

# Oregon Department of Forestry



80<sup>th</sup> Oregon Legislative Assembly  
2019-21 Biennial Budget  
Ways and Means Presentation  
February 2019



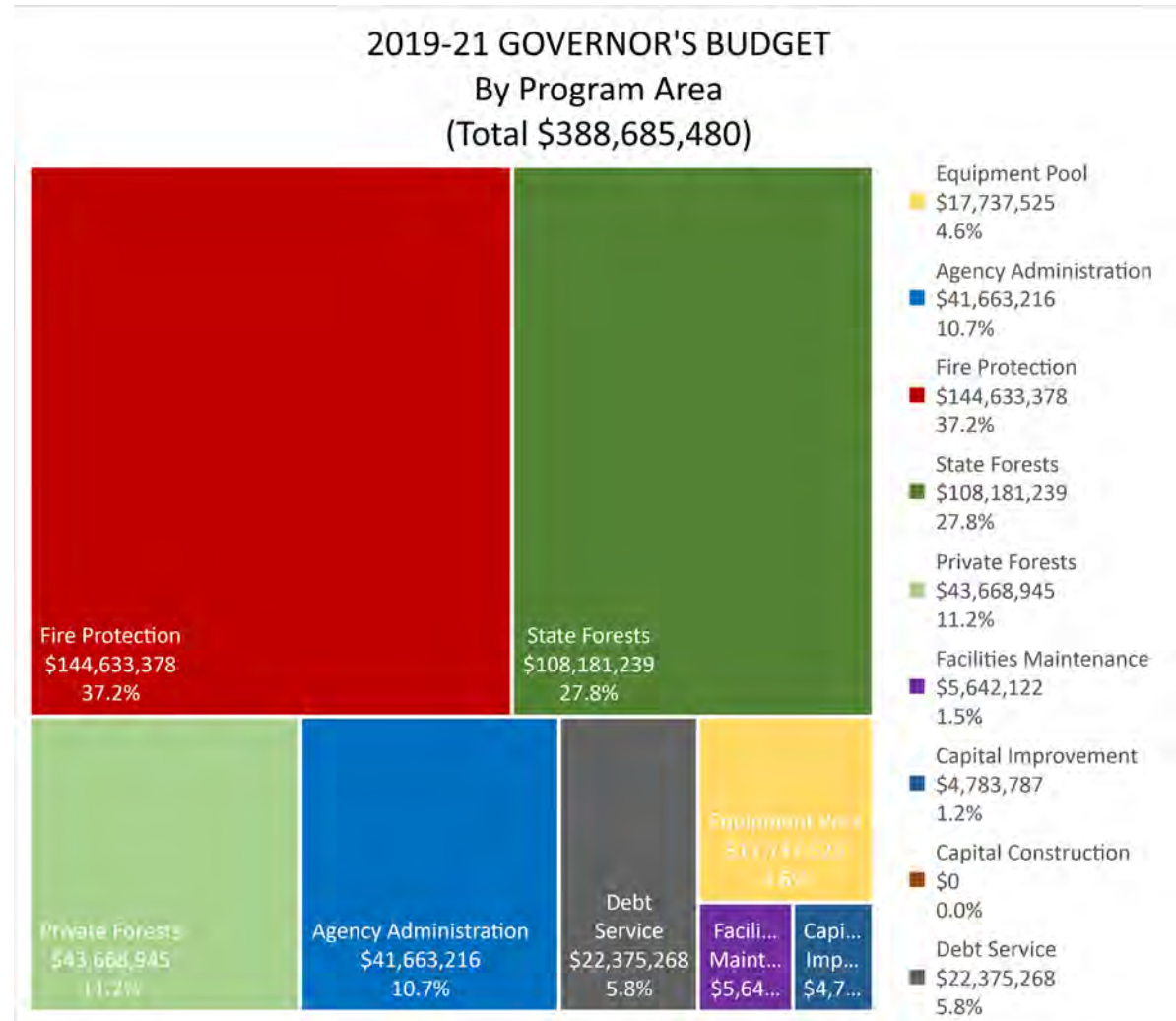
## Agency Summary Narrative

### Budget Summary

**Chart 1 – Governor’s Budget by Program Area**

The Chart 1 shows the Governor’s Budget by program area and percentage of the total budget.

This Governor’s Budget includes 1,150 positions (845.83 FTE).



**Chart 2 – Historic Full Time Equivalents**

Chart 2 shows historic full-time equivalents (FTE) for the Department over the last nine biennia and the Legislatively Adopted Budget for 2017-19, and compares them to the 2019-21 biennium. The 2017-19 FTE count is 867.30. The biennium with the highest FTE count was 2007-09 with 979 FTE, when positions were added in all the major operating programs (Fire Protection, State Forests and Private Forests). The lowest biennium for FTE was 2011-13 with 852.19.

FTE have been relatively constant over the last nine biennia, despite major program and service additions/requirements to the missions of the Board and the Department. These additional responsibilities include administration of the Oregon Forest Practices Act, administration of the Oregon Plan for Salmon and Watersheds, administration of the National Fire Plan and Healthy Forests Restoration Act, decentralization of administrative services and risk management from the state level, and increased complexity of federal legal and regulatory requirements.

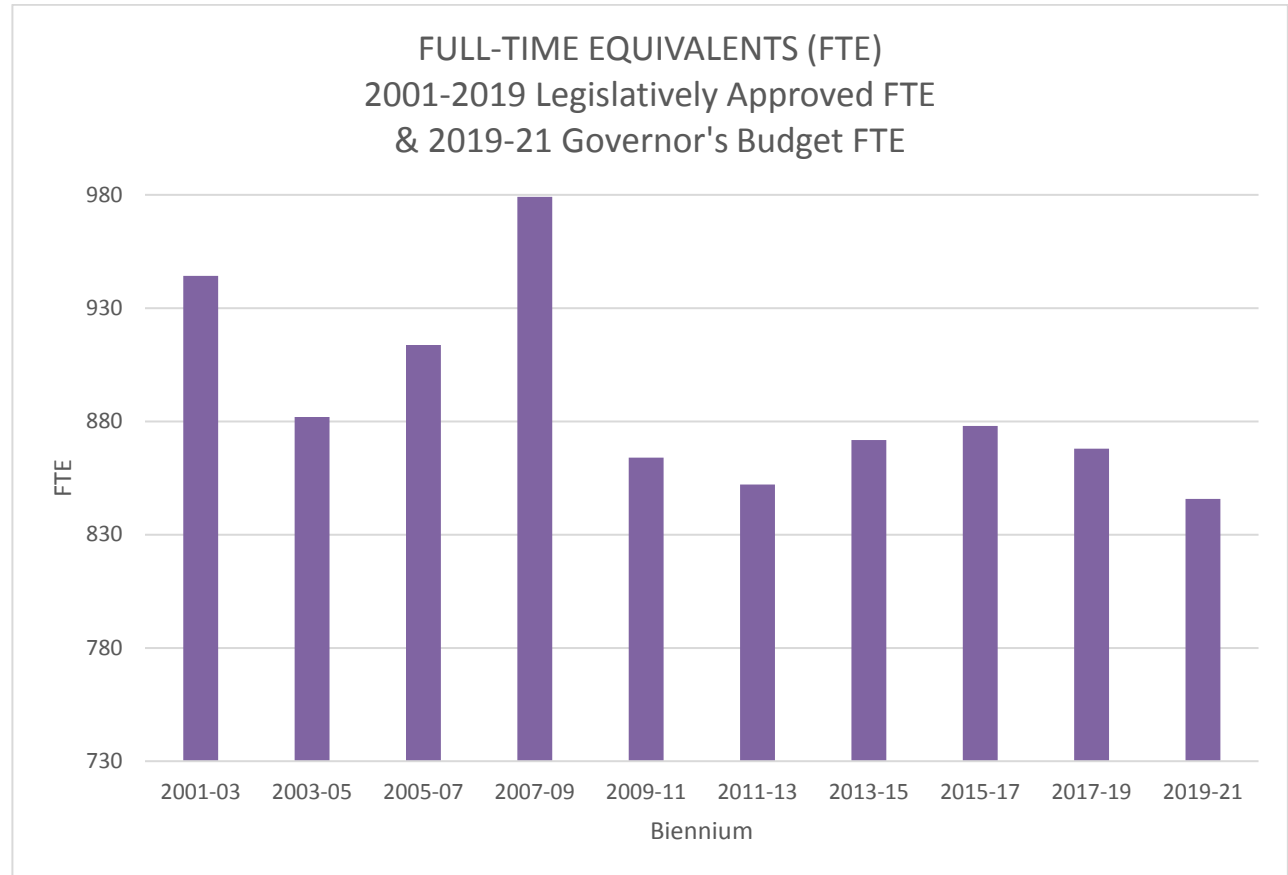
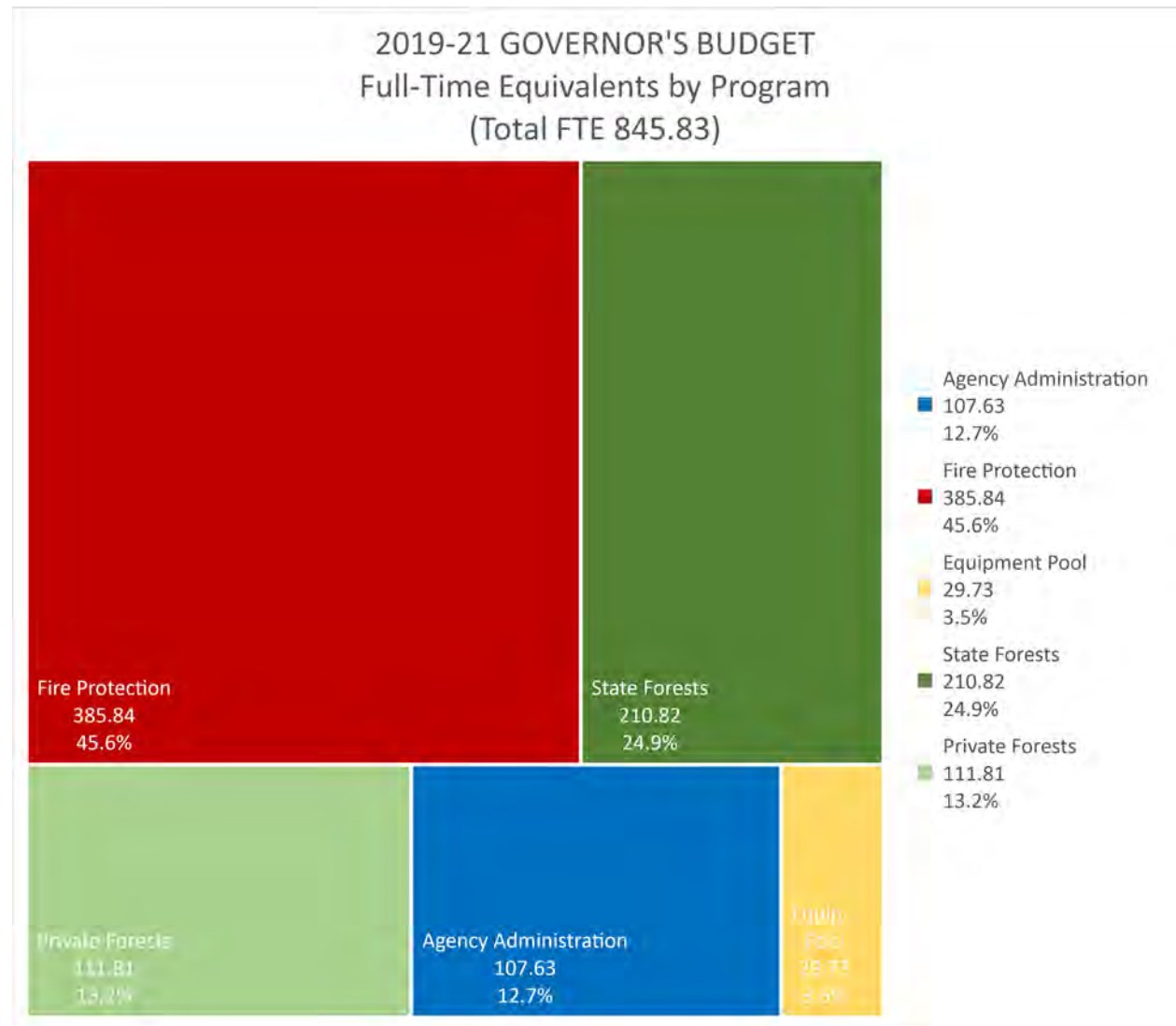


Chart 3 – Governor’s Budget FTE by Program Area

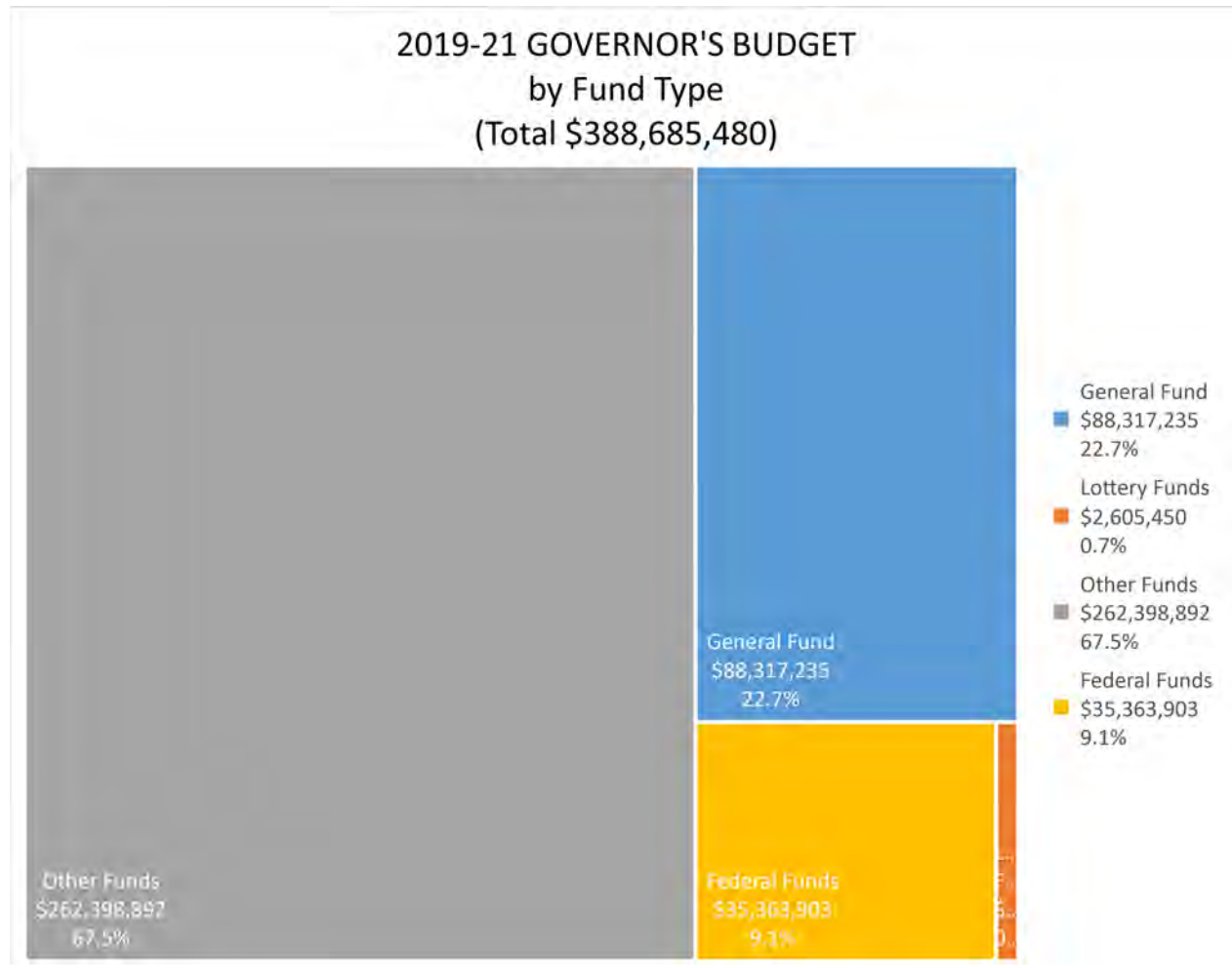
Most of the Governor’s Budget’s 845.83 FTE reside in the Fire Protection and State Forests divisions.



**Chart 4 – Governor’s Budget by Fund Type**

This chart shows the Department’s 2019-21 Governor’s Budget by Fund Type.

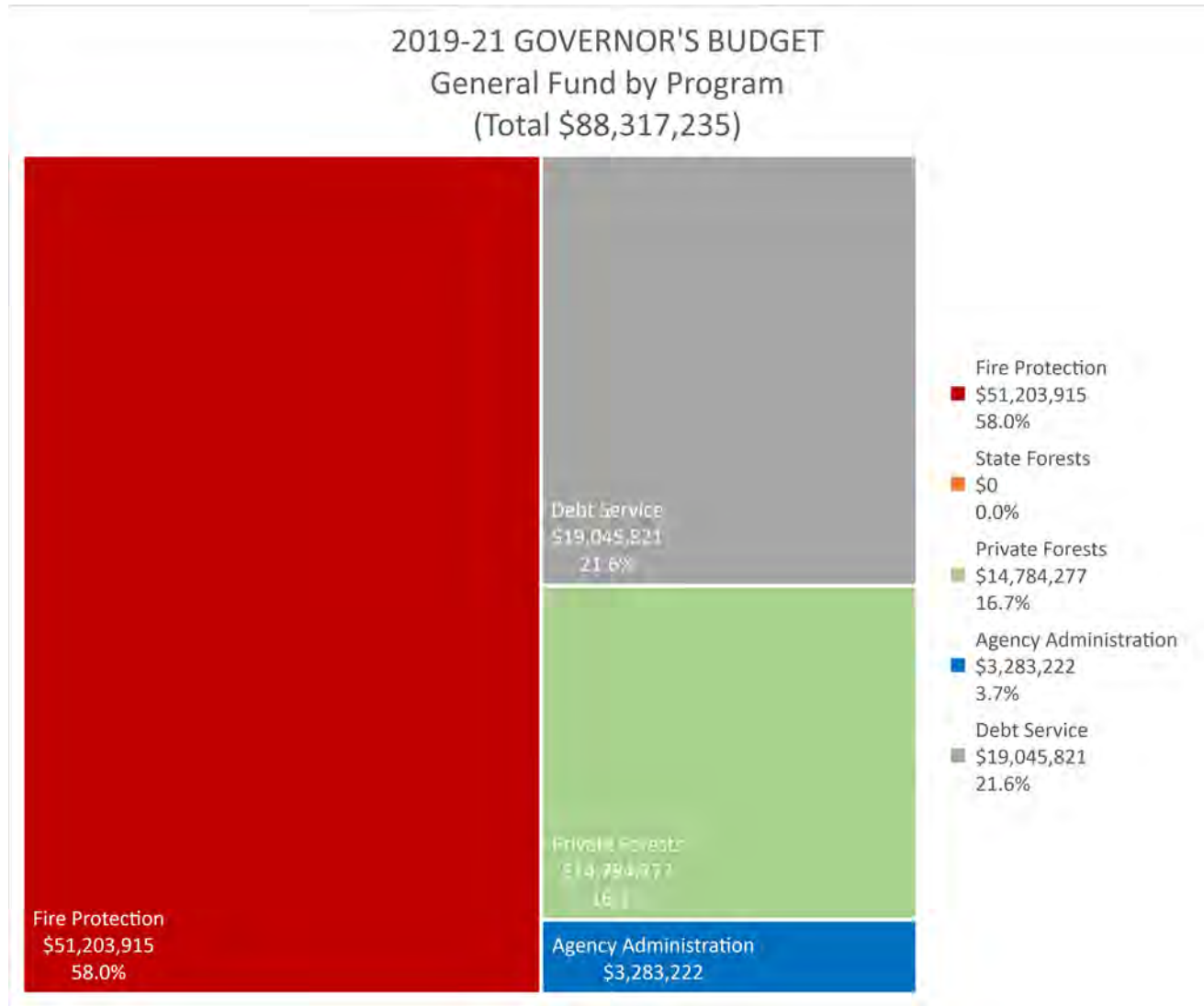
The Department’s 2019-21 budget consists of 67 percent Other Funds, 23 percent General Funds, 1 percent Lottery Funds and 9 percent Federal Funds.



**Chart 5 – Governor’s Budget, General Fund by Program**

For 2019-21, three of the Department’s operating program areas are supported by General Funds. These programs are Fire Protection, Private Forests, Agency Administration. In addition, Debt Service contains General Fund. General Fund in these programs leverages both Other and Federal Funds dollars. In the case of the Fire Protection and Private Forests programs, the Other Funds linkages are statutorily established as Forest Landowner Assessments for Fire Protection and the Oregon Forest Products Harvest Tax for Forest Practices Act administration.

Nearly 58 percent (\$51.2 million) of the Department’s General Fund is found in the Fire Protection Program.





### *Mission Statement and Statutory Authority*

The Oregon Department of Forestry is a multi-program, multi-funded public state agency chartered and structured to administer the forest laws and policies of the state of Oregon, within a context of sustainable forests, for the benefit of all Oregonians.

#### ***Mission:***

ODF serves the people of Oregon by protecting, managing, and promoting stewardship of Oregon's forests to enhance environmental, economic, and community sustainability.

The Department's top priority is providing fire protection on 16 million acres – just over half of Oregon's forestland base and a \$60 billion asset. This public-private partnership, part of a complete, coordinated system that also involves landowners, forest protective associations and other public agencies, seeks to protect public safety and to minimize cost and natural resource damage associated with wildfire.

