Lane County must develop a highly effective strategy to utilize in securing an authorization of federal funds to permanently decouple the relationship between timberlands and community economic stability, and;

**WHEREAS**, the Association of O&C Counties (AOCC) is unique in its ability to voice a unanimous statement of need, as well as, develop and manage a political lobbying effort of such magnitude; and

**WHEREAS**, the Lane County Budget Committee recommended against providing membership dues to the AOCC due to its stance on Bureau of Land Management Plans for future management of the O&C Lands; and

***This is the FIRST in a series of three Board Orders that are to be taken up as inter-related***

**WHEREAS**, the Lane County Board of Commissioners created a Task Force on Timber and Wood Products Advocacy that recommended a series of actions related to membership in the AOCC;

**NOW THEREFORE, BE IT ORDERED**, that \$37,704.00 of the Lane County General Fund is allocated to pay for AOCC membership dues for membership years 2009. Staff is directed to include this appropriation in the next available supplemental budget that comes before the Board of Commissioners; and,

**IT IS FURTHER ORDERED**, that agendas and minutes of AOCC meetings shall be reported to the Board of Commissioners highlighting actions or discussions that may be related to the issue of old growth management, land swaps, or wilderness area designations.

**IT IS FURTHER ORDERED**, that in taking such action, the Board of County Commissioners expects that one of its members shall seek election to the Board of Directors of AOCC in December, 2009; and,

**IT IS FURTHER ORDERED**, that if elected, the Lane County Director shall seek to provide direction to the AOCC staff such that the AOCC will commence lobbying efforts to move forward a process by which the O&C lands may be used for carbon sequestration; and,

**IT IS FURTHER ORDERED**, that in taking such action, the Board of County Commissioners has the following expectations for the AOCC in order for future funding consideration, and directs its representative on the Board of the AOCC to seek the following policy changes:

- 1.) Meetings of the AOCC will be treated as public meetings in accordance with Oregon open meetings laws.
- 2.) The number of Board Members will be increased to better reflect the voice of a larger percentage of members.
- 1) The AOCC will continue, as its highest priority, to work on the issue of reauthorizing the Secure Rural Schools and Community Self Determination Act of 2008 (or equivalent) to permanency status, and

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2009

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Pete Sorenson, Chair  
Board of County Commissioners



**ATTACHMENT C**  
**THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON**

**ORDER**

( **IN THE MATTER OF RECEIVING FUNDS**  
( **RETURNED TO THE COUNTY FROM THE SECOND**  
( **ENDOWMENT FUND WITH THE ASSOCIATION OF**  
( **OREGON & CALIFORNIA LAND GRANT COUNTIES**  
( **AND ESTABLISHING THE LANE COUNTY FEDERAL**  
( **ADVOCACY RESERVE GENERAL FUND WITHIN**  
( **GENERAL EXPENSE**

**WHEREAS**, there exists over two million acres of Oregon & California Land Grant ("O&C") land in western Oregon which is owned by the federal government; and

**WHEREAS**, the United States Congress passed the O&C Act of 1937 which prescribes management activities on those lands; and

**WHEREAS**, the Association of O&C Counties (AOCC) is a member organization that is dedicated to protecting, preserving, and enhancing O&C revenues to counties and other interests in the O&C lands; and

**WHEREAS**, Lane County has been an active member of the AOCC for at least three decades; and

**WHEREAS**, intergovernmental agreements (IGA) between the member counties beginning in 1989 created an endowment fund to assist the AOCC in furtherance of county interests in O&C lands and O&C revenues; and

**WHEREAS**, Lane County became party to this agreement through Board Order 02-1-16-6 and dedicated \$226,065.00 to the Second Endowment Fund which was held in deposit; and

**WHEREAS**, the agreement terminates on November 1, 2009 and stipulates that all deposits and any unobligated earnings associated with those deposits shall be returned and deposited to the general fund of the County and the amount to be returned is \$226,065;

**NOW, THEREFORE IT IS HEREBY ORDERED** as follows:

- 1) The county shall not re-new the Intergovernmental Agreement between the counties, and shall request a full refund of \$226,065 effective November 1, 2009.
- 2) The County shall reserve the funds in the General Fund within General Expense and the reserve shall be referred to as the "Lane County Federal Advocacy Reserve".
- 3) On January 1, 2010, \$37,704.00 shall be deducted from the fund to pay for the 2010 membership in AOCC.
- 4) On January 1, 2010, \$39,560 shall be deducted from the fund to pay for a federal lobbying assessment to AOCC for calendar year 2010.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2009

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Pete Sorenson, Chair  
Lane County Board of Commissioners

*This is the SECOND of a series of three Board Orders that are to be taken up as inter-related.*

**ORDER** ( IN THE MATTER OF CREATING AN OVERSIGHT COMMITTEE ON  
( FEDERAL LOBBYING ACTIVITIES

***This is the THIRD in a series of Board Orders that are to be taken up as inter-related.***