The Department also manages 745,000 acres of state-owned forests for multiple benefits, enforces the Forest Practices Act (a cornerstone of environmental protection in Oregon) and provides guidance and expertise to keep working forestlands in forest use so that all Oregonians can continue to enjoy their benefits.

The Department also provides urban forestry assistance to help communities manage the many benefits of urban forests, and maintains a policy and planning program that helps provide strategic direction for the Board and the Department, supports the Governor's Office, and develops forest information for use by policy makers, the general public and others.

The Department maintains a set of administrative functions to support its principle businesses.



ODF's work fits within the *2011 Forestry Program for Oregon*, a strategic framework adopted and periodically updated by the Oregon Board of Forestry.

***Statutory Authority:***

The chief executive of the Oregon Department of Forestry is the State Forester, acting under the direction of the Board of Forestry. The Board consists of seven members appointed by the Governor and confirmed by the Senate as provided in ORS 171.562 and 171.565. Appointments made by the Governor shall include at least one member from each of the forest regions established under ORS 527.640. No more than three members of the Board may derive any significant portion of their income directly from persons or organizations that are subject to regulation under ORS 527.610 to 527.730 and 527.990(1). The term of office is four years, and no member of the Board can serve more than two consecutive full terms. The Board is charged by ORS 526.016 to "supervise all matters of forest policy and management under the jurisdiction of this state . . ."

The Board appoints the State Forester, who in turn is authorized to appoint other employees. The Department and Board of Forestry authorities are contained in several chapters of the Oregon Revised Statutes, including:

- a. ORS 321 - Timber Taxes
- b. ORS 477 - Fire Protection of Forests and Vegetation
- c. ORS 526 - Forestry Administration; Urban Forestry, Seed Orchard, Woodland Management Act
- d. ORS 527 - Insect and Disease Control; Forest Practices Act
- e. ORS 530 - Acquisition and Development of State Forests
- f. ORS 532 - Branding of Forest Products and Booming Equipment

The Department's administrative rules are contained in Chapter 629 of the Oregon Administrative Rules. In addition, a large portion of the Department's administrative responsibilities and authorities are delegated by instruction, policy, or administrative rule from the Department of Administrative Services, the Secretary of State, the State Treasurer, and the Governor's Office.

**Agency Strategic Planning**

The Department develops strategic plans and operational plans to carry out statutory mandates, and to implement the policies of the Board of Forestry. The Department's strategic planning effort integrates several ongoing planning and budgeting processes, including development of agency biennial budget requests, Board of Forestry work plans, and development of legislative concepts. The broader strategic planning process identifies focus areas for pursuing or managing changes in Department policies and programs. More specifically, these focus areas are called strategic initiatives or agency initiatives. Strategic initiatives are identified and developed through an assessment with the agency Leadership Team, and an external review of potential initiatives with stakeholders and cooperators. This process is ongoing and adaptive, in that emerging issues and external events often call for adjustments to strategic initiatives.

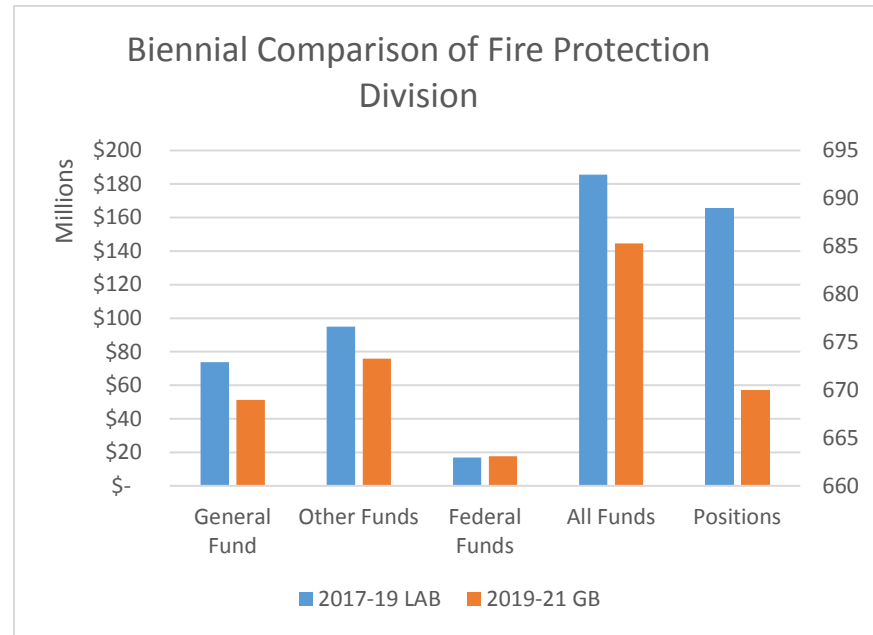
*Program Descriptions*



**Fire Protection**

ODF is the state’s largest fire Department. The ODF Fire Protection Division protects 16 million acres through a complete and coordinated system with federal wildland fire agencies, forest landowners, operators and contractors, local structural fire agencies, and other partner states/provinces. Of the total protected acreage, about 12 million is privately owned, about 1.2 million is owned by the state or local governments, and 2.5 million consists of US Bureau of Land Management Western Oregon lands and other federal acreage. The Division’s goal is to create and use environmentally sound and economically efficient strategies to minimize the total cost to protect Oregon’s timber and other forest values from wildfire, while also minimizing wildfire damage to protected resources.

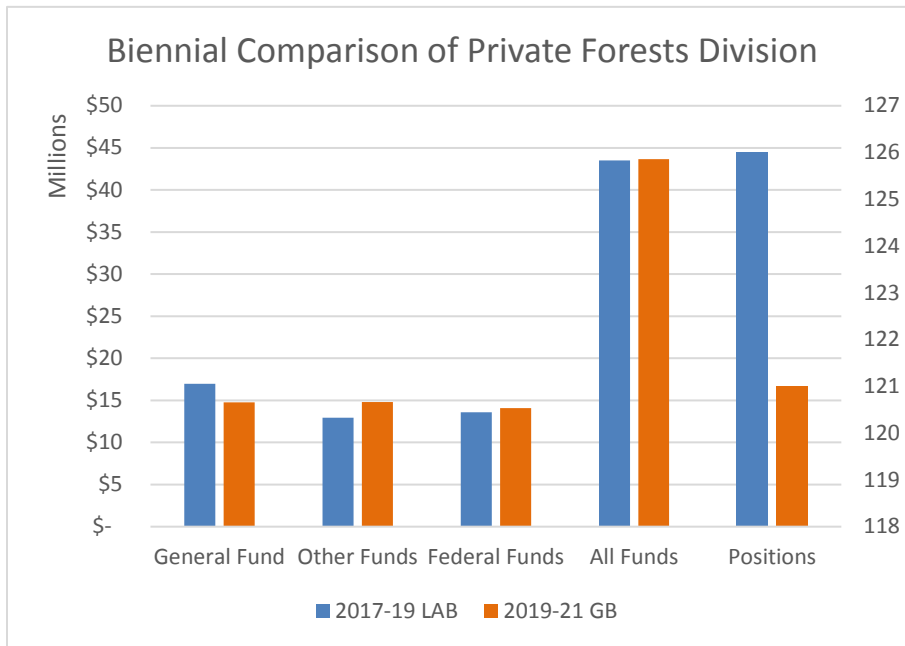
Services include fire prevention, fire detection and suppression, maintenance of an equipment cache, communications, weather and smoke management services, mapping, federal grants utilization, central and field program administration, and Emergency Fire Cost management. These services are delivered through three area offices and 14 forest protection districts, of which three are locally managed by Forest Protective Associations. The program also provides management direction for prescribed fire use to reduce forest fuels, as a prevention measure.





**Private Forests**

The Private Forests Division delivers a range of services to industrial, family-forest, state, local government and federal landowners. These services seek to maintain and enhance the economic, social and environmental benefits of Oregon’s forests. The Division maintains public confidence that Oregon’s private forests are well-managed, providing stability for landowners, operators and foresters to invest in and manage a range of social, economic and environmental values. The Division also supports ODF’s top mission, fire protection, which relies on an integrated, all-staff approach.



Oregon has some of the world’s most productive forestlands. Oregon’s forests, including the 10.3 million privately owned acres (35 percent of Oregon’s 30 million-acre forestland base), help provide the foundation for the state’s health and success. One of Oregon’s most valuable assets, these private forestlands produce about 75 percent of Oregon’s harvested timber. This supports a key industry that directly provides over 61,000 jobs. Within the wildland-urban interface, family forestlands account for 80 percent (1.7 million acres) of forested areas. Family forestlands often occupy ecologically important, lower-elevation settings near residential areas and reflect a broad range of landowner objectives and uses. Active management of these forests is critical to maintaining a diverse, resilient, and fire-safe landscape. The Private Forests Division helps to keep private forestland productive, while protecting and preserving wildlife habitat, and soil, air, and water quality.

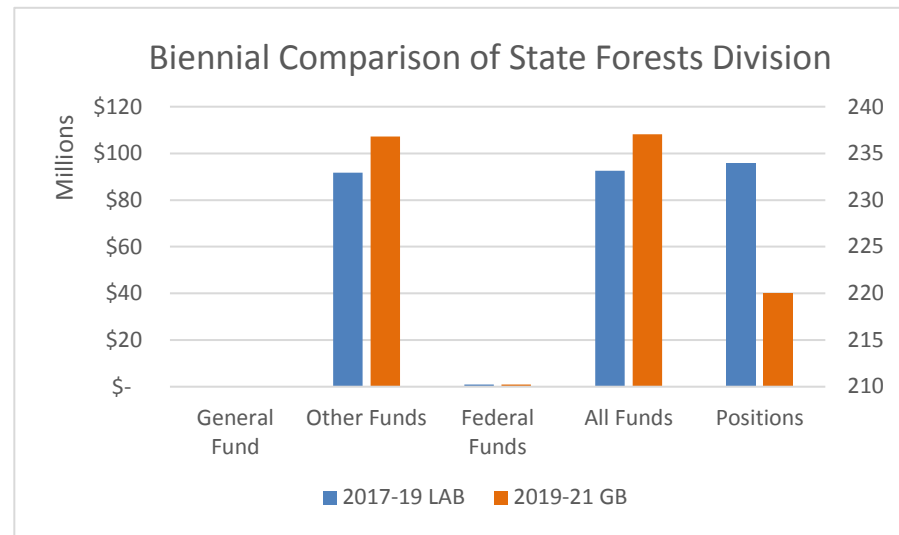
Private forestlands support and fund Oregon’s complete and coordinated forest fire protection system. Taxes from timber harvest contribute to forestry research at the Oregon State University College of Forestry, the administration of the Oregon Forest Practices Act, and public and landowner education. The majority of Oregon’s drinking water comes off of forestland. The Private Forests program helps ensure that private forest health, ongoing management, resiliency, and productivity produce private and public benefits such as jobs, wood products, clean water, clean air, wildlife habitat and scenic beauty for all Oregonians.



## State Forests

The State Forests Division manages 762,931 acres of forestland, about 3 percent of Oregon’s forestland base. There are six state forests: the Tillamook, Clatsop, Santiam, Sun Pass, Gilchrist and Elliott, plus scattered smaller tracts. About 95 percent of the state forest acreage is owned and managed by the Board of Forestry. The remaining forestlands are Common School Lands, a small proportion of which are managed by the Department under contract with the State Land Board. The Division has three sub-programs:

**Management of Board of Forestry Lands** – The purpose is to achieve “greatest permanent value” – healthy, productive and sustainable forest ecosystems that -- over time and across the landscape -- provide a full range of social, economic and environmental benefits to the people of Oregon. Board of Forestry Lands are actively



managed in a sound environmental manner that provides for sustainable timber harvest and revenue to the state and to local taxing districts. Timber harvest revenues from the lands are split, with 63.75 percent going to the counties where harvest has occurred. The counties in turn distribute the majority to local taxing districts, including K-12 schools. The remaining revenue pays for the management of the program.

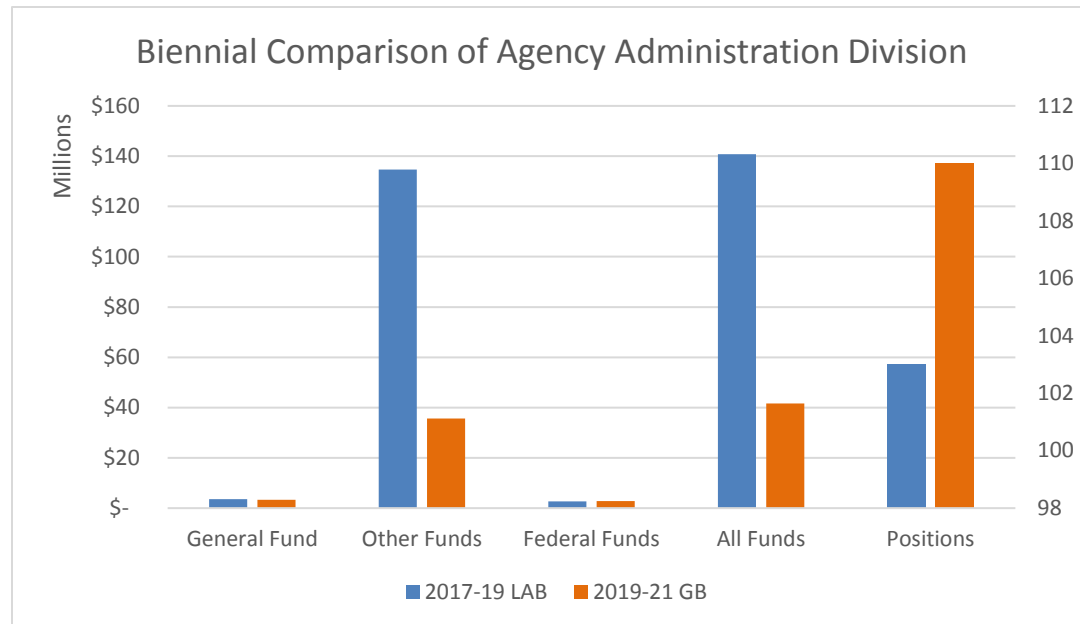
**Management of Common School Lands** – Constitutional direction for these lands is to maximize income over time to the Common School Fund, consistent with the conservation of this resource under sound techniques of land management.



## Agency Administration

The purpose of the Agency Administration Division is to provide high-quality leadership, assessment, policy development, public involvement, communications and administrative systems in support of the Board and the Department, and to provide the foundation for the agency’s core business functions.

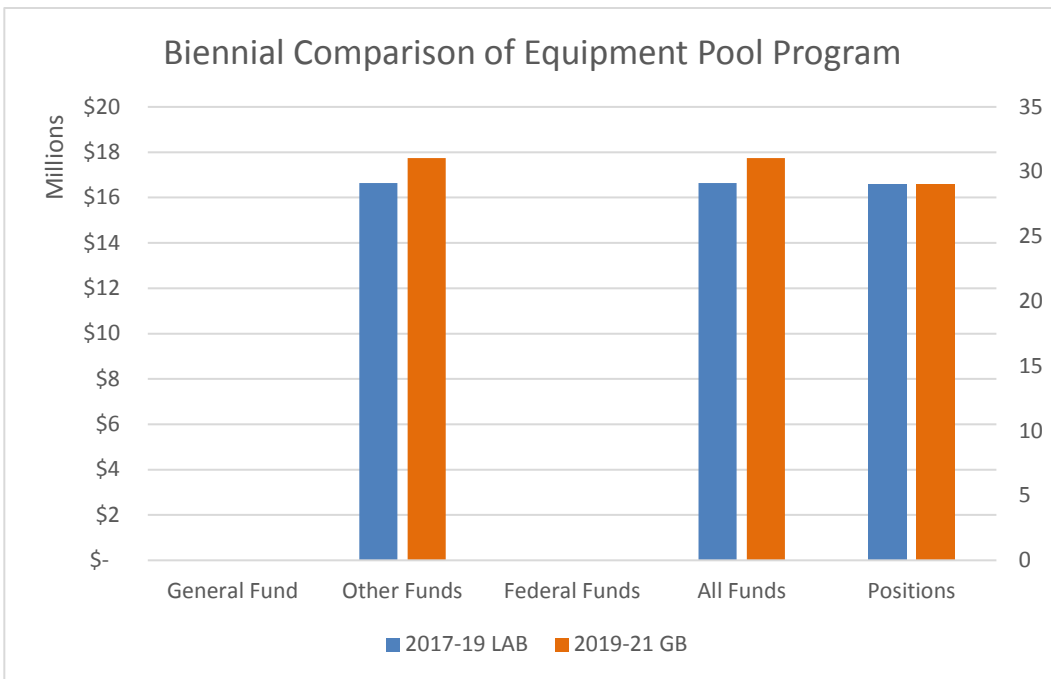
The Agency Administration Division has three primary components: 1) *Agency Leadership and Management* – In concert with the Board of Forestry, this function provides leadership and policy direction on all forestry matters in the state, and also includes quality assurance, legislative coordination and public affairs support. 2) *Partnership and Planning* – This



component provides technical analysis and planning, as well as a wide variety of information on forestry issues to other divisions of the Department and to other state, federal and local agencies and the public. It also focuses on partnership development and houses the Department’s Federal Forest Restoration program. 3) *Administrative Services* – This function consists of human resources, business services, public affairs and information technology.



**Equipment Pool**



The Equipment Pool program seeks to provide efficient and effective agency equipment via internal services, interagency cooperation, and exploring cost-savings and partnership opportunities. The program purpose also includes implementation of a 10-year radio plan by upgrading and replacing existing equipment to narrow-band technology as required by federal law. The Equipment Pool Program consists of a Transportation Pool and a Radio Communications Pool.

The Transportation Pool includes Aviation and Motor Pool units, which consist of approximately 900 pieces of equipment. The Motor Pool unit also manages approximately 220 additional pieces of equipment that are directly owned by Department districts, forest protection associations, or the Federal government

through the Federal Excess Property Program (FEPP). The equipment managed includes a limited number of passenger vehicles, one aircraft, pickup trucks, medium and large trucks, trailers and various pieces of heavy equipment.

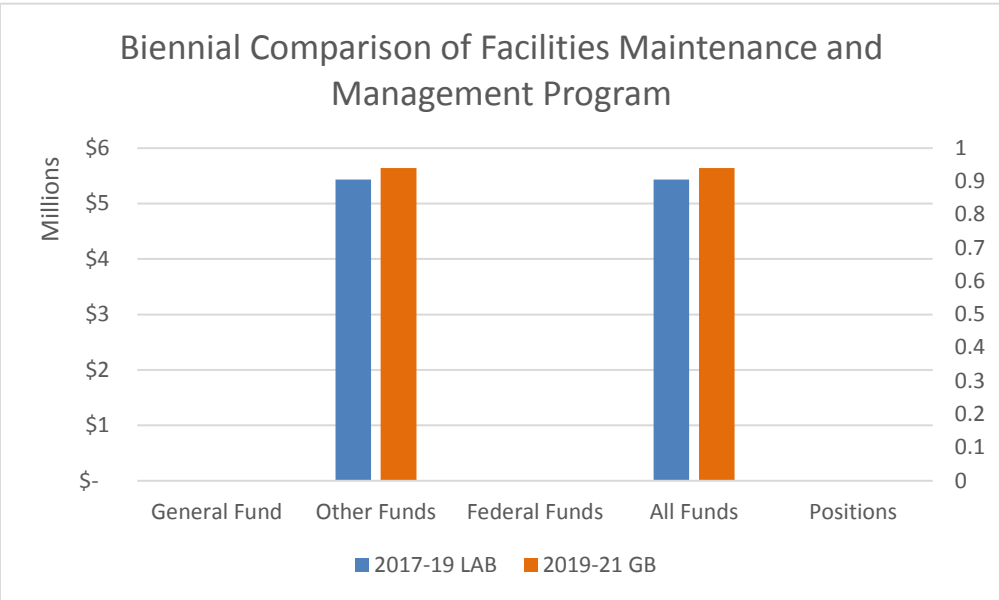
The Radio Communications Pool supports and maintains approximately 5,645 pieces of major radio communications equipment. It provides equipment management support, engineering, networking and maintenance support to the Department, forest protective associations, and the Oregon Departments of Fish and Wildlife and Parks and Recreation. The Pool also provides on-call support to other state agencies.



### Facilities Maintenance and Management

ORS 276.285 encourages state agencies that own property and operate facilities to manage and develop their properties in an effective and businesslike manner. To achieve this, agencies may establish a rental program for the purpose of recovering and paying for their costs. During the 1997 legislative session, the Department received authority to establish a separate Facilities Maintenance and Development Account (FAMADA) in the State Treasury Department. Much like the agency’s Equipment Pool, this account is established as a separate budget program.

The Department of Forestry owns 396 structures throughout the state. Examples include mountain-top lookout facilities and radio communication sites, remote forest fire guard

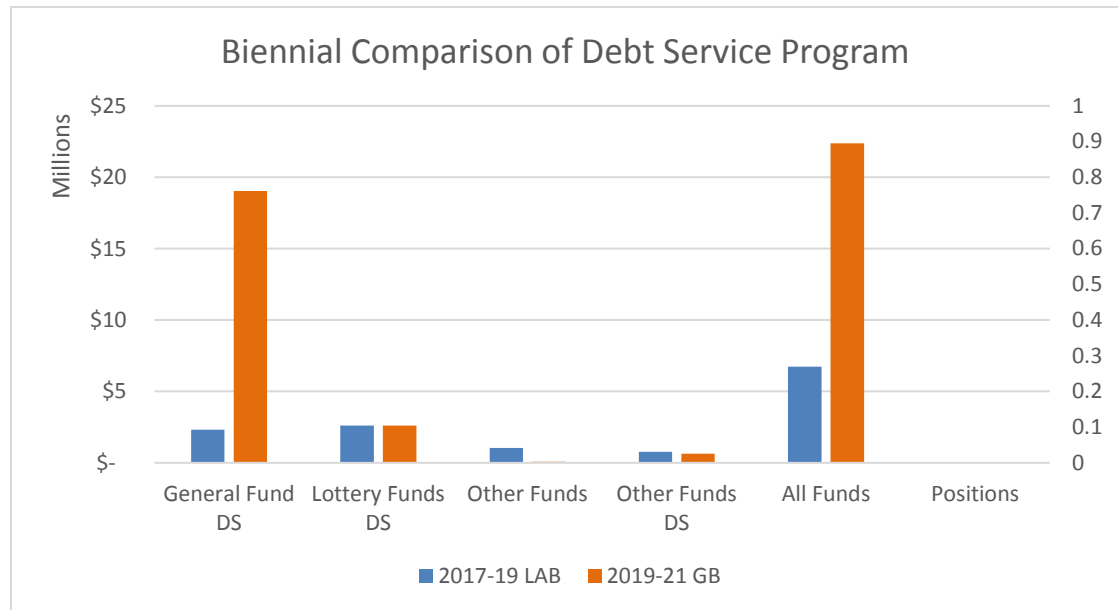


stations, offices at district, unit and central headquarters, shops and warehouses, seed processing facilities, automotive maintenance shops, and some fueling facilities. Many of the Department’s buildings date from the 1930s, 1940s and 1950s. Because of their age and type of construction, most of the buildings need substantial improvements. In many cases, the buildings need interior and exterior remodeling to address considerations involving safety, the Americans with Disabilities Act (ADA), modernization, efficiency and energy conservation. For the 2017-19 biennium the Department, through the Facilities Unit and field districts, will continue to emphasize maintenance, capital improvement, and capital construction in the areas of ADA compliance, safety, state, city and county code compliance, asset security, asset protection and mission-essential projects.



## Debt Service

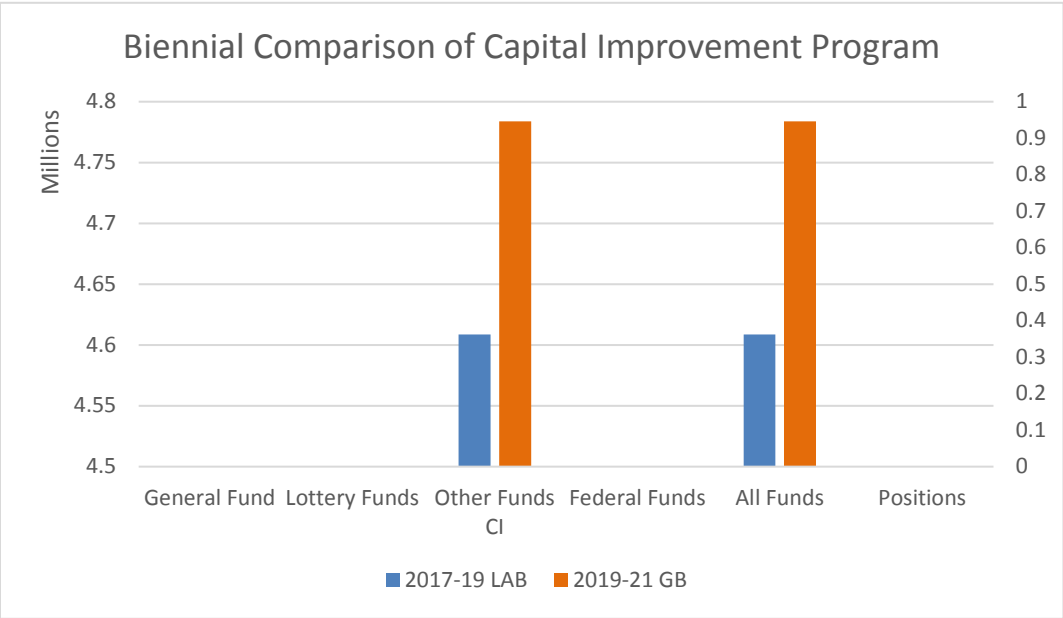
When necessary and appropriate, Certificates of Participation and Bonds are used for construction financing, and debt service is required. The Department currently carries debt service for a major Salem capital construction project that was completed in 2004, for facility relocation projects in the John Day, Sisters and South Cascade areas, for capital investment improvements in the agency’s business systems, for replacing buildings in the field, and for Gilchrist State Forest land purchases.







**Capital Improvement Program**



As described in the Facilities Maintenance and Management section above, because of their age and type of construction, most of the Department’s buildings need substantial improvements, many of them beyond routine maintenance and repair. For the 2017-19 biennium the Department, through the Facilities Unit and field districts, will continue to emphasize capital improvements in the areas of ADA compliance, safety, state, city and county code compliance, asset protection and mission-essential projects.

## *Environmental Factors*

Many trends on the landscape and in public policy, public finance, forest economics and forest ownership intertwine to shape the Department's key issues. These drivers in turn influence success in reaching the fundamental goal of healthy forests that are intact and managed and working to provide sustainable value to Oregonians. Many of the items described below resonate in the Initiatives and Accomplishments section of this Agency Request Budget. In particular, factors such as sustained drought and increased summer temperatures, rising firefighting costs, compromised forest health, and changing demographics have aligned in the past several years to create significant wildfire risk that is unprecedented. Highlights and key themes influencing this Agency Request Budget follow.

### *Changing Wildfire Environment*

**Longer Fire Seasons.** Oregon's fire seasons have become longer, more severe and increasingly complex, challenging the agency's ability to respond to the wildfire workload and sustain core agency businesses while proactively protecting Oregonians, forests and communities from wildfire. In the Pacific Northwest, the length of fire seasons has increased from 23 days in the 1970s to 116 days in the 2000s. (Oregon's 2017 Integrated Water Resource Strategy)

**Increased Wildfire Complexity.** In Oregon, acres across all ownerships burned by wildfire are on the rise, increasing from a 10-year average of 156,000 acres burned two decades ago to 452,000 acres burned in the past ten years. This trend is occurring nationally; average acres burned annually has doubled to 6.6 million acres in the past decade. Catastrophic wildfires cause significant public safety concerns. Fire complexity continued from 2013 through 2015 with some of the largest fires this state has seen in history, and 2017 marked one of the most dramatic wildfire smoke impacts we have seen on Oregon's communities. During the 2017 fire season, over 10,000 Oregonians were evacuated from their homes and unhealthy air quality conditions persisted across much of the state.



**Increased Suppression Costs.** Commensurate with increased occurrence, complexity and numbers of acres burned, fire suppression costs are increasing. The agency's 10-year average of suppression costs more than doubled over the past decade with gross large fire costs of \$8 million to over \$34 million. The 2013 season was the costliest season ever, with costs rising over \$120 million and the most acres burned since 1951.

The increase is due to factors such as rising fire equipment and resource costs as well as climate conditions, contraction in forest-sector industries that are important on-the-ground partners in fire protection, fuel buildup, and the higher cost and complexity of providing fire protection in the growing wildland-urban interface.

**Wildfire Smoke Impacts on Oregon's Economy.** The true costs of wildfire go well beyond the particular budget required for suppression tactics. In the forest economic sector, higher occurrence of wildfires increase the threat to firefighter safety, loss of forest resources and property, and compromise the economic value proposition to maintain working forestland. Wildfire smoke significantly imperils public health. Smoke from 2017 wildfires was particularly widespread, resulting in 451 unique unhealthy air quality readings across the state, a 65 percent increase over the highest number of readings from 2000—2016.



Oregon's reputation and high interest by out-of-state visitors are buoyed by our landscapes and the natural resource management that sustains them. According to a 2017 Travel Oregon report, the 2017 wildfire season had a significant impact on tourism-related business. A few highlights from the report include:

- \$51.1 million in lost revenue (visitor spending) during 2017
- \$16 million loss in earnings for employees and working proprietors, and accordingly \$1.5 million loss in state tax
- Surveys of business and organizations showed that the most significant problems were: smoke (90 percent), customer perceptions regarding fire-related discomfort or danger (75 percent), and road closures (60 percent)

*Secretary of State Audit Documents Excessive Strain on Agency Programs and Personnel*

**Significant Increase in Hours for ODF Personnel.** In 2016, a Secretary of State audit found that three consecutive fire seasons have forced ODF to spend more time fighting fires and less time on its other programs. Increased frequency of wildfires equate to an increased workload for ODF personnel. Compared to fire seasons prior to 2013, agency personnel are working on average, an additional 2,600 hours of regular time and 7,000 hours of overtime each month, to provide wildfire protection.

**Militia Concept Effective, Strains Agency Mission.** ODF utilizes a "militia concept" to staff and deploy Incident Management Teams (IMT), which are used to manage large and/or complex wildfire incidents. This means that personnel from across the agency, including non-fire programs, participate on these highly skilled teams. The militia model has proven highly successful in Oregon and is a cornerstone of our complete and coordinated system. The Secretary of State audit highlighted that our increased response to wildfires using this militia model strains the agency's ability to sustain other core business

functions – across forest management, natural resource protection, forest health, state forests management and agency administrative support. The full Secretary of State Audit Report is available at: <http://sos.oregon.gov/audits/documents/2016-18.pdf>.

In particular, the Secretary of State audit found that:

- 60 percent of hours to staff Incident Management Teams (IMTs) come from positions outside of ODFs Protection Division. 31 percent of these hours come from positions within the State Forests Division, 18 percent from the Private Forests Division, and 11 percent from the Agency Administration Division.
- “Participation in fire suppression activities by ODF permanent staff each August has increased from an average of 52 percent of all permanent employees during the 2009-2012 period to 71 percent between 2013 and 2015”
- “Not only are more permanent employees participating in fire suppression activities, but these employees are working much longer hours than before. Compared to 2009-2012, the average number of regular hours spent on fire protection during the summer months increased by 19 percent in 2013-15, while overtime hours increased by 197 percent during the same period.”



**Secretary of State Recommendations.** The Secretary of State audit report included 12 recommendations to take action to reduce these impacts on personnel and programs. A selection of those recommendations include:

- In the short term, assess staffing levels and other resources needed to address the backlog of finance and administrative work associated with the last three fire seasons. For the long term, assess the resources needed for these activities as part of the agency’s workforce planning process
- Define and implement a complete process to collect, review, and implement business improvement ideas that address pain points and increase efficiencies
- Evaluate the resources allocated to suppression activities versus proactive fire management activities, such as prevention, detection, and mitigation and communicate findings
- Evaluate the cost-effectiveness of different fire prevention and detection strategies. Also, consider methods implemented or developed by other fire organizations and states.
- Increase its proactive wildfire mitigation efforts on both public and private land.

### *Climate Change Projects Warmer and Drier Summers*

**Higher Summer Temperatures.** Higher summer temperatures and earlier spring snowmelt are already increasing the risk and workload to suppress forest fires. In the Pacific Northwest the length of fire season has increased from 23 days in the 1970s to 116 days in the 2000s. (Oregon's 2017 Integrated Water Resource Strategy)

**Increased Occurrence of Drought.** Drought is not an abnormal occurrence in Oregon, with notable recorded droughts since the 1930s. However, since the adoption of Oregon's first Integrated Water Resources Strategy in 2012, the state has recorded its warmest year and experienced the lowest snowpack on record, both in 2015. The dry conditions in May through July 2017 were the fifth-warmest on record in 123 years, contributing to an intense wildlife season across the state. (Oregon's 2017 Integrated Water Resource Strategy)

**Declining Winter Snowpack.** Climate changes are already visible in Oregon. Increasing temperatures are affecting the form of precipitation, and therefore Oregon's mountain snowpack. This is altering the timing, duration, volume, and quality of water runoff throughout the state. As mean annual temperature increases, the percentage of precipitation that falls as rain instead of snow will increase. Oregon is classified as 75 percent mixed-rain-and-snow for the twentieth century climate. By 2080, all of Oregon, except for parts of the Blue Mountains, is projected to become rain-dominant. (Oregon's 2017 Integrated Water Resource Strategy)

**Compromised Forest Health.** The past decade's trend of warmer and drier conditions have stressed forest ecosystems, exacerbated existing management and forest health problems, and led to extreme fire conditions. About 35 percent of Oregon's forests are at high risk of uncharacteristic fire because of disruption in their natural fire regimes. Another 42 percent are at moderate risk. As projected under climate change analysis, continued of warmer, drier conditions increase forest vulnerability to insect and disease attack, and ultimately increase the risk of uncharacteristically severe wildfires. Such fires can threaten communities and adjoining private lands, while destroying resources timber values, terrestrial and aquatic habitat, domestic use watersheds, cultural resources and critical infrastructure.

**Manage State Forests for Greatest Permanent Value.** As a public lands manager, ODFs State Forest Division manages 745,000 acres of lands owned by the Board of Forestry to secure greatest permanent value (GPV) to produce a wide range of public benefits. Active management on these lands provides a stable timber supply, generates revenue for county governments, supplies clean water and high quality habitat and provides diverse outdoor recreation, interpretative and educational experiences. The personnel and capacity necessary to deliver on this array of outcomes is also critical to delivering ODFs fire protection mission. According to a recent Secretary of State audit, 31 percent of the hours required to staff ODF Incident Management Teams come from the State Forest Division. The number of hours of State Forests personnel billed to supporting ODFs fire mission more than doubled in 2013-2015 over the prior three years. Reassignment of duties from laying out a timber sale, completing camp ground inspections, or maintaining trails on state forests are delayed or set aside when personnel are needed in the wildfire suppression effort and significantly challenges the Department's ability to deliver on its GPV obligations.

**Restore Federal Forests through the Good Neighbor Authority.** Over 60 percent of Oregon’s forests are managed by the US Forest Service or Bureau of Land Management. Many of these forests, particularly in the drier climates of eastern and southwestern Oregon, are at an elevated risk of wildfire and face significant forest health challenges. Due to the proportion of ownership, the condition of the state’s federal forests have a dramatic effect on the health of Oregon’s total forestland base, and in turn on the Department’s ability to accomplish its mission, including increasing stress on the complete and coordinated wildfire protection system as evidenced in 2017. Through its Federal Forest Restoration Program, ODF has the opportunity to implement active treatments using the Good Neighbor Authority to significantly increase the resilience of our federal forests to uncharacteristic wildfire.

**Engage Homeowners and Non-Industrial Forest Owners.** Approximately 4.3 million acres, or 15 percent, of Oregon’s forests are owned by families or individuals. Of this total, roughly half of these acres are inside urban growth boundaries or are within a mile of current residential or other development zones (i.e., rural residential). Various factors interact to divide tracts of working forests into smaller parcels and lead to an intermingling of homes and forestlands. This reduces the likelihood that forests will be actively managed to produce a range of values, and increases the cost and complexity of fire protection. Since the implementation of Oregon’s unique Land Use system in 1974, Oregon has maintained 97 percent of all non-federal land as resource land use (farm, forest or range). However, the Wildland-Urban Interface (WUI) has grown significantly during that period. ODF’s Five-Year Land Use Report shows that 704,000 acres have shifted from resource lands to low-density residential or urban uses. Fire ignition data shows an increased exposure to risk within the WUI. Over the past decade (2008-2017), 64 percent of fires on ODF-protected lands occurred within one mile of the WUI, and 87 percent of these fires were human-caused.

Development and delivery of technical assistance programs by ODF to family forest and forest landowners within the WUI that encourage active management such as thinning, fuels reduction, defensible space creation have primarily been funded with limited federal dollars. An increased scope of service delivery to communities and local governments provides the tools and technical advice to help encourage community and landowner involvement with fuels mitigation, target fire prevention messages toward human caused ignitions, and to review building and zoning codes that make buildings more resistant to fire. Creating fire-adapted communities benefits all with reduction in loss of infrastructure, watersheds, cultural assets, parks, view sheds, transportation and utility corridors.



### *Criteria for 2019-21 Budget Development*

Budget development principles are essential in leading the Department and the Board of Forestry in budget content and process development. These principles set the stage for moving forward and long-term reflection from a budget perspective.

Guided by agency leadership and previous principles, the 2019-21 Budget Development will:

- Promote an open and transparent process with employees and stakeholders and seek and encourage public input.
- Maintain core business functions and customer service as a priority while maintaining an agency-wide perspective. Identify and address service gaps that exist between the current budget and the budget needed to implement legal mandates, the Board of Forestry work plans, and key components of the agency's strategic initiatives.
- Be creative and proactive but realistic in concept development and proposals, recognizing the balance between asking for needed resources while considering budget climate, stakeholder and legislative expectations, and revenue constraints.
- Maintain a viable, effective, highly-skilled, and empowered sustainable workforce and organization.
- Identify and capture opportunities to increase efficiency and effectiveness.
- Ensure that individual revenue sources fund a fair and equitable portion of the internal service costs that are in direct relation to services and products utilized by the program.
- Align with the Board and agency missions, legal mandates, strategic initiatives, agency/ program performance measures and the Governor's priorities.
- Partner with other natural resource agencies and tribal governments on issues of mutual interest.
- Innovate new ways for revenue generation, providing services, and stakeholder outreach and involvement that aim to reduce vulnerability to cyclical fluctuations.
- Be responsive to changes in the socio-economic situation during the development process itself and be flexible to change direction or course if needed.

Clearly communicate the results of budget investments or reductions that impact forest resources and prioritize services that directly benefit, protect, and sustain Oregon's forest resources.

### *Major Information Technology Projects*

ODF does not have any major information technology projects slated for the 2019-21 biennium.

Program Prioritization for 2019-21

PROGRAM PRIORITIZATION FOR 2019-21

Department of Forestry																			Agency Number:		62900	
2019 - 2021 Biennium																						
Agency Administration																						
Department-Wide Priorities for 2019-21 Biennium																						
1	2	3	4	5	6	7	8	9	10	12	14	15	16	17	18	19	20	21	22			
Priority (ranked with highest priority first)	Dept. Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory for C, FM, and FO Only	Comments on Proposed Changes to CSL Included in Agency Request				
Dept	Prgm/Div																					
N/A	N/A	ODF	ADMN	Exec Admin, HR, Business Services, Facilities, Procurement, IT, Agency Affairs, Resource Planning, State Government Service Charges	1 & 2	4	0	0	32,916,239	2,036,474	\$ 34,952,713	97	97.90	N	Y	N/A	Ch. 321, 477, 526, 527, 530, 532	N/A	POP 091: (\$560,222) OF, (\$3,726) FF POP 092: (\$8,517) OF, (\$4) FF			
N/A	N/A	ODF	ADMN	Payment Processing Improvement	1	4	150,000	0	0	0	\$ 150,000	0	0.00	Y	N	N/A		N/A	POP 090: \$150,000 GF			
N/A	N/A	ODF	ADMN	Billable Support Costs	1	4	0	0	2,154,148	0	\$ 2,154,148	0	0.00	N	N	N/A		N/A	POP 091: (\$874) OF POP 092: (\$287) OF			
N/A	N/A	ODF	ADMN	Federal Forest Health	1	4	3,133,222	0	532,439	740,694	\$ 4,406,355	13	9.83	Y	N	N/A		N/A	POP 090: (\$65,407) GF POP 091: (\$1,716) GF POP 092: (\$1,072) GF			
							3,283,222	-	35,602,826	2,777,168	\$ 41,663,216	110	107.63									

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS



PROGRAM PRIORITIZATION FOR 2019-21

Department of Forestry																						
2019 - 2021 Biennium																			Agency Number:		62900	
Fire Protection																						
Department-Wide Priorities for 2019-21 Biennium																						
1	2	3	4	5	6	7	8	10	11	12	14	15	16	17	18	19	20	21	22			
Priority (ranked with highest priority first)	Dept. Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	OF	NL-OF	FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request				
Dept	Prgm/ Div																					
1	1	ODF	FP	Forest Patrol	11, 12	8	51,203,915	64,133,587	0	37,756	\$ 115,375,258	564	307.45	N	Y	N/A	477, 526.041	N/A	POP 090: (\$758,766) GF, (\$436,629) OF POP 091: (\$198,609) GF, (\$142,642) OF POP 092: (\$679) GF, (\$1,033) OF			
2	3	ODF	FP	Emergency Fire Cost	11, 12	8	0	608,849	0	0	\$ 608,849	2	1.50	N	N	N/A	477, 526.041	N/A	POP 091: (\$2,249) OF POP 092: (\$756) OF			
5	4	ODF	FP	Smoke Management	6, 11, 12	9	0	1,414,081	0	0	\$ 1,414,081	5	4.00	N	N	FO	477, 526.041	N/A	POP 091: (2,362) OF POP 092: (\$747) OF			
10	5	ODF	FP	Slash Hazard Abatement	11, 14	9	0	1,282,883	0	0	\$ 1,282,883	11	4.63	N	N	N/A	477, 526.041	N/A	POP 091: (\$4,053) OF POP 092: (\$533) OF			
11	6	ODF	FP	Cooperative Fire Protection	11, 12	8	0	7,945,215	0	0	\$ 7,945,215	63	39.68	N	N	N/A	477, 526.041	N/A	POP 090: (\$212,910) OF POP 091: (\$7,819) OF POP 092: (\$40) OF			
12	7	ODF	FP	National Fire Plan	11, 12, 14	8	0	0	0	17,568,300	\$ 17,568,300	20	25.87	N	N	N/A	477, 526.041	N/A	POP 090: (\$104,545) FF POP 091: (\$20,908) FF POP 092: (\$24,749) FF			
17	8	ODF	FP	Extraordinary Fire Costs	11, 12	8	0	438,792	0	0	\$ 438,792	5	2.71	N	N	N/A	477, 526.041	N/A	POP 091: (\$516) OF			
							51,203,915	75,823,407	-	17,606,056	\$ 144,633,378	670	385.84									

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

- C Constitutional
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- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

PROGRAM PRIORITIZATION FOR 2019-21

Department of Forestry																						
2019 - 2021 Biennium																			Agency Number:		62900	
Equipment Pool																						
Department-Wide Priorities for 2019-21 Biennium																						
1	2	3	4	5	6	7	8	10	11	12	14	15	16	17	18	19	20	21	22			
Priority (ranked with highest priority first)	Dept. Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	OF	NL-OF	FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request				
Dept	Prgm/ Div																					
N/A	N/A	ODF	EQP	Motor Pool Operations	N/A	4	0	12,927,012	0	0	\$ 12,927,012	17	17.73	N	N	N/A	526,143 - 526,152	N/A	POP 091: (\$21,137) OF POP 092: (\$1,639) OF			
N/A	N/A	ODF	EQP	Radio Communications Operations	N/A	4	0	4,810,513	0	0	\$ 4,810,513	12	12.00	N	N	N/A	526,143 - 526,152	N/A	POP 091: (\$8,880) OF POP 092: (\$73) OF			
											\$ -											
								17,737,525			\$ 17,737,525	29	29.73									

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

- C Constitutional
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Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Administrative function only, not prioritized.

PROGRAM PRIORITIZATION FOR 2019-21

Department of Forestry																					
2019 - 2021 Biennium																		Agency Number: 62900			
State Forest Lands																					
Department-Wide Priorities for 2019-21 Biennium																					
1	2	3	4	5	6	7	8	10	11	12	14	15	16	17	18	19	20	21	22		
Priority (ranked with highest priority first)	Dept. Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	OF	NL-OF	FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request			
Dept	Prgm/Div																				
6	1	ODF	SF	Common School Lands	1, 5, 9, 10 & 13	7	0	2,862,095	0	0	\$ 2,862,095	0	9.08	N	N	C	Ch. 526, 530, 532, 529	N/A	POP 091: (\$6,766) OF POP 092: (\$2,316) OF POP 132: \$534,435 OF		
7	2	ODF	SF	Forest Development	5, 9, 10 & 13	6	0	104,411,376	0	908,888	\$ 105,320,264	220	201.76	N	N	N/A	Ch. 526, 530, 532, 529	N/A	POP 091: (\$126,214) OF, (\$572) FF POP 092: (\$13,034) OF POP 131: \$12,000,000 OF		
15	4	ODF	SF	Elliott State Forest	1	6	0	(\$ 1,120)	0	0	\$ (1,120)	0	0.00	N	N	N/A	526, 528, 529	N/A	None		
							-	107,272,351	-	908,888	\$ 109,181,239	220	210.92								

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

- C Constitutional
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- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

PROGRAM PRIORITIZATION FOR 2019-21

Department of Forestry 2019 - 2021 Biennium																		Agency Number: 62900			
Private Forests																					
Department-Wide Priorities for 2019-21 Biennium																					
1	2	3	4	5	6	7	8	10	11	12	14	15	16	17	18	19	20	21	22		
Priority (ranked with highest priority first)	Dept. Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	OF	NL-OF	FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL Included in Agency Request			
Dept	Prgm/ Div																				
3	1	ODF	PF	Forest Insect & Disease Management	13	9	1,598,264	0	0	0	\$ 1,598,264	5	3.58	N	Y	N/A	527.310 - 527.370	N/A	POP 090: (\$34,886) GF POP 091: (\$1,676) GF POP 092: (\$1,091) GF		
4	2	ODF	PF	Forest Practices Act Administration	3, 7	9	12,620,447	10,388,937	0	0	\$ 23,009,384	78	79.07	N	Y	N/A	527.610 - 527.992	N/A	POP 090: (\$2,500,131) GF, \$1,821,018 OF POP 091: (\$45,211) GF, (\$17,349) OF POP 092: (\$4,477) GF, (\$2,642) OF		
8	4	ODF	PF	Urban & Community Forestry Assistance	4	2	0	307,093	0	0	\$ 307,093	0	0.00	N	Y	N/A	526.500 - 526.515	N/A	None		
9	5	ODF	PF	Oregon Plan for Salmon & Watersheds	3, 9	9	565,566	0	0	0	\$ 565,566	1	1.45	N	Y	N/A	541.351 - 541.420	N/A	POP 090: (\$9,308) GF POP 091: (\$1,540) GF		
13	6	ODF	PF	Cooperative Forestry Partnerships	1, 7	9	0	280,795	0	0	\$ 280,795	0	0.04	N	Y	N/A	315.104, 321.367, 527.610 - 527.992	N/A	POP 091: (\$24) OF		
14	7	ODF	PF	Service Forestry	3, 7	9	0	0	0	14,071,791	\$ 14,071,791	22	19.38	N	Y	N/A	526.425 - 526.485	N/A	POP 091: (\$12,824) FF POP 092: (\$1,021) FF		
14	8	ODF	PF	Seed Orchard	3, 7	9	0	2,155,501	0	0	\$ 2,155,501	14	7.14	N	Y	N/A	526.425 - 526.485	N/A	POP 091: (\$4,811) OF POP 092: (\$17) OF		
16	9	ODF	PF	Forest Resource Trust Administration	1	9	0	1,880,551	0	0	\$ 1,880,551	1	1.15	N	Y	N/A	526.700 - 526.775	N/A	POP 091: (\$752) OF		
							14,784,277	14,812,877	-	14,071,791	\$ 43,668,945	121	111.81								

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

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Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

PROGRAM PRIORITIZATION FOR 2019-21

Department of Forestry																						
2019 - 2021 Biennium																			Agency Number:		62900	
Facilities Maintenance & Development																						
Department-Wide Priorities for 2019-21 Biennium																						
1	2	3	4	5	6	7	8	10	11	12	14	15	16	17	18	19	20	21	22			
Priority (ranked with highest priority first)	Dept. Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	OF	NL-OF	FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL Included in Agency Request				
Dept	Prgm/ Div																					
N/A	N/A	ODF	FAC	Facilities Management & Maintenance	N/A	N/A	4	0	5,642,122	0	0	\$ 5,642,122	0	0.00	N	N	N/A	276,227 - 276,285	N/A	POP 091: (\$541) OF POP 092: (\$52) OF		
										\$ -												
										\$ 5,642,122		0	0.00									

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

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- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

PROGRAM PRIORITIZATION FOR 2019-21

Department of Forestry																			Agency Number:		62900	
2019 - 2021 Biennium																						
Debt Service																						
Department-Wide Priorities for 2019-21 Biennium																						
1	2	3	4	5	6	7	8	9	10	11	12	14	15	16	17	18	19	20	21	22		
Priority (ranked with highest priority first)	Dept. Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL-OF	FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request			
Dept	Prgm/ Div																					
N/A	N/A	ODF	DEBT	Debt Service on Capital Projects	N/A	4	19,045,821	2,605,450	636,962	0	0	\$ 22,288,233	0	0.00	N	N	D	283.085 - 283.092, 286A.025 - 286A.035, 291.216, 283.085 - 283.092, 286A.025 - 286A.035, 291.216	N/A	POP 090: \$85,911 GF, \$119,372 OF		
N/A	N/A	ODF	DEBT	Debt Cost of Issuance	N/A	4	0	0	87,035	0	0	\$ 87,035	0	0.00	N	N	D	283.085 - 283.092, 286A.025 - 286A.035, 291.216	N/A	POP 090: (\$87,035)		
							19,045,821	2,605,450	723,997	-	-	\$ 22,375,268	0	0.00								

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
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19. Legal Requirement Code

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- FM Federal - Mandatory
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- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

PROGRAM PRIORITIZATION FOR 2019-21

Department of Forestry																					
2019 - 2021 Biennium																		Agency Number:		62900	
Capital Improvements																					
Department-Wide Priorities for 2019-21 Biennium																					
1	2	3	4	5	6	7	8	10	11	12	14	15	16	17	18	19	20	21	22		
Priority (ranked with highest priority first)	Dept. Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	OF	NL-OF	FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request			
Dept	Prgm/ Div																				
N/A	N/A	ODF	CI	Capital Improvement Projects	N/A	4	0	4,783,787	0	0	\$ 4,783,787	0	0.00	N	N	N/A	276.227, 276.229, 291.216	N/A	None		
											\$ -										
								-			\$ 4,783,787	0	0.00								

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

PROGRAM PRIORITIZATION FOR 2019-21

Department of Forestry																							
2019 - 2021 Biennium																				Agency Number:		62900	
Capital Construction																							
Department-Wide Priorities for 2019-21 Biennium																							
1	2	3	4	5	6	7	8	10	11	12	14	15	16	17	18	19	20	21	22				
Priority (ranked with highest priority first)	Dept. Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	OF	NL-OF	FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL Included in Agency Request					
Dept	Prgm/ Div																						
N/A	N/A	ODF	CC	Capital Construction Projects	N/A	4	0	0	0	0	\$ -	0	0.00	Y	N	N/A	291.224, 291.218	N/A	None				
							-	-	-	-	\$ -	0	0.00										

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
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- 11 Recreation, Heritage, or Cultural
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Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS



### *Reduction Options*

As with past biennia, a regular part of the Legislatively Adopted Budget (LAB) process is the requirement for agencies to propose General Fund reduction options for consideration by the Governor during the Governor's Budget, and for the Legislature for the Legislatively Adopted Budget. The primary reason reduction options are necessary is that the Oregon Constitution mandates that the biennial budget must be balanced within available revenues. The legislature however, may authorize debt financing for some projects and activities. Therefore, it may become necessary for the Governor or the Legislature to mandate budget reductions in order to achieve a balanced budget.

Proposed reductions are strategic in nature, rather than simply across the board. There is not always a specified budget "target" for the Department other than each agency must identify 10 percent reduction options from the Current Service Level for General Fund and Lottery Funded programs. Ten percent reductions in Other Funds and Federal Funds will also be identified to comply with House Bill 3182 (1999) to achieve a "90 percent budget".

The Department develops reduction options in a deliberative fashion. Reductions are based on the same set of strategic guidance used to develop policy packages such as legal requirements and obligations, the Forestry Program for Oregon, the Department's strategic planning efforts, and stakeholder input.

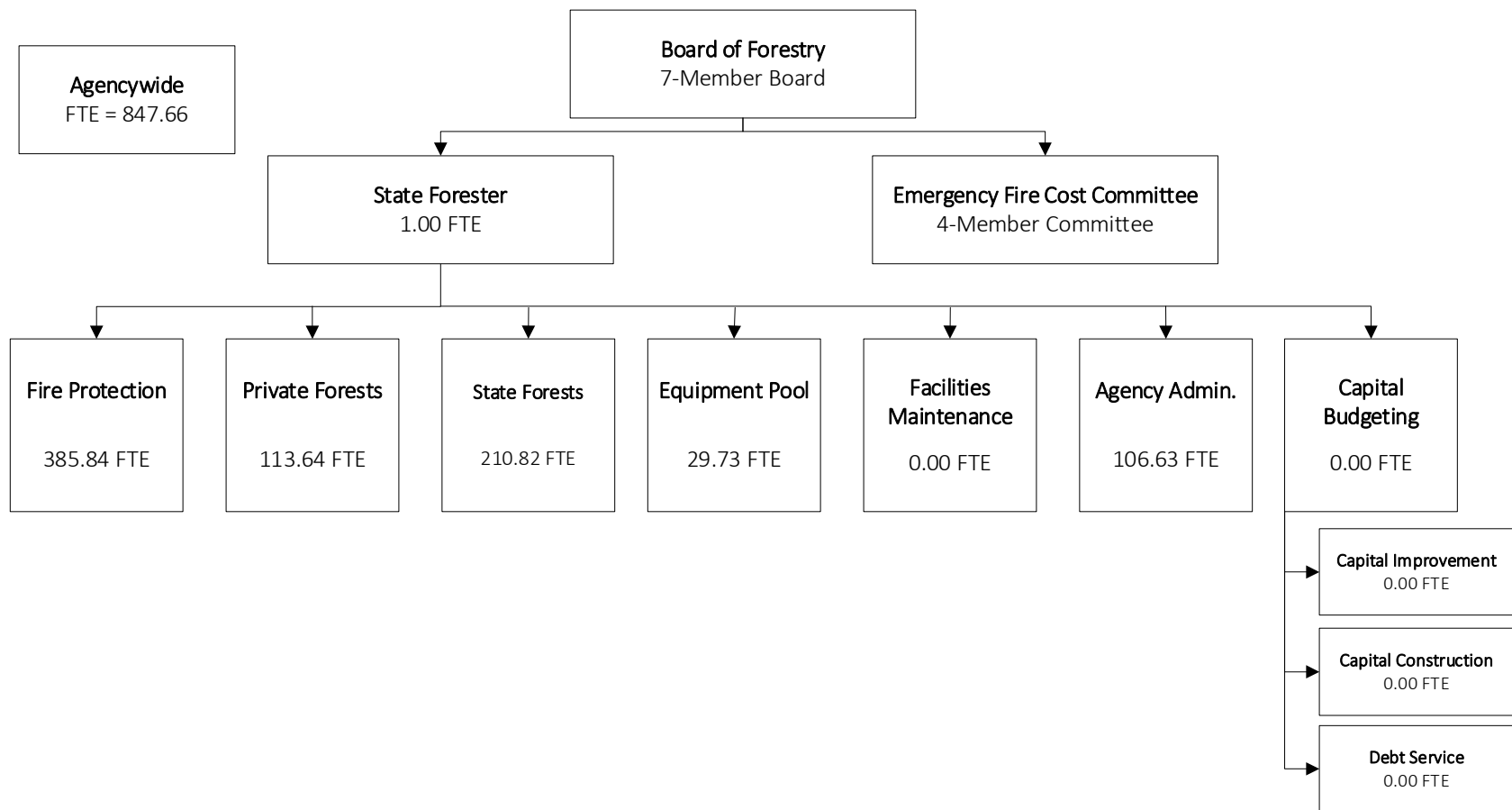
Oregon Department of Forestry (ODF)									
2019 - 2021 Biennium									
Detail of Reductions to 2019-21 Current Service Level Budget									
1	4	5	6	8	10	12	13	14	16
Priority (ranked most to least preferred)	SCR or Activity Initials	Program Unit/Activity Description	GF	OF	FF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes
Dept									
1	FFH	Reduce seasonal crews to conduct pre-sale layout	(194,330)	0	0	\$ (194,330)	0	0.00	Reduces funding to retain seasonal workforce (firefighters) to complete timber sale layout and implement restoration projects. GF has been critical to seed GNA project development and to pay for layout costs on the front end before timber receipts come due.
2	Fire	Rangeland Fire Protection Association Pass Through	(261,000)	0	0	\$ (261,000)	0	0.00	Eliminates pass through funding to support RPA training and equipping
3	FFH	SFIP Data Collection Contracts	(400,000)	0	0	\$ (400,000)	0	0.00	Eliminates funding to incentivize federal forest managers to innovate within their data collection analysis methods for project-level planning.
4	FFH	FFH Program portion of Admin Prorate	(122,400)	0	0	\$ (122,400)	0	0.00	Eliminates funding prioritized to cover internal administrative costs to procure contractual services in support of FFR objectives.
5	PF	FPA Administration - eliminate support for E-Notification	(72,000)	(48,000)	0	\$ (120,000)	0	0.00	Eliminates the maintenance funding and support for the e-notification system. Routine resolution of system errors, defects and minor improvements will not be supported.
6	PF	Eliminate treatment of Sudden Oak Death	(150,000)	0	0	\$ (150,000)	0	0.00	Eliminate state support for the Sudden Oak Death Program (SOD) treatment. State GF contributions have levied \$8,434,200 in USFS funds for SOD detection and treatment over the past 2 decades.
7	Fire	Reduce Services & Supplies across the State	(1,124,332)	(335,839)	0	\$ (1,460,171)	0	0.00	Reduces firefighting related employee training and travel.
8	FFH	Technical analysis and science support	(100,000)	0	0	\$ (100,000)	0	0.00	Reduces funding for indirect technical assistance to local collaborative groups and regional intermediary organizations to increase capacity, scientific understanding or collect data necessary to reach agreement on restoration priorities and projects.
9	PF	Eliminates the Biomass program	(171,740)	0	0	\$ (171,740)	(1)	(0.70)	Fully eliminates the Biomass program.
10a	Admin	Reduce admin support for four administrative sections	0	(50,000)	0	\$ (50,000)	0	0.00	Downward reclass of AS1 to OS 1, reduce duties and support of four administrative sub-programs.
11a	Admin	Eliminate Office Specialist for Facilities program	0	(155,000)	0	\$ (155,000)	(1)	(1.00)	Eliminate position, degrades service level in this functional unit
12	PF	Eliminate funding for staffing of the Sudden Oak Death program	(141,335)	0	0	\$ (141,335)	0	0.00	This reduction will eliminate field support for the Sudden Oak Death Program (SOD).
13a	Admin	Eliminate both Word Processing technicians	0	(285,000)	0	\$ (285,000)	(2)	(2.00)	Fully eliminates the Word Processing unit which supports the entire Department.
14a	Admin	Eliminate one Public Affairs Specialist	0	(210,000)	0	\$ (210,000)	(1)	(1.00)	Eliminate position, degrades service level in this functional unit.
15	FFH	Eliminate remaining seasonal crews to conduct pre-sale layout	(322,400)	0	0	\$ (322,400)	0	0.00	In addition to Priority 1 cut, this eliminates funding to retain seasonal workforce (firefighters) to complete timber sale layout and implement restoration projects.
16	FFH	Reduce technical analysis & science support to local collaborative groups	(152,600)	0	0	\$ (152,600)	0	0.00	In addition to cut above, further reduces funding to provide indirect technical assistance to local collaborative groups.

Oregon Department of Forestry (ODF)									
2019 - 2021 Biennium									
Detail of Reductions to 2019-21 Current Service Level Budget									
1	4	5	6	8	10	12	13	14	16
Priority (ranked most to least preferred)	SCR or Activity Initials	Program Unit/Activity Description	GF	OF	FF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes
Dept									
17	Fire	Eliminate Industrial Fire Prevention Stewardship Forester positions Statewide	(736,988)	(964,600)	0	\$ (1,701,588)	0	0.00	Results in no fire prevention education or industrial fire enforcement activities for forest landowners. No participation in the fire militia as a part of a district's budgeted adequate level of protection.
18	PF	Reduce Forest Practices Act administration, enforcement & education	(815,635)	(543,759)	0	\$ (1,359,394)	0	0.00	Eliminates the remaining GF and Harvest Tax in the Fire Protection positions resulting in increased resource damage, fewer public benefits from forests, and reduced technical assistance to family forestland and industrial forestland owners.
19	PF	Eliminate funding for Salem staff technical specialist for Forest Practices Act administration (Forest Practices Field Coordinator)	(134,860)	(89,907)	0	\$ (224,767)	0	0.00	If stewardship foresters are eliminated, this becomes part of the reduction package. Significantly reduces the Department's ability to provide technical support to field stewardship foresters in the administration of the FPA and support of the BOF.
20a	Admin	Eliminate Planning & Analysis unit NRS-4	0	(260,000)	0	\$ (260,000)	(1)	(1.00)	Eliminate position, degrades service level in this functional unit.
21	PF	Eliminate State-wide aerial surveys for Insect & Disease identification and management	(75,000)	(234,000)	0	\$ (309,000)	0	0.00	Eliminate ODF's participation in state wide aerial survey and associated federal fund. Private and State forest land would not be surveyed for I&D.
22	Fire	Eliminate Fire Finance Accounting Tech 2 position (vacant)	(60,000)	(104,915)	0	\$ (164,915)	(1)	(1.00)	Goes against the SOS Performance Audit. This would involve redistributing the duties and change funding with Smoke Management (Fund 6500).
23	Fire	Reduce transfers to Fire Protection operating associations	(500,000)	0	0	\$ (500,000)	0	0.00	Impacts the ability of the associations to provide an adequate level of protection and meet the KPM of 98 % of all fires extinguished at 10 acres or less.
24	Admin	Eliminate Finance unit position (Accounting Tech 3)	0	(165,000)	0	\$ (165,000)	(1)	(1.00)	Eliminate position, slows and degrades service level in this functional unit.
25	Admin	Eliminate Executive Team admin support (Exec Support Specialist 2)	0	(155,000)	0	\$ (155,000)	(1)	(1.00)	Eliminate support position, other positions would have to assist all ET members.
26	Admin	Eliminate main Salem campus Front Desk receptionist (Building C)	0	(121,000)	0	\$ (121,000)	(1)	(1.00)	Eliminate building's front desk position. Multiple program staff would need to alternate, or leave Salem campus Reception unstaffed.
27	PF	Eliminate all remaining funding of the Invasive Species program	(143,910)	(35,438)	0	\$ (179,348)	(1)	(0.87)	This reduction will eliminate all state support for the invasive species specialist and associated program.
28	PF	Eliminate FPA Compliance Audit	(150,000)	(100,000)	0	\$ (250,000)	0	0.00	Eliminate funding for the FPA Compliance Audit.
29	PF	Reduce Forest Practices monitoring	(218,119)	(71,671)	0	\$ (289,790)	(2)	(1.83)	Eliminate Siskiyou monitoring project; tethered logging monitoring; delay completion of Rip Stream Analysis.
30a	Admin	Eliminate I.T. fire mapping position (GIS Specialist, ISS-6)	0	(250,000)	0	\$ (250,000)	(1)	(1.00)	Eliminate position, degrades service level in this functional unit.
31a	Admin	Eliminate Procurement Specialist 2	0	(205,000)	0	\$ (205,000)	(1)	(1.00)	Eliminate position, degrades service level in this functional unit.
32a	Admin	Eliminate second Finance position (Accountant 1)	0	(185,000)	0	\$ (185,000)	(1)	(1.00)	Eliminate position, degrades service level in this functional unit.
33	PF	Reduce Forest Practices Act compliance monitoring	(238,381)	(78,329)	0	\$ (316,710)	(2)	(2.00)	Eliminate Siskiyou monitoring project; tethered logging monitoring; delay completion of Rip Stream Analysis.

Oregon Department of Forestry (ODF)									
2019 - 2021 Biennium									
Detail of Reductions to 2019-21 Current Service Level Budget									
1	4	5	6	8	10	12	13	14	16
Priority (ranked most to least preferred)	SCR or Activity Initials	Program Unit/Activity Description	GF	OF	FF	TOTAL FUNDS	Pos.	FTE	Impact of Reduction on Services and Outcomes
Dept									
34	SF	Reduce Harvest Capability	0	(20,477,301)	0	\$ (20,477,301)	0	0.00	Eliminate funding , degrades service level in this functional program.
35	Agencywide	Federal Funds limitation reduction	0	0	(3,319,225)	\$ (3,319,225)	0	0.00	Eliminate funding , degrades service level in this functional program.
36	Fire	Reduce Admin Prorate due to OF reductions in the Agency Administration program	(823,349)	0	0	\$ (823,349)	0	0.00	Fire program's portion of the GF funding support related to Admin reductions above.
37	PF	Reduce Admin Prorate due to OF reductions in the Agency Administration program	(158,759)	0	0	\$ (158,759)	0	0.00	Private Forests program's portion of the GF funding support related to Admin reductions above.
38	FFH	Reduce Admin Prorate due to OF reductions in the Agency Administration program	(9,560)	0	0	\$ (9,560)	0	0.00	Federal Forest Health program's portion of the GF funding support related to Admin reductions above.
						\$ -			
			(7,276,698)	(25,124,759)	(3,319,225)	\$ (35,720,682)	(18)	(17.40)	

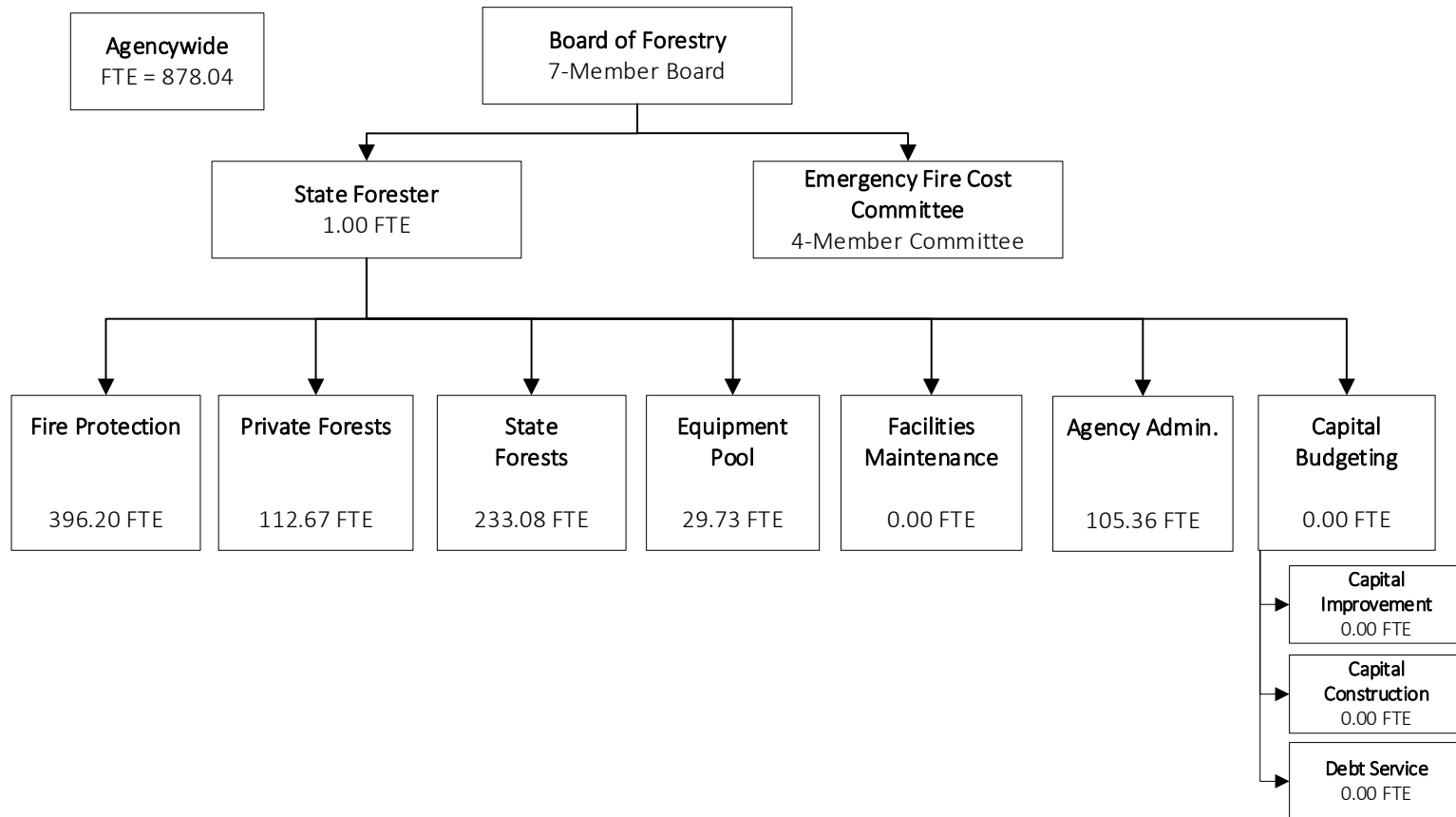
2019-21 Organization Charts

### Governor's Budget



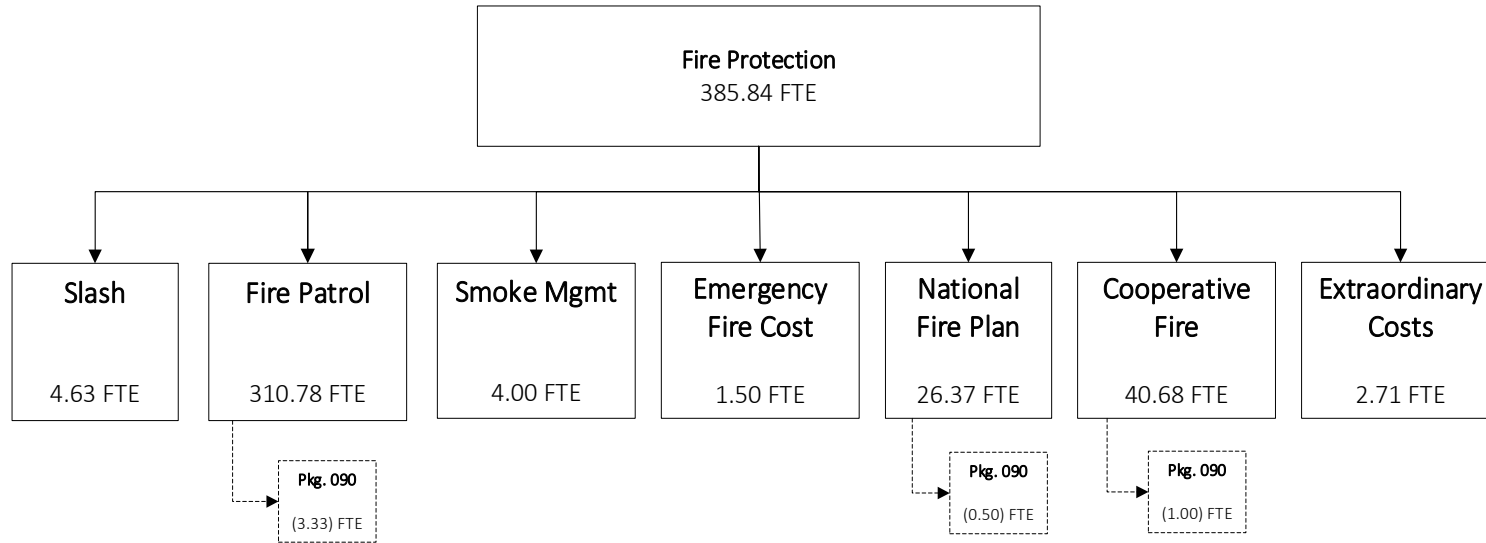
2017-19 Organization Charts

### Legislatively Approved Budget

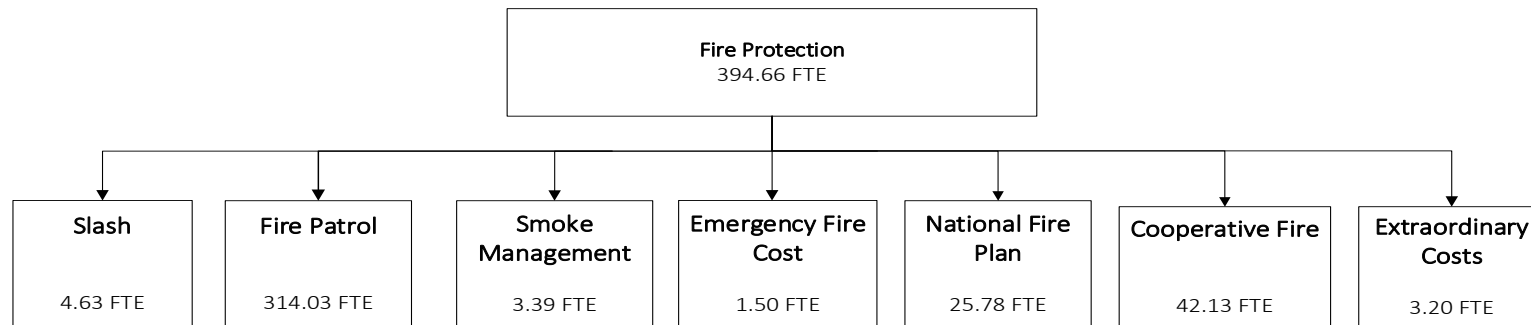


Fire Protection Division Narrative

Organization Charts



Proposed 2019-21 Structure



Current 2017-19 Structure



Executive Summary

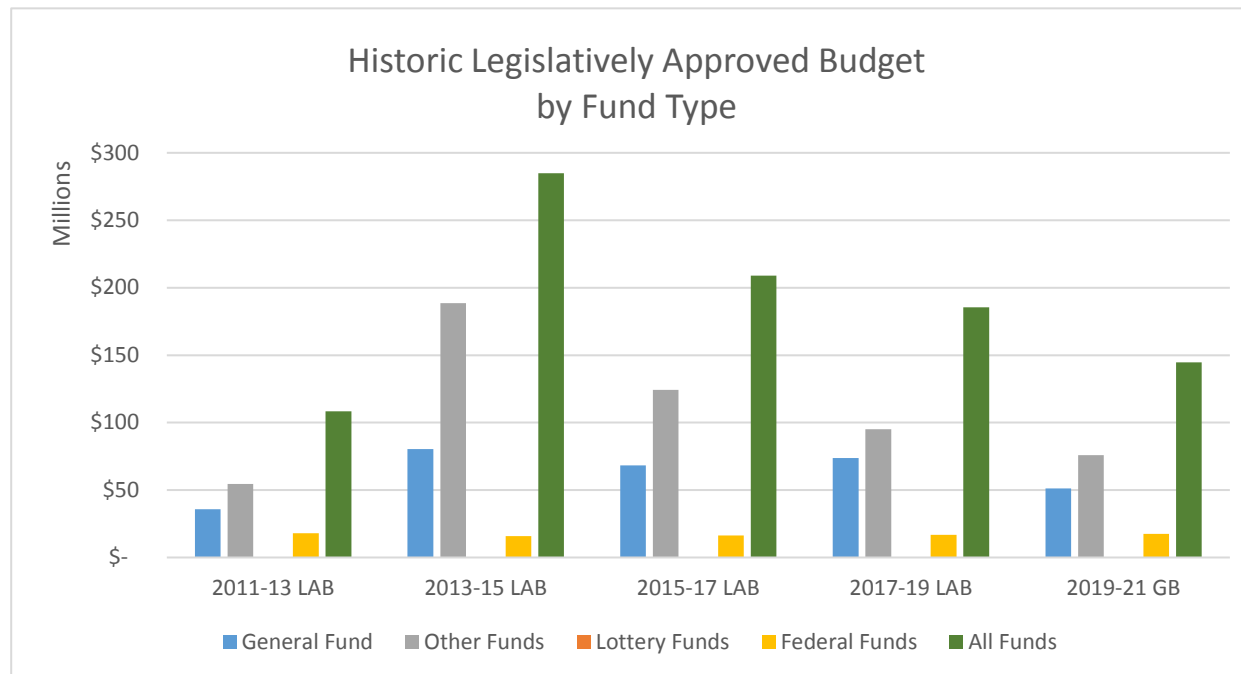
**Long-Term Focus Areas:**

Primary Outcome Area: A Thriving Economy  
Secondary Outcome Area: Responsible Environmental Stewardship

**Primary Division Contact:**

Doug Grafe, 503-945-7204

**Division Total Funds Budget:**



**Division Overview:**

The Oregon Department of Forestry is Oregon's largest fire department, protecting 16 million acres of forestland. This is just over half of Oregon's forestland base and is an asset valued at about \$60 billion. The work of ODF's Fire Protection Division maintains a stable environment for ongoing investment in forest ownership, and protects public safety and signature natural resource values that benefit all Oregonians. An emphasis on prevention, and on suppressing fires quickly, while they are small, ensures cost-effective results for communities, the public and forest landowners.

**Division Funding Request:**

For the 2019-21 biennium, the Fire Protection Division is requesting \$144,633,378 (\$51,203,915 General Fund; \$75,823,407 Other Funds; and \$17,606,056 Federal Funds).

The Fire Protection Division's key performance measure for initial attack effectiveness is extinguishing 98 percent of fires at 10 acres or less. There is a direct correlation between decreased effectiveness in initial attack and significant large-fire costs and resource loss. Funding at the requested level will support the Department and Division in striving to meet the 98 percent measure.

Fire protection is critical to maintaining and protecting the forest products sector, which provides more than 41,000 jobs in Oregon. This service also protects life, property, communities and multiple forest values for all Oregonians, such as clean air and water, fish and wildlife habitat, and scenic views.

The estimated costs for fire protection in 2021-23 is \$183 million, and for 2023-25 about \$195 million.

Based on current needs, anticipated increases in fire season severity and rising wildfire suppression costs, the Fire Protection Division expects that existing funding levels will meet the 98 percent initial attack performance measure in only the mildest fire seasons. At the requested 2019-21 funding levels, the Division anticipates increasing achievement of the 98 percent containment measure over the next 10 years. Long term, this will moderate or decrease overall costs, and protect communities, jobs, and valuable natural resources.

**Division Description:**

The Fire Protection Division protects privately-owned forests, state, county and city forests and, by contract, US Bureau of Land Management forests in western Oregon. Fire protection has been ODF's top priority since the agency's inception in 1911.

The Division's core mission is to provide protection through a complete, coordinated system that incorporates agency resources with those of private forest landowners, federal agencies, other state agencies, city fire departments and rural fire protection districts. Fire prevention, detection and

suppression are accomplished through 12 protection districts, including three private associations called Forest Protective Associations. Landowners play an essential role in supporting and enhancing the Fire Protection Division, which is financed through a blend of public and landowner dollars.

Programs within the Division, including smoke management and fuels reduction, also provide important support.

The fire protection system operates within three specific tiers:

**Base-level protection**, the heart of the ODF “fire department,” provides quick initial attack, statewide coordination, large-fire support and aviation management.

**Severity resources** include air tankers, helicopters and other assets that are positioned around the state wherever fire danger is greatest – a proven approach to keeping fires small.

**Large-fire funding** provides reimbursement for suppressing the fraction of fires that escape initial attack and grow large. A wildfire insurance policy, unique to Oregon, provides \$25 million for large-fire costs after a \$50 million deductible is met.

The Division works continually with stakeholders and partners, including timber and grazing landowners, forest operators, homeowners, communities, tourists and outdoor enthusiasts, federal agencies, and private firefighting contractors.

Major cost drivers include rising firefighting costs (personnel, contractors, equipment use, and training); trends related to climate conditions such as lightning and drought; increasing safety requirements; shifting federal fire policy; reductions in vital forest-sector industry partners; escaped fires from unprotected and under-protected lands; the buildup of fuels on federal lands; and the additional complexity of providing fire protection in the growing wildland-urban interface.

#### Division Justification and Link to Long-Term Outcome:

##### *Protecting economic, social and environmental assets*

Services provided by the Fire Protection Division cover nearly half of Oregon’s forest land base. However, with decreased harvests in federally owned forests, forests under private ownership account for more than three-quarters of statewide timber harvest. Forestry and wood products rank among



the top four Oregon traded sectors. These industries are particularly important to rural economies, pay higher-than-average wages, and support other critical business sectors.

Research by the University of Oregon and the Western Forestry Leadership Coalition has found that large wildfires have many impacts on local economies, with total costs up to 30 times greater than what is typically reported. Direct expenses include infrastructure and business shutdowns, commerce disruption, and property losses. However, the full, long-term accounting considers loss of air and water quality (public health effects), ecosystems and habitat, timber, agricultural crops, recreation, tourism, and other public and private investments. Watersheds with scorched soils experience increased erosion, sediment impacts, flooding and stream temperature fluctuations.

In the broadest sense, an effective fire program is the insurance policy for Oregon's investments in its economy, its environment and its communities. Elements of this vision include a long-term supply of timber, improved forest and rangeland health, communities that are better prepared for catastrophic wildfire, and a stable platform for forestry investment.



#### ***An emphasis on prevention and protecting communities***

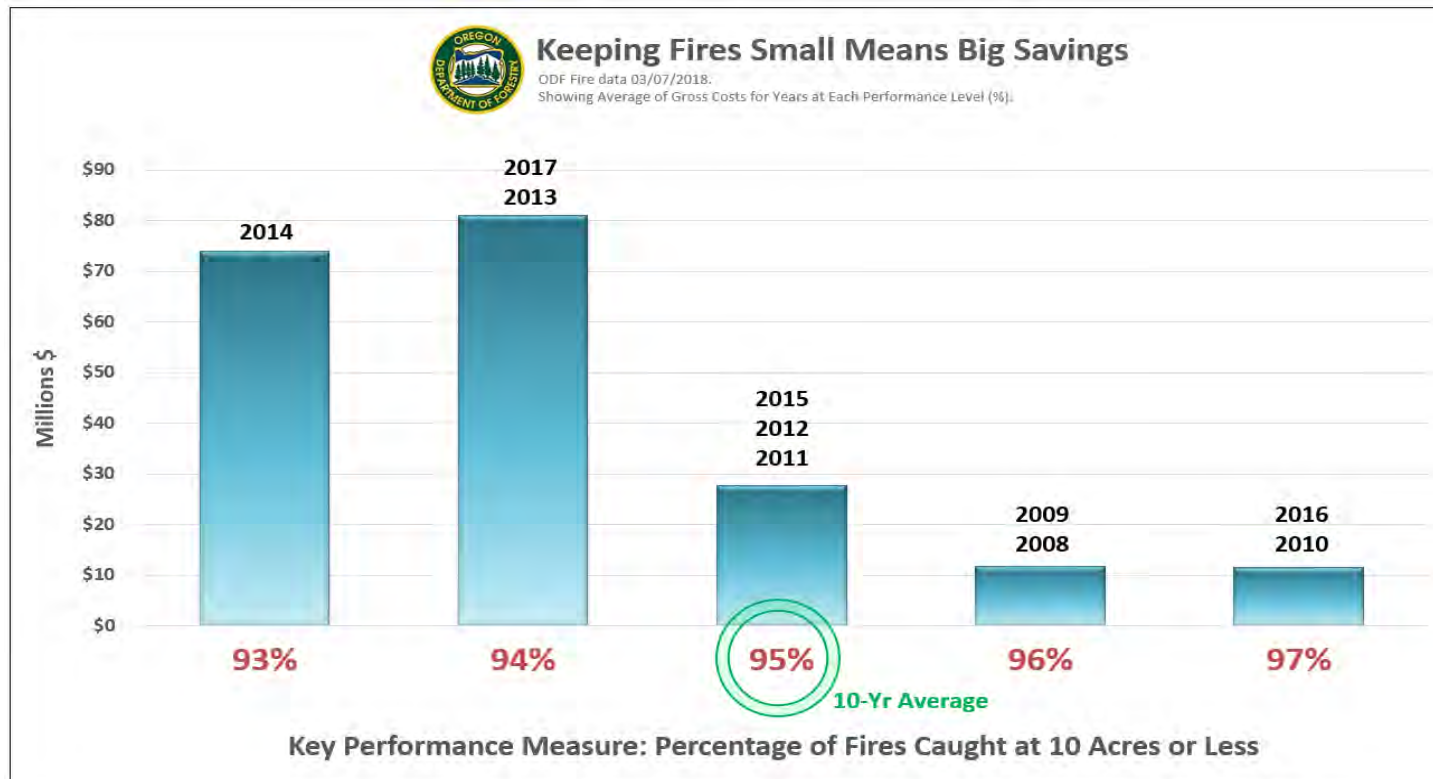
Much like preventive health care, ODF works with landowners to create healthy landscapes to better withstand wildfire without loss of life or investment. The Fire Protection Division engages directly with landowners and communities through Community Wildfire Protection Plans in all 36 counties, the Oregon Forestland Urban Interface Fire Protection Act (currently including 16 counties, with opportunities to include others), and the nationally recognized Firewise Communities Program, which features over 100 participating Oregon communities.

Forestry agencies and local stakeholders work together to reduce hazardous fuel buildup in dense, over-stocked forests. Woody biomass from fuels reduction projects supports clean technology industries, help Oregon meet its renewable energy infrastructure goals, provide jobs, and help revitalize rural economies. The Nature Conservancy estimates that of Oregon's 30 million acres of forests and woodlands, 25 million acres currently require active vegetation treatment to maximize forest health.

The US Environmental Protection Agency and the Oregon Department of Environmental Quality have delegated authority over Oregon's smoke management program to ODF to develop and implement clean air plans, and maximize prescribed burning while minimizing smoke emissions and impacts to people.

**Division Performance:**

The following chart shows that fire costs (vertical axis) generally fall when a larger percentage of fires (horizontal axis) are put out at 10 acres or less. Even a slight increase in the percentage of fires put out while small can affect costs dramatically. The current 10-year average is a 95 percent success rate of suppressing fires at 10 acres or less.



Since 2005, over 13,100 fires have burned 417,950 acres on ODF-protected land. On average, the program has responded to 1,000 fires annually. Climate, snowpack melt rate, rainfall trends and lightning have contributed to more severe fire seasons that start earlier or last longer.

Adequate funding and investments for firefighting resources, both on the ground and in the air, are vital for the Fire Protection Division to carry out its mission. An underfunded fire program today will translate to larger fires, higher costs, and resource damage in the future.

**Enabling Legislation/Program Authorization:**

**ORS 321** outlines the public-private partnership that funds the system.

**ORS 477** declares forest conservation through fire prevention and suppression to be state policy; describes wildfire on inadequately protected forestland to be a nuisance; outlines responsibilities for landowners and the Department. A complete and coordinated system that protects forest resources and saves lives is the primary mission of the Department of Forestry.

**ORS 526** provides for the forestland classification process, under which all land within a county is examined to determine which is forest and grazing land. A forest patrol fee is assessed against landowners within ODF's protection district boundaries to help fund base-level fire protection.

**Funding Streams Supporting the Division:**

**General Fund (GF).** These Public Share Fire Funds are acquired as a 50 percent match to private landowner assessments and serve to offset the costs of fires started by public activity (over a third) and lightning (a third), and to recognize the public benefits of a robust wildland fire protection system. This 50-50 match funds the base level of fire protection.

**Emergency Supplemental General Fund.** The Legislature and Emergency Board allocate a *Special Purpose Appropriation* for the Department's severity program for resources positioned around the state in response to immediate, severe fire danger. This encompasses a portion of the Department's aviation program.

**Emergency Fire Cost.** The Oregon Forest Land Protection Fund (OFLPF) provides emergency fire funding from private and public landowner assessments and is used for large, expensive fires. The fund equalizes these costs across the state. The fund protects the state General Fund and forest landowners from the high costs of severe fire seasons. The OFLPF also funds up to \$3 million of the Department's severity program.

**Landowner Assessed Fees.** Forest Patrol assessments are based on annual budgets developed by each forest protection district and approved by the State Forester and Board of Forestry. These funds are used to leverage Public Share Fire Fund at a 50 percent match rate (base level of fire protection).

**Cooperative Fire.** These funds provide a ready source of additional fire suppression personnel at low or no cost to the forest protection system and local landowners. The program is funded from other landowners' payments for work done on their lands by fire personnel.

**Federal Funds.** The Department actively seeks federal funds to support the program's mission and goals. These funds have declined steadily in recent years and several grant opportunities were eliminated in Fiscal Year 2011.

## *Program Unit Narrative*

### **Activities, Programs and Issues:**

#### ***Organization:***

Fire protection is provided through a complete and coordinated protection system that incorporates the resources of federal wildfire agencies, other state agencies, city fire departments, rural fire protection districts, and private forest landowners. The Department's program is delivered through a coordinated field/staff organization. The field function includes 12 forest protection districts, of which three are private, non-profit Forest Protective Associations (FPA). Each forest protection district provides the core fire suppression services of planning, prevention, detection, pre-suppression, initial attack, fire mobilization, and fuels management. There are also 21 rangeland associations chartered under the Board of Forestry that provide a minimal base level of fire protection on rangelands not protected by the Department of Forestry.

Statewide severity resources include 17 aircraft strategically moved across the state based on current or emerging weather and severity factors. The severity program also provides for immediate short-term capacity for additional helicopters, engines, crews and personnel on an as-needed basis and as fire season demands.

A key piece of the complete and coordinated fire protection system that is not reflected in budgets or collected as revenues is the "in-kind" support from landowners. Each year, landowners spend millions of dollars to maintain readiness of their own qualified personnel, equipment, gates, road maintenance, lookout towers, airstrips and other facilities so that they can assist in the protection of their land and that of their neighbors.

ODF also manages large fires with the use of Incident Management Teams (IMT). There are currently three IMTs consisting of employees from across ODF and from protective associations. Other Department personnel funded outside of the fire program serve in critical roles within the IMTs and are an important part of the Department's fire "militia".

#### ***Customers:***

Nearly all Oregonians are affected by the work of the Fire Protection Division; fires and smoke can affect forestland, forest-related businesses, recreation opportunities, public health and daily routines in communities across the state.

- *Industrial landowners:* Through the forest patrol assessment, base funding for the Division is provided through a 50/50 share between private landowners and the General Fund. Industrial landowners also pay an assessment to the Oregon Forest Land Protection Fund to help pay the costs of large fires.

- *Non-industrial landowners:* Primarily small woodland owners with less than 5,000 acres. Many of these parcels include improvements, such as homes. These homeowners pay forest patrol assessments as well as an improved lot surcharge, which goes to the Oregon Forest Land Protection Fund to help fund large fires beyond a local district's budget capabilities.
- *Government agency partners:* Through agreements, ODF provides protection for some federal lands (BLM), and state, county and other municipalities. These government agencies pay the full forest patrol assessment rate.
- *Firefighting resources:* ODF provides employment opportunities for interagency firefighting crews, aircraft, heavy equipment and local single resources when fires exceed district firefighting capacity.
- *Local communities:* During large fires, small towns can double in size as fire personnel are assigned to these incidents. Frequently, the local economy receives business generated by the presence of a large firefighting force. However, large fires can also cause significant local economic disruption, as when smoke interferes with outdoor activities, road access is temporarily restricted, or forests that provide jobs are burned.
- *General public:* ODF and the Division provide the general public healthy forests for recreation, habitat for wildlife, and clean streams. The Division also mitigates fuels through prescribed burns to prevent catastrophic fires while managing smoke intrusions and providing clean air.

#### **Important Background for Decision Makers:**

*Investing in natural resources.* Private forestlands are managed primarily for economic objectives, and ODF's Fire Protection Division is the insurance policy for these investments. The forest sector contributes \$12.7 billion to Oregon's economy each year, more than 58,000 living-wage jobs, 6.8 percent of Oregon's total industrial output and millions of dollars in tourism annually. However, Oregon's natural resource agencies receive only one percent of the General Fund budget. In addition, one in three Oregonians works in natural resource-related fields or in jobs supported by those industries. Since the 1999-2001 biennium, General Fund investment in all agencies has risen 31.33 percent while investments in natural resource agencies has declined 2.52 percent.

*Reduction of federal contributions.* Five federal agencies have wildland fire responsibilities: the Forest Service, Bureau of Land Management, Bureau of Indian Affairs, National Park Service and Fish and Wildlife Service. Federal agencies have experienced reductions in their fire protection budgets. Oregon and its cooperators use the "Closest Forces Concept" during initial attack on fires, and because of federal reductions there will be fewer firefighting resources available on the ground, and ODF resources will take on a larger role in extinguishing fires on federal lands to protect adjacent private lands.

The federal government also provides many shared resources, especially aircraft that are becoming increasingly scarce. In addition, federal contracts for large helicopters have been reduced nationally. Most if not all of these federal reductions will continue to cause ODF's costs to increase as more proactive roles are assumed in assisting our cooperators.



Several fire grant programs became available following the devastating fire season of 2000 to reduce the threat of wildfire. ODF has benefited from federal grant support for fire prevention education, planning, capacity-building, preparedness, and fuel reduction treatments across Oregon. With reductions in some specific federal programs, costs of protecting private and local government-owned forestlands in Oregon could grow.

- *Secure Rural Schools and Community Self-Determination Act*: Title III dollars stabilized payments to counties for schools, roads and other services and made additional investments in projects that enhanced forest ecosystems. The uncertainty around these dollars puts Firewise Community projects and Community Wildfire Protection Planning at risk.
- *The National Fire Plan* has been primarily funded through the hazardous fuels management programs of each of the five federal agencies. At present, some programs under the Fire Plan have limited funding available and allocations continue to decline each year.
- *State Fire Assistance (SFA)* is funded through the US Forest Service, and provides assistance in training and equipment purchases to increase firefighter safety, improve the firefighting capabilities of rural volunteer fire departments, and enhance protection in the urban-wildland interface. SFA funding is limited, and continues to decline each year.
- *Volunteer Fire Assistance (VFA)* These grant funds are part of the US Forest Service, State and Private Forestry Program, and provide assistance in training and equipment purchases to increase firefighter safety, improve the firefighting capabilities of rural volunteer fire departments, and enhance protection in the urban-wildland interface. These funds are also limited and declining.

***The Fire Environment.*** Wildfire is a natural ecological process. On many forests, however, a long history of fire suppression without other management, such as harvest, thinning or fuel reduction, has inadvertently created dense, overstocked stands. Dangerous fuel loads will continue to build if not actively managed. This primarily occurs on federal lands, which may be located next to or intermingled with actively managed private lands.

High fuel levels have contributed to increased fire size, intensity, cost and loss. Despite the best plans, weather and vegetation conditions can easily push wildfires from federal lands onto private land. Challenges also exist in firefighting resource competition when large federal fires occur. In addition, continued expansion of the wildland-urban interface and its potent mix of dwellings in forested areas results in increased fire suppression costs, significant home and property losses and increased threats to communities.

These challenges are exacerbated by changing climate conditions. Projections indicate that the mean annual temperature across most of the



western US will increase by 2050, causing loss of moisture from soils and vegetation. Other impacts may include shifts in species range and type that supply fuel for fires; and changes in snowpack duration and extent that affect water supplies; in the frequency and intensity of disease and pest disturbances; and in timing and amount of precipitation. Oregon is already experiencing fire seasons that are more severe, start earlier and last longer than usual.

Oregon's dry forests have been severely impacted by large fires due to drought conditions and steep topography. Mill closures in eastern Oregon have resulted in loss of key infrastructure and resources. As a result, landowners with the lowest production timber lands are now paying some of the highest assessments for base protection due to reduced infrastructure and increasing fire season severity.

Return on investment from the proposed 2019-21 Fire Protection Division budget:

Sufficient and efficient utilization of funds and resources enables ODF to protect natural resources, enhance public safety, protect jobs and businesses related to the forest and tourism sectors, and reduce the level of carbon and other emissions that affect air quality.

Approval of the current service level, together with proposed strategic policy packages, will facilitate greater efficiency, monitoring and accountability of resources that contribute to the complete and coordinated wildfire suppression system in Oregon.

Expected Results from 2019– 21 for the Division and Return on Investment:

This budget seeks to:

- Continue fire funding by investing limited dollars in the base protection and severity levels to stop fires at the smallest possible size, which will limit the number of large, multi-million dollar fires.
- Increase initial and extended attack capacity to provide an adequate level of fire protection and lower the overall cost of fire protection.
- Recruit, train, and maintain local fire district capability in wildland fire protection.
- Increase capacity of firefighting resources by exploring new contracts/agreements.
- Reduce carbon emissions by minimizing wildland fire size through aggressive initial attack and additional capacity.
- Work with federal agencies to help mitigate the forest health/excessive fuels problem on millions of acres of federal lands in Oregon.
- Work with counties and communities to update their community wildfire protection plans.
- Coordinate with the State Fire Marshal and other agencies to promote defensible space around homes in the wildland urban interface.
- Continue to seek and use grants to improve technology, reduce hazardous fuels, make more homes fire defensible, and equip local fire districts.
- Complete implementation of Forest Land Classification in remaining Oregon counties, providing coordination and improved processes.

- Provide improved fire environment technology and analysis tools that assist in development of more accurate predictions of large fires.
- Understand and respond to needs for improving forest health.
- Implement recommendation of the Investigation/Cost Recovery task force; which includes certifying a pool of fire investigators
- Work cooperatively with local entities to eliminate or substantially reduce the amount of land in Oregon which has no fire protection.
- Conduct review of District Protection Plans for compliance with standards of protection.
- Continue to implement the recommendations of the multi-stakeholder Fire Program Review Committee.
- Coordinate implementation of the Regional Haze Plan with the state Department of Environmental Quality and the US Environmental Protection Agency.
- Continue to evolve software systems for dispatching and other functions.

**Revenue Sources and Proposed Revenue Changes:**

The Fire Protection Division is funded by a diverse set of funds, which include:

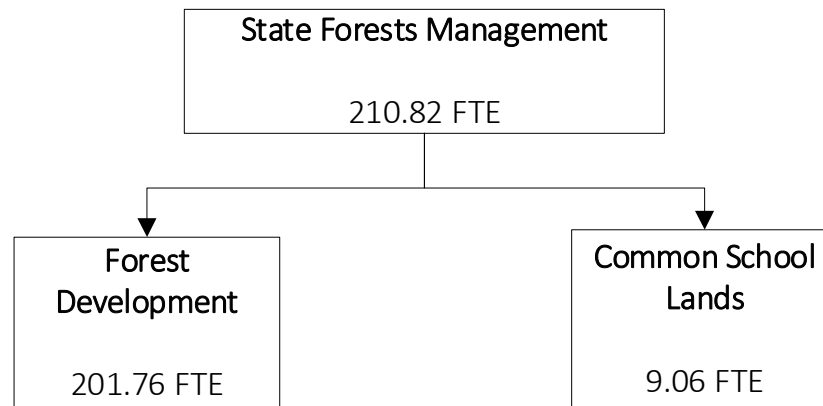
- Public Share Fire Fund (General Fund)
- Forest Patrol (Landowner funds)
- Cooperative Fire (Other funds)
- Federal Funds
- Emergency Fire Cost (Landowner and General Fund)

Forestland fire protection in Oregon is a shared responsibility between the private landowner and the public. The matching rate in statute for private lands is 50 percent General Fund to 50 percent forest patrol assessments for base fire protection. Public landowners do not receive the General Fund match, and pay the full cost of fire protection. Due to legislative action in 2009-11, public landowners annually pay an additional amount per acre for agency administration. There are no Lottery Funds in the program.

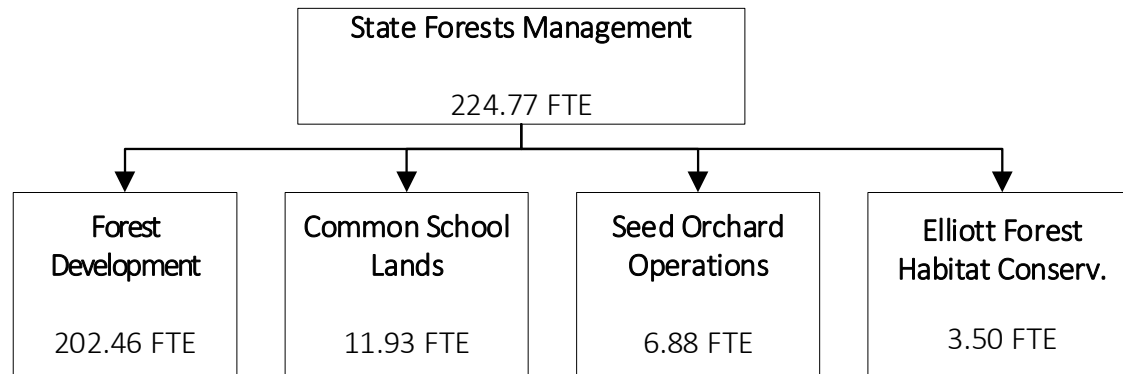
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State Forests Division Narrative

Organization Charts



Proposed 2019-21 Structure



Current 2017-19 Structure

Executive Summary

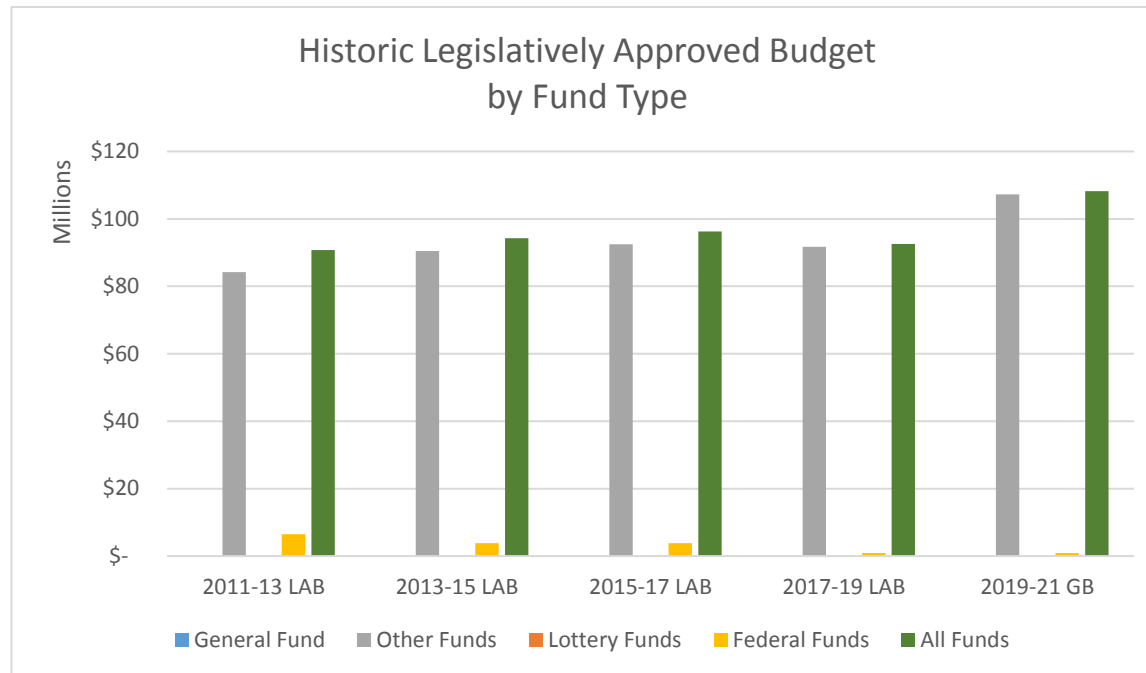
**Long-Term Focus Areas:**

Primary Outcome Area: Deliver State Services Effectively and Efficiently  
 Secondary Outcome Area: Future Ready Oregon (closing the gap between current & future workforce)  
 Tertiary Outcome Area: Increasing Educational Outcomes (hands on learning)

**Primary Division Contact:**

Liz Dent, 503-945-7351

**Division Total Funds Budget:**



**Division Overview:**

The State Forests Division manages 729,858 acres of state forests to provide a range of sustainable public benefits to Oregonians. During the first half of the 20<sup>th</sup> Century, counties deeded most of these lands to the Oregon Department of Forestry following catastrophic fires, intense timber harvests, and subsequent tax foreclosures. Through time and purposeful management, the State Forests Division restored the forests and watersheds, and today the management of these lands provide Oregonians with local wood products, jobs and economic support, revenue for counties and local schools, clean water, high-quality fish and wildlife habitat, and recreation, education and interpretation opportunities. Oregon Administrative Rule Chapter 629, Division 35 (Management of State Forest Lands) establishes that the lands will be managed for greatest permanent value. As provided in ORS 530.050, “greatest permanent value” means healthy, productive, and sustainable forest ecosystems that over time and across the landscape provide a full range of social, economic, and environmental benefits to the people of Oregon.

In addition to state forests, the Department of Forestry also manages 33,073 acres of Common School Fund Lands under a contract that reimburses ODF for management expenses. The Oregon Constitution (Article VIII, Section 5) authorizes the State Land Board to manage Common School Forest Lands “with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management.” The primary obligation of the Land Board, as trustee, is to manage and protect these lands for the maximum short- and long-term benefits of public schools, consistent with sound stewardship, conservation and business management principles.



The State Forests Division is almost entirely funded through the sale of timber. The counties that deeded these forests to the state have a protected interest in receiving revenues from these forest lands. Revenue generated through forest management is split with the counties in which these forests are managed. The counties receive 63.75 percent of the revenue, with the remaining 36.25 percent retained by the Division. The Division’s share of this revenue funds core business such as management planning and timber sales; reforestation, young stand management, and forest stand inventory; threatened and endangered species surveys and protection measures; road construction and maintenance; education, interpretation, and recreation programs and infrastructure; facilities operations; research and monitoring; policy analyses and legislative actions; litigation expenses; and wildfire protection. Providing these benefits can cost the Division in excess of its share of harvest revenues. This challenge causes both immediate and long-term issues for delivering these public benefits.

The State Forests Division’s financial viability is strongly tied to the timber market. The current strong market conditions have improved the Division’s near-term financial outlook with its share of the revenue exceeding Division expenditures over the past two fiscal years. However, a downturn in the market is expected within the next five years, which could result in costs outpacing revenue. Looking beyond the 2019-21 biennium, estimated costs are \$116,856,811 for 2021-23, and \$124,134,095 for 2023-25.



The division is currently restructuring to modernize workflows to more effectively and cost-efficiently deliver state services, while making other technological improvements and expanding methods for marketing timber – all of which are designed to contain costs and increase revenue.

#### Program Funding Request:

For 2019-21, the State Forests Division is requesting \$108,181,239 (\$107,272,351 Other Funds, \$908,888 Federal Funds).

The Division's management practices provide sustainable economic, social and environmental benefits to Oregonians. In 2019-21, the Division expects the following results:

- **Economic Benefits:** Timber sales are expected to generate: \$126 million for counties in which state forests are managed by the Division; \$6.7 million for the Common School Fund; and \$72 million for the Department's management of Board of Forestry lands. State forest timber harvests support approximately 798 direct jobs and 2686 total jobs. Timber revenues distributed to the counties support local K-12 education, health and human services, public safety and other essential community functions. Common School Fund income estimates are similar to last biennium. Indirect economic benefits associated with services such as recreation, drawing visitors to rural communities, and maintaining healthy forests, habitats, and watersheds have not been quantified.
- **Social Benefits:** State forests provide ecosystem services that enhance the quality of life for all Oregonians and draw visitors. Active forest management provides revenue for counties, social services and education. It builds communities by supporting family-wage jobs and contributing to local, regional and state economies. The division provides lasting and diverse outdoor recreational, interpretive, and educational experiences that inspire visitors to enjoy, respect, and connect with Oregon's state forests. The Tillamook Forest Center provides hands-on education and interpretation activities in outdoor settings and interpretative classrooms. The Center provides education programs for thousands of school children and educators and thousands of visitors learn about forests and forestry each year. In partnership with the Department of Corrections, ODF provides a work program at South Fork Forest Camp to approximately 200 minimum security adults in custody. This work program performs a variety of necessary task associated with forest management, recreation facilities and trail maintenance and fire suppression. This work program currently has the lowest recidivism rates of any correctional facility in Oregon and teaches job skills to men and provide options for employment after prison, empowering them to be self-sufficient and providing social benefits to all Oregonians.



- **Environmental Benefits:** State forests are managed to create healthy productive forests that are resilient in the face of natural disturbances such as wildfire, insect and disease, wind events, and ice storms. State forests provide clean water and are managed, conserved, and restored to provide overall biological diversity of state forest lands, including the variety of habitats for native fish and wildlife, and accompanying ecological processes. The Division helps provide these benefits by actively managing forests, designating conservation areas, and quickly reforesting after harvests with well-adapted native tree species to grow healthy forests. The Division helps protect specific habitat known to be used by threatened and endangered species. Both field and headquarters staff review and research the best possible science to help state forests maximize environmental benefits.

**Division Description:**

State forests represent just 3 percent of Oregon’s forestland base. The Division manages two land bases: 1) Board of Forestry Lands and 2) Common School Forest Lands (owned by the State Land Board).

A visit to any of Oregon’s state forestlands will show a working forest. These forests reflect varied and shared values by integrating active timber management, high-value conservation areas, stream buffers, important wildlife areas, and recreation. A visit to any of the policy-setting arenas, local or statewide, will reveal ongoing and vigorous debates about the mix of benefits these forestlands provide. The Division’s success depends on open conversations and working with diverse interest groups to meet both legal requirements, and the Board of Forestry’s goals for managing state forestland.

**Board of Forestry lands** were acquired after fires, extractive logging and tax foreclosures during the last century. Through time and purposeful management they have been and can continue to be restored to healthy, productive forests. These lands include the Tillamook, Clatsop, Santiam, Gilchrist and Sun Pass state forests, and scattered parcels throughout western Oregon. By law, the State Forests Division manages these forestlands to achieve “greatest permanent value,” to the people of Oregon (OAR 629-035-0010) defined in administrative rule as healthy, productive and sustainable forest ecosystems that, over time and across the landscape, provide a full range of social, economic and environmental benefits for Oregonians. Many state forests are near urban areas and are easily accessible for most Oregonians. The Division’s operational costs associated with achieving greatest permanent value are funded with a portion of timber sale revenue from harvest on state forests. Oregon’s Forest Trust Land Counties, which deeded the land that became the Board of Forestry lands, provide input for managing these lands regularly with the Board and the Division.

Public expectations and demands on state forests have increased over the past 30 years with increasing number of fish and wildlife species being listed as threatened or endangered, increasing pressures and interests in recreation, the continued importance of timber harvest to rural communities and timber-based economies, and litigation from competing interest groups. These pressures and expectations require a fresh look at policies and business practices.

*Policy Changes.* Forest management practices evolve as new science emerges and society's interests change. The program is working at the direction of the Board of Forestry on a revised forest plan for western Oregon that would enhance state forest management. The strategies include ensuring the Division's long-term financial viability and increasing conservation outcomes while balancing social benefits. The Board of Forestry also directed the Division to explore the potential financial and conservation benefits of Habitat Conservation Plan (HCP). An HCP is a programmatic Endangered Species Act compliance tool that can increase conservation and contribute to the recovery of threatened and endangered species while providing long-term assurances for forest management.

*Business Improvements.* The State Forests Division is implementing organizational changes to increase efficiency, contain costs, and modernize business practices. The use of new timber marketing strategies (e.g., "sort sales") have increased economic outcomes, and technological improvements will increase efficiency of timber sale contracting, wood tracking, purchaser invoicing, and revenue distribution. Modifications to 10-year forest management implementation plans adjust how policies are implemented in the face of new information and changing forest and wildlife conditions.

*Diversifying Revenue Streams.* The Division continues to develop partnerships, collaborate with other agencies, and pursue grants to seek sources of revenue other than timber receipts.

**Common School Fund Lands**, are managed under the Oregon Constitution's requirement to secure the greatest benefit for the people of the state, consistent with the conservation of this resource under sound techniques of land management. The Common School Fund receives the revenue from Common School forestlands. The State Land Board — consisting of the Governor, State Treasurer and Secretary of State — works through the Department of State Lands to provide guidance for managing these forestlands. The State Forests Division manages the lands for the Department of State Lands under a management agreement that reimburses the Department of Forestry for management expenses.

The mandate for the Common School Forest Lands (CSFL) is codified in the Oregon Constitution (Article VIII, Section 5) and authorizes the State Land Board to manage Common School Forest Lands "with the object of obtaining the greatest benefit for the people of this state, consistent with the conservation of this resource under sound techniques of land management." The primary obligation of the Land Board, as trustee, is to manage and protect these lands for the maximum short- and long-term benefit of the public schools, consistent with sound stewardship /conservation and business management principles. The State Forests Division manages CSFL under a management agreement with DSL, under which the Division is compensated for operational expenditures.

### **Cost drivers**

Factors putting pressure on the State Forests Division's economic sustainability include increased public demands for State Forests' services, timber market fluctuations, international competition, legal costs associated with lawsuits, and escalating administrative costs. The State Forests Division is interconnected with all ODF Divisions to support the successful completion of the entire agency's mission including those associated with Cohesive Wildfire Strategy: Restore and Maintain Landscapes, Fire Adapted Communities and Safe and Effective Wildfire Response.

*Dependent on Timber Revenue.* The State Forests Division relies on timber sale revenue to support operations and generate income for the counties. The Division faces a long-term funding challenge as increased costs threatened to outpace income earned from timber harvests. This funding model makes the Division vulnerable to litigation, shifts in the timber market, or changes in forest conditions from disturbances such as fire, flood, insects, disease, and wind storms. These conditions suggest that a business model with greater flexibility and diverse income streams would provide greater financial stability.

*Litigation.* As a public forestland manager, we serve a variety of public interests. Often stakeholders hold competing interests and expectations. A challenging litigious environment taxes both financial and staff resources.



*Tillamook State Forest Restoration.* The Tillamook State Forest burned in four large catastrophic fires between 1933 and 1951 known geographically as the Tillamook Burn. The lands had no value -- many timber owners defaulted on their property taxes, and ownership went to the county and was subsequently deeded to the state. Salvage logging took place on some lands during this time, along with felling snags and constructing fire breaks. Road were constructed throughout the forest to salvage timber and provide access for future firefighting efforts. The counties deeded the forest to the Department of Forestry and

Oregonians approved bonds to begin what was the largest reforestation effort of its time. Today, The Tillamook State Forest encompasses 348,970 acres and supports important habitat for native fish and wildlife, provides recreation opportunities, supports timber-related economies, and provides essential revenues to county governments. However, approximately 26 percent of the Tillamook District is dominated by low-value alder due to the challenges of reforestation following the Tillamook Burn. Swiss Needle Cat (SNC) is affecting 46 percent of Douglas fir stands. Aerial surveys, research plots, and stand growth evaluations show a significant loss of growth on SNC-impacted stands. These low-value stand, combined with operational constraints such as steep slopes lead to expensive logging practices and have a significant impact on the ability to generate revenue. Restoring this forest, while potentially a costly endeavor, is a good business decision that will have immediate benefits to local communities and establish a healthy and productive forest for future generations.

#### **Division Justification and Link to Long-Term Focus Areas:**

The State Forests Division contributes to several elements of the Governor's long-term vision for Oregon:

**Delivering state services more effectively and efficiently**

During the 2017-19 biennium State Forests began the implementation of the Woods Accounting & Log Tracking system (WALT) that will be in full implementation in the 2019-21 biennium. The WALT system is intended to more effectively and efficiently deliver state services. ODF's state forest land management activities include several key business processes, including: timber sale appraisals, sale preparation, timber sale tracking, log accountability and revenue tracking. Prior to WALT, ODF relied on a variety of systems and processes to manage and report this data, including: 1) stand-alone Geographic Information Systems (GIS) that contain the natural resource data (such as vegetation inventories, wildlife species and habitats, and road/stream information); 2) a Timber Revenue Accounting System (TRAS), which is an antiquated mainframe application that includes income and disbursement information; and 3) stand-alone Microsoft Access and Excel databases that capture and report both natural resource inventory and management cost data, as well as revenue forecasts, log prices, and timber appraisal information.

These systems outlived their planned life expectancy, and created inefficiencies and risks to business processes. ODF invested in the WALT system to address these issues, and to achieve the ultimate goal of more effectively and efficiently delivering state services. The WALT system and databases manage the details associated with the sale of approximately 230 million board feet of timber per year and the corresponding collection of more than \$100 million in annual revenues.

**Future Ready Oregon (closing the gap between current & future workforce)**

Also during the 2017-19 biennium State Forests developed a new organizational structure that will be in full implementation in the 2019-21 biennium. The goal of this effort was to build a bridge to the modern-day era of public land management, to more efficiently deliver government services through an organizational structure that appeals to the modern workforce.

The mission was to establish a nimble workforce and improved work flows to contribute to financial viability, meet evolving challenges, and provide career opportunities for employees to increase skills and abilities and compete for promotions.

The results of this comprehensive effort are an improved organizational structure and supporting business practices that:

- a) Provide employees with meaningful career pathways and advancement potential resulting in high job satisfaction
- b) Contribute to a more nimble and adaptable organization that can be scaled to changes in workload and budgets more effectively such that the workforce, workload, and budget are aligned
- c) Transition to a new organizational structure and implement business process changes with the least impact to employees while still meeting business needs
- d) Provide increased revenue and/or decreased cost resulting in better aligned expenditures with revenue and progressing towards financial viability for the State Forests Division
- e) Evaluate opportunities to centralize routine workloads where duties and geography allow
- f) Allow for an aligned and empowered workforce with clarity on decision-making authority, scope of responsibility, and accountability

- g) Increase overall productivity and effectiveness
- h) Improve consistency and efficiency in working across the Division(s)
- i) Keep employees informed and aware of anticipated outcomes
- j) Maintain local relationships

### Increasing educational outcomes

*Revenue to Local Schools.* Timber revenue from Board of Forestry lands flows to counties where the state forests are located. About \$54 million is distributed annually to fund local schools and other public services. Timber income from Common School Forest Lands are transferred to the Common School Fund. The Tillamook Forest Center provides forestry education experiences to about 55,000 visitors per year. Of these visitors about 15,000 people participate in education and interpretation programming opportunities to participate in hands-on learning, increasing Oregonians' outdoor education outcomes.

*The Tillamook Forest Center (TFC).* The TFC provides hands-on learning in outdoor forest and watersheds settings and interactive classrooms. The TFC offers education programs to thousands of children and educators and hosts thousands of visitors each year to learn about forestry in Oregon.

*South Fork Inmate Camp.* In partnership with the Department of Corrections, ODF provides a work program at South Fork Forest Camp to approximately 200 minimum security adults in custody. This work program performs a variety of necessary task associated with forest management, recreation facilities and trail maintenance and fire suppression. This program currently has the lowest recidivism rate of any correctional facility in Oregon and teaches jobs skills to men that provide options for employment after prison, empowering them to be self-sufficient and providing social benefits to all Oregonians.

### Division Performance:

State forests provide a full range of economic, environmental and social benefits, many of which are difficult to directly measure. Timber harvest and income provide one metric for measuring program performance. The table below shows the current performance.

Timber harvests and revenue (five-year annual averages FY13-FY17)

Land type	Total Revenue (net revenue generated from timber harvest)	Distributed Revenue (counties, schools, local taxing districts)	Retained Revenue (ODF share for forest management)	Harvest (millions of board feet)
Board of Forestry	\$85 million	\$54 Million	\$31 Million	242

For Board of Forestry lands, per current Forest Management Plans projections, future harvest levels are expected to range from 225 to 236 million board feet. Harvest levels are expected to be around 6 million board feet for Common School Fund lands.

Other outcomes and areas of program performance that support long-term focus areas:

- Models indicate that state forest timber harvests provide about 798 direct jobs and 2,686 total jobs. Additional jobs are generated through recreation and fishing industries supported by these lands.
- 55,000 people per year visit the Tillamook Forest Center and learn about the forest's story of restoration and another 14,000 participate in education and interpretation programs.
- For Common School Fund lands, harvest levels for the past five years have averaged 12 million board feet, which generated \$5 million annually to the fund.
- The department has a rich tradition of protecting and enhancing streams on lands that it manages. In the past 20 years, over 230 miles of fish access has been restored and over 2,300 crossings on non-fish streams have been improved.
- State forests provide important habitat for native wildlife including the threatened Northern Spotted Owl and Marbled Murrelet. There are 60 northern spotted owl sites and 167 marbled murrelet areas protected on state forests throughout Oregon.
- The Division provides significant outdoor recreation opportunities, including camping, fishing, hunting, hiking, mountain biking and off-highway motorized recreation, among other uses. Recreation users total more than 250,000 per year, and more than 45,000 people use designated campgrounds. The State Forests Division provides about 500 miles of trails for motorized use and 179 miles for non-motorized use.
- The Division's South Fork Forest Camp provides specialized training and manages the work and daily activities of more than 170 inmates as they provide cost-effective labor for reforestation, campground and trail maintenance, and wildland firefighting across the state. In 2015, South Fork crews responded to 27 fires in northwest Oregon and three large fires in southwest Oregon. Crews planted 320,000 trees, managed more than 50 miles of recreation trails, and maintained dozens of campgrounds and day-use areas. The crews also support special projects such as tree seed harvesting and delivering the State Capitol holiday tree.



**Enabling Legislation/Program Authorization:**

ORS 530 describes the acquisition and management of state-owned forestlands.

**Funding Streams Supporting the Division:**

The Division and state forest operations are about 98 percent funded by timber revenue. On Board of Forestry lands, the law requires the Department to retain 36.25 percent of income for program operations, land management, and fire protection. The remainder is distributed to counties within which the forests are managed.

On Common School Lands, the Common School Fund pays all operating and managing expenses. The Department of State Lands reimburses Forestry for these expenses. Besides income from timber sales, the Oregon State Parks Department transfers income earned from managing off-highway vehicles. The State Forests Division earns limited income from recreation activities and minor forest products sales.

**Funding Proposal Comparison:**

The State Forests Program's 2019-21 funding proposal remains very similar to the 2017-19 budget, with the exception of the following two Policy Option Packages (POPs):

POP 131 Sort Sales Other Funds Limitation Increase – This package proposes to increase spending authorization for State Forests. Under the sort sale methodology ODF would contract for logging activities and receive revenue for logs delivered to a mill. The revenue from logs delivered to a mill will offset the costs of these activities and is anticipated to produce higher net revenues over time.

POP 132 Personal Services Funding Restoration – This package restores \$534,435 in personal services funding that was reduced in the 2017-19 biennium. As a result of the 17-19 budget reduction, the 2019-21 CSL for personal services is \$1,339,947 which is insufficient to fund the existing 9.06 FTE. Funding for these positions is necessary to perform CSFL management operations 33,073 acres of Common School Forest Land (CSFL) consistent with the July 1, 2017 Common School Forest Land Management Agreement between the SLB, DSL, and ODF.



### ***Program Unit Narrative***

#### **Activities, Programs and Issues:**

A major issue for the State Forests Division is the involvement in two lawsuits. The first was brought by Oregon counties alleging breach of contract related to state forest management. The class-action lawsuit seeks damages of \$1.4 billion. The second was brought by five fishing and conservation groups related to Coho salmon under the Endangered Species Act. Litigation requires significant and unanticipated staff work to prepare a legal defense and thus greatly increases operating costs. Basic program functions are constrained as day-to-day operating efforts must be redirected to defend against litigation.

The Department uses an “all hands on deck” approach to carry out the top agency mission — fire protection — and relies on staff in all programs to contribute to this effort, particularly during high fire activity. This is a highly efficient way of providing specialized, intermittently needed services to the Fire Protection Division. However, it can have a negative impact on accomplishing core business within the State Forests Division. Increased large fire frequency on the landscape has resulted in fatigue and strain on the state forests staff and created challenges in accomplishing core State Forests Division business functions.

#### **Important Background for Decision Makers:**

Due to increased costs of management activities on state-owned forestland, the Division is comprehensively re-examining its business model and has initiated several strategies to create positive, lasting change. As described previously, long-term projected revenues are not expected to cover management costs for these lands to produce the broad range of benefits expected by Oregonians and required by state and federal law. Recent improvements in the timber market have improved the near-term financial outcome and allowed for renewed forest investments such as young stand management, recreation services, and data collection.

#### **Revenue Sources and Proposed Revenue Changes:**

Operating and administrative costs for managing state-owned forests are supported almost entirely by timber sale revenue (98 percent). On Board of Forestry lands, the law requires about 63.75 percent of the income to go to local counties. The Department keeps the remaining 36.25 percent for operating the Division, including forest management and wildfire protection.

The Oregon Parks and Recreation Department transfers revenue for managing off-highway vehicle recreation facilities on state forest lands. Besides revenue from timber sales, recreation activities and minor forest products sales earn limited income.

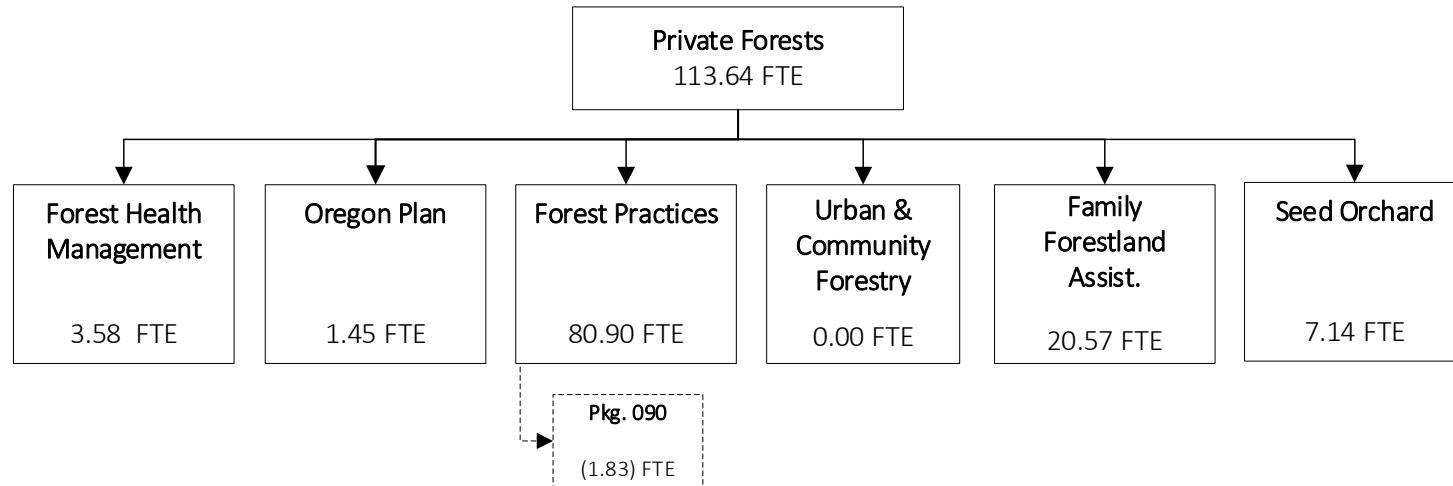
On Common School Lands, the Common School Fund pays operating and managing expenses. The Department of State Lands reimburses Forestry for these costs.

In addition, when federal grants are available to support our mission and mandates we go through the application process and occasionally receive minor amounts of federal funding.

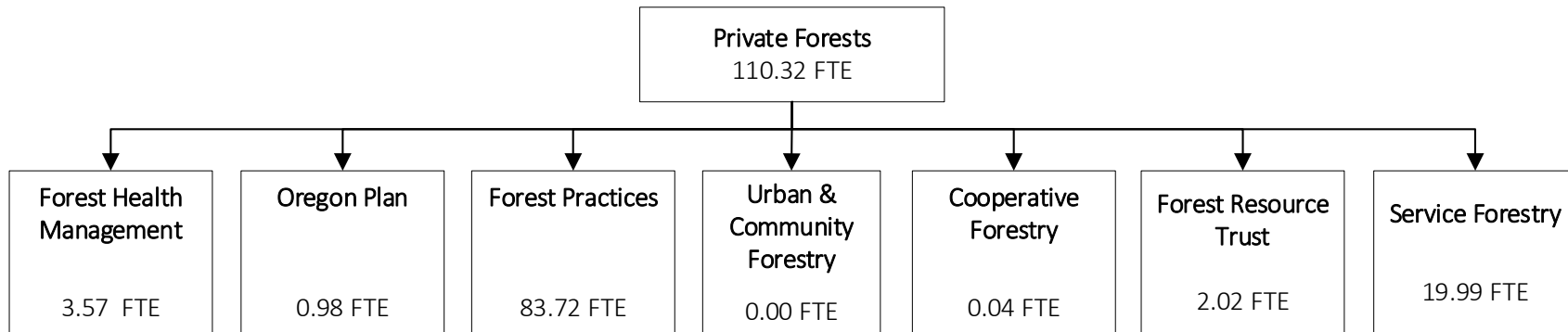
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Private Forests Division Narrative

Organization Charts



Proposed 2019-21 Structure



Current 2017-19 Structure

Executive Summary

**Long-Term Focus Areas:**

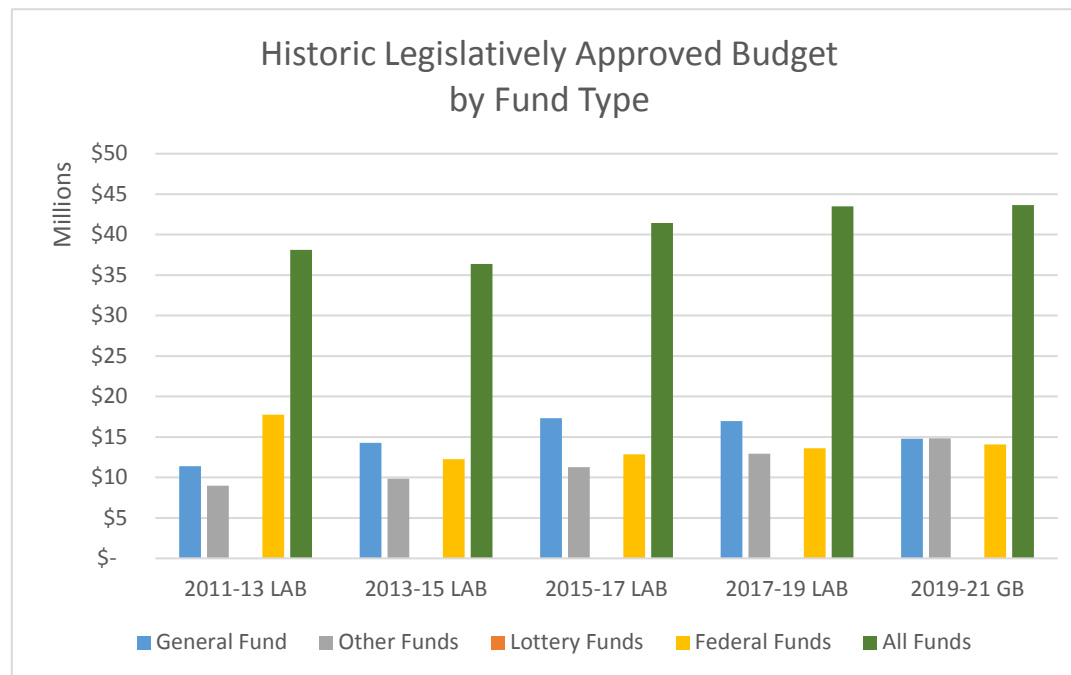
Primary Outcome Area: Responsible Environmental Stewardship

Secondary Outcome Area: A Thriving Statewide Economy

**Primary Division Contact:**

Lena Tucker, 503-945-7482

**Program Total Funds Budget:**



**Division Overview:**

Oregon has some of the world's most productive forestlands. Oregon's forests, including the 10.3 million privately owned acres (35 percent of Oregon's 30 million-acre forestland base), help provide the foundation for the state's wellbeing and success. The Private Forests Division keeps these forests productive, while protecting and preserving wildlife habitat, soil, air, and water, so the forests may continue providing sustainable environmental, economic, and social benefits for everyone. The Division also supports ODF's top mission—fire protection—which relies on an integrated, all-staff approach.

**Division Funding Request:**

The Private Forests Division requests \$43,668,945 (\$14,784,277 General Fund; \$14,812,877 Other Funds; \$14,071,791 Federal Funds). This infrastructure investment provides the leadership, education, and enforcement required to protect natural resources and sustain responsible forestry.

This investment allows the Private Forests Division to most effectively:

- Educate forestry professionals and the public to achieve sustainable forestry while protecting the environment.
- Inspect and monitor forests to ensure compliance with best management practices and rules to protect natural resources.
- Improve and monitor forest health by: detecting harmful insects and diseases early; preventing, suppressing, and eradicating them; and proactively and cooperatively researching forest health strategies.
- Leverage federal and other outside funding sources to maximize Oregonians' investments.
- Develop partnerships with federal agencies and local communities to: provide technical assistance, particularly on family forestlands; serve urban and community forestry needs; develop biomass solutions to reduce carbon emissions; and protect natural resources.

The estimated cost for 2021-23 is \$51,267,714 and for 2023-25 is \$54,810,833. The projected 2021-23 through 2023-25 biennial budgets use only the standard inflation rate to maintain these services and outcomes. The Private Forests Division continually reviews and identifies services to eliminate, modify, add, or provide by contract appropriate services to ensure sustainable and cost-effective management.

**Division Description:**

One of Oregon's most valuable assets, private forestlands, produce about 75 percent of Oregon's timber harvest. This supports a key industry directly providing over 61,000 jobs. The Division helps ensure the health, ongoing management, resiliency, and productivity of private forests, in addition to the production of both private and public benefits—like jobs, wood products, clean water, clean air, wildlife habitat and scenic beauty—to best serve all Oregonians.



The Private Forests Division's six main businesses are:

***Enforcing the Oregon Forest Practices Act (FPA).*** A resource-protection cornerstone, the FPA requires post-harvest reforestation, and scientifically supported measures like streamside buffer rules and forestry best management practices. The FPA encourages private forestland investment by maintaining a consistent regulatory environment. It underwrites a social contract, assuring responsibly managed private forests.

The Private Forests Division, landowners, and loggers work together to protect natural resources. To achieve this, the Division:

- Educates and gives technical advice to customers to proactively prevent harm.
- Inspects before, during, and after priority operations.
- Enforces civil and other penalties when necessary.
- Conducts compliance audits and research to measure the FPA's implementation and effectiveness.

Improving, maintaining, and further automating the forest activity notification (E-Notification) submission, and administrative processes remains a Division focus. E-Notification meets the legal forestry notification requirements, sets consistent data entry and reports and reduces technical support needs.

The E-Notification system enhances both employees' administrative capacity and customers' efficiency in submitting, managing, and communicating about notifications.

***Monitoring and improving forest health.*** The program partners with universities and federal agencies to aerially survey 28 million acres annually to detect and monitor insect and disease damage. This work, combined with specialized surveys, provides data to prevent and manage insects, diseases, and invasive plants.

***Family forestland assistance.*** About 60,000 family owners manage forests that range in size between 10-500 acres, covering 2.2 million acres. Family-owned forestlands provide contributions exceeding their size. Family forests diversify landscapes and local economies by connecting forestry benefits to urban populations.

Most Oregonians see family forests, which are often close to urban and suburban areas. Family forests typically are most at risk of conversion to non-forest uses if they lose economic viability. By helping family forestland owners follow the FPA, protect against invasive plants, enhance streams, and protect natural resources the Department helps keep these lands in forest use. The Department helps landowners leverage federal cost-share programs to improve forests.

**Urban forestry.** This work helps communities identify, maintain, and enhance urban treescapes and their benefits. These include shade, filtering and retaining storm water, healthy streams, and enhancing neighborhoods and property values. The Urban Forestry program helps Oregon's 241 cities, other local governments, and community organizations with resource management, hazard trees, climate change mitigation, and other issues.

**J. E. Schroeder Seed Orchard.** The J.E. Schroeder Seed Orchard furthers the productivity, health, and economic sustainability of Oregon's forests by growing high-quality tree seed. The seed has highly desirable ecological traits such as growth potential, wood quality, and disease tolerance. The orchard uses an innovative, long-term, public-private cooperative business model to benefit members.

**Oregon Seed Bank.** The Seed Bank assures appropriate, climatically adapted tree seed is available for family forest landowners throughout Oregon. The demand for seed has increased over the years due to a variety of factors. Ecologically adapted seed is an asset on the landscape and may further benefit the forestry sector in general and stimulate Oregon's economic base.

**Major cost drivers.** Competent, experienced, professional personnel comprise the major Division costs. Greater rule complexity, more and varied forest operations, and neighbor concerns or conflicts when forest activity occurs in wildland-urban interface areas combine to create an increased demand for forestry professionals to address these challenges.

#### Program Justification and Link to Long-Term Focus Areas:

Private Forests contributes to several elements of the Governor's long-term vision and focus areas for Oregon.



#### Responsible Environmental Stewardship

Support of this focus area includes investing in programs that improve air and water quality, and conserve, protect, and restore key watersheds, stabilize fish and wildlife populations and improve forest and rangeland health. The Division achieves these goals by carrying out state laws requiring private forestland owners to continuously grow and harvest trees, "consistent with sound management of soil, air, water, fish and wildlife resources and scenic resources." (ORS 527.630).

Forestlands supply abundant, clean water for Oregonians. Fire protection, enforcement of the Forest Practices Act and other laws, active management of forest lands, and voluntary measures by forestland owners all contribute to the health and responsible stewardship of forestlands, where almost all water Oregonians use originates. The Department also has statutory requirements to conduct research and monitoring to verify current forest management practices are indeed protective, and to develop new rules or policies where needed to maintain water quality and fish and wildlife habitat.



Oregon’s policy and regulatory framework for protecting water quality relies on strong, but flexible, land use laws, a science-based, adaptive Forest Practices Act, and voluntary measures under the *Oregon Plan for Salmon and Watersheds*. This three-tiered approach results in forestland having the highest water quality in Oregon, and avoids the impairment that would be caused by land use development (urban sprawl) seen in other states. The Division works to keep forestlands forested.

### A Thriving Statewide Economy

A diverse and dynamic economy provides jobs and prosperity for Oregonians. Sustainably harvested timber is a benefit of Oregon’s private forests and contributes many outcomes, including economic health. Urban forestry assistance enhances urban livability. To prevent forest conversion to other uses, the Private Forests Division has created best management practices to prevent forest fragmentation in wildland-urban interface areas.

### Program Performance:

Key metrics include:

- 2018 Forest Practices Act compliance was 97 percent.
- Independent certification organizations determined over 10 percent of family and 80 percent industrial forestlands are “soundly managed.”
- Over 98 percent of non-federal forestland remains free of significant insect or disease damage.
- Private landowners have invested over \$105 million in voluntary measures under the Oregon Plan to support watershed improvement.

The following table shows yearly Division work activity examples.

	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Number of Forest Operation Units</b>	15,031	15,408	14,710	17,783	18,352	20,803	23,726	20,531	20,729
<b>Family Forest Assists</b>	1,668	1,582	1,419	1,457	1,421	1,510	1,153	852	774
<b>Family Forest Acres with Improved (new or updated forest stewardship) Management plans</b>	17,870	10,047	9,871	9,579	12,313	4,966	7,274	7,423	5,546

### Enabling Legislation/Program Authorization:

ORS 527 specifies the Division’s responsibilities for the Forest Practices Act, integrated pest management, and insect and disease control. ORS 526 specifies responsibilities for urban forestry, seed orchard, and the Woodland Management Act.

### Funding Streams Supporting the Division:

Oregon Forest Practices Act (FPA) enforcement is primarily funded using General Fund and the Forest Products Harvest Tax, a 60:40 ratio.

**Forest Health** invests its General Fund dollars to leverage mostly Federal Funds.  
**Family Forestland Assistance** and **Urban Forestry** are entirely federally funded.

**Funding Proposal Comparison:**

The 2019-21 biennium Division funding proposal increases All Funds 10 percent over the 2017-19 Legislatively Approved Budget.

The 2019-21 Current Service Level requires a 0.2 percent All Funds increase over the 2017-19 Legislative Approved Budget. This reflects (a) Statewide Goods and Services Inflation (b) the approved Administrative Prorate extraordinary inflation exception; and (c) the approved professional services inflation exception.

## Program Unit Narratives

### Activities, Programs and Issues:



**Forest Practices Act Administration:** The Private Forests Division protects Oregon's natural resources by educating landowners about and enforcing the Forest Practices Act (FPA). The Department's statutory obligation to administer the FPA and administrative rules requires adequate staffing to inspect and monitor forestlands. The Division's continued success builds on the shared responsibility and partnership among operators, landowners, and ODF. This approach produces high compliance levels with forest practices rules. Maintenance of a stable complement of field foresters and technical experts is a key to ensuring that private forestland owners meet or exceed best management practices.

The Division conducts an FPA compliance audit using a third-party contractor. The audit results helped in developing a Key Performance Measure that more accurately reflects the FPA's effectiveness. Annual audits help ensure staff consistently apply the FPA rules, examine implementation and ease of use, target training opportunities, and support third-party programs that certify privately owned forests are managed soundly.

The Department has continued to focus on cost savings, efficiencies, and cost-avoidance strategies to effectively administer the FPA. Previously, stakeholders expressed concern that administering the FPA has not kept up with technology advances, and suggest improved service delivery could save time and money. The Department created an online electronic notification (E-Notification) system which improved administrative and enforcement efficiency for managing notifications and customer communication. The streamlined system allows stewardship foresters to invest more one-on-one time helping landowners with forestry assistance, rather than processing paperwork. Agency staff also benefit from quicker response times for information requests.

Public subscribers to notification of operations now benefit from E-Notification improvements. Previously, subscribers paid to receive notifications and accompanying documents by mail. ODF must give members of the public 15 days from when they receive a notification to offer comments. The previous system for notification processing and mailing often meant subscribers had less than 15 days to comment after receiving the notification. The new E-Notification system allows subscribers to receive and view notifications immediately online rather than waiting for mailed copies. The cost is free for subscribers to utilize this tool in E-Notification. The next focus for the E-Notification system will be to develop a process for archiving notifications.

The Private Forests Division performs the following key functions and actions to meet business goals and objectives:

- Ensure compliance with rules such as timber harvesting, road construction and maintenance, treatment of slash following harvest, use of forest chemicals and reforestation.
- Protect certain special resources including significant wetlands, sensitive bird nesting, roosting and watering sites, and sites used by threatened and endangered species.
- Effectively manage data on land ownership, beneficial use, sensitive resource sites, reforestation compliance, and activity tracking and reporting.
- Maintain a high level of landowner and operator knowledge to ensure consistent application of best management practices.
- Provide effective education:
  - Urban interface: Focus on local government and public meetings to address emerging issues and coordinate on land-use planning.
  - Family forestland: Partner with Oregon State University Extension, Oregon Tree Farm System, Oregon Small Woodlands Association, and Oregon Forest Resources Institute on education and training. Conduct pre-op inspections, which are critical for family forestland owners.
  - Industrial / Investment Forestland: Coordinate with certification programs; continue joint training with Associated Oregon Loggers.
  - Interagency and Inter-program: Coordinate and conduct interagency and inter-program training to ensure consistent implementation of the Forest Practices act and appropriate consultation with other agencies.
- Through effective enforcement, create accountability for activities not in compliance with the FPA, and correct or mitigate resource damage. Continue to use consent orders to mitigate damage and educate landowners and operators.
- Address public safety related to rapidly moving landslides that may come from forestlands.
- Protect scenic values along specified highways.
- Conduct monitoring on the effectiveness of rules, and report the findings.
- Audit rule compliance.

**Water Quality:** Forestlands supply abundant, clean water for Oregonians. Protecting, maintaining and enhancing the health of Oregon's forests, soil and water resources is a key strategy in the 2011 *Forestry Program for Oregon*, the Board of Forestry's overarching policy document. The Private Forests Division serves a critical role in ensuring high water quality by enforcing rules that protect drinking water and fish habitat from unnecessary human-caused impacts. It also embraces its statutory requirement to conduct research and monitoring to verify that current forest management practices are indeed protective and develop new rules or policies where needed to maintain water quality and fish habitat.

The Private Forests Division reestablished its monitoring program in 2011 and can once again meet its core monitoring functions. Although the Private Forests monitoring program has been rebuilt quickly, its current capacity is not sufficient to keep pace with the Department's overall monitoring needs or to support broader environmental strategies.

The Department is engaged with other state natural resource agencies in planning for a secure and resilient water future for all Oregonians. This work recognizes that Oregon's local economies and communities are vulnerable to drought, fires, and floods. To address these challenges, including climate change and population dynamics, the Department is working to include forestlands as key contributors to supporting a resilient natural infrastructure for the long term benefit of all Oregonians.

The Department continues to participate in the joint Oregon Department of Environmental Quality (DEQ) – U.S. Environmental Protection Agency development of the Mid-Coast Implementation-Ready Total Maximum Daily Load (IR-TMDL) process. The IR-TMDL process is working to identify pollutant sources. The TMDL process would benefit from interfacing with the Department's parallel efforts on streamside protection rule analysis; a restoration of resources would aid in ensuring full Department participation. The Department worked closely with other state natural resource agencies to address concerns from the EPA – National Oceanic and Atmospheric Administration in response to the Coastal Zone Act Reauthorization Amendment.

In addition, the Department's stewardship foresters play a significant role in implementing the Oregon Plan for Salmon and Watersheds, which seeks to restore salmon runs to a sustainable level and improve water quality. Resources are needed to continue to help implement voluntary measures, support collaborative monitoring, and gather information for addressing the Board of Forestry's indicators of sustainable forests. Oregon Plan voluntary restoration measures are Oregon's home-grown response to listings of some salmon species under the federal Endangered Species Act. Stewardship foresters help forestland owners identify opportunities for improving riparian function and stream habitat (e.g., large wood placement) and work with local watershed councils to implement restoration projects and conduct monitoring.

***Family Forestland Technical Assistance:*** Oregon's 4.3 million acres of nonindustrial family forestlands provide important social, ecological, and economic benefits across urban and rural landscapes. At the urban and wildland-urban interface, family forestlands account for 80 percent (1.7 million acres) of forested areas. Family forestlands often occupy ecologically important, lower-elevation settings near residential areas. Family forestlands comprise smaller, diverse parcels, reflecting a broad range of landowner objectives and uses. Active management of these forests is critical to maintaining a diverse, resilient, and fire safe landscape. Development and delivery of landowner assistance programs that encourage active management has been limited due to decreasing federal support. At present, there are no state funds for these activities.

Family forestland owners often face great pressure to convert forestland to non-forest uses because the land value often exceeds the timber value. As many family forestlands shift ownership to the family's next generation, the new owners often lack forest management experience or knowledge and look to the Department for assistance. Landowners also seek assistance with post-fire restoration and response to forest health threats caused by drought and other environmental factors.

Overall, the Division aims to protect and enhance these lands' forest value through active management to meet multiple landowner objectives. Increased capacity is needed to sustain family forestlands and their benefits. Key components of this program include:

- One-on-one technical assistance;
- Planning fuel reduction and forest health projects;
- Developing and delivering incentives;
- Implementing the Oregon Plan for Salmon and Watersheds; and
- Administering the Forest Practices Act.

The Department has traditionally relied upon funding from the USDA Forest Service State & Private Forestry to support landowner assistance, but those funds have decreased. More recently, the Department partnered with the USDA Natural Resources Conservation Service and USDA Farm Service Agency to connect forest landowners with financial assistance available through federal Farm Bill Programs. Through these partnerships, ODF Stewardship Foresters provide technical assistance



that enables landowners to access federal cost-share programs. Looking forward, the Department is looking increasingly to partnerships with both federal agencies and local organizations to build landscape-scale projects that address forest management needs on public and private lands.

Depending on available funding, the Department could assist family forestland owners by helping them:

- Coordinate technical and financial assistance;
- Develop management plans; and certify their forests as responsibly managed;
- Learn young-forest management activities, such as, replanting trees, pre-commercial thinning, fuel reduction, and salvaging damaged trees;
- Understand federal programs designed to encourage family forestland management; and
- Form cooperatives or partnerships to efficiently implement forest management activities at a landscape scale.

**Urban and Community Forestry:** Oregon cities face great complexity when balancing competing social demands with their forests' many economic and environmental benefits. The Urban and Community Forestry Assistance program works efficiently and innovatively to help meet the urban forestry needs of Oregon's 241 incorporated cities, other public agencies, and urban forestry-related non-profit organizations. Annually, two Urban Forestry staff assist approximately 45 percent of Oregon's cities and related entities through trainings, workshops, webinars, email advice, and onsite visits. More than 90 percent of Oregon's population live in these ODF staff-assisted cities.

Most forestry funding is focused outside of urban growth boundaries. However, most salmon-bearing streams pass through cities, many invasive species get started in cities, and significant wildfire risk exists in cities and suburbs in drier areas of the state. Most cities lack the forestry technical expertise to address these issues, along with the day-to-day matters such as managing tree risk in public areas, using trees to lessen storm water runoff, scheduling pruning and other tree maintenance, and selecting proper trees to augment their city infrastructure rather than damage it. Cities often *react* to hazardous tree issues rather than working to prevent them. Urban Forestry staff help cities learn these proactive urban forestry management skills.

Urban forests often go unnoticed by the busy public. Consequently, most people may not understand urban forests' roles in augmenting their economic, environmental, and social well-being. For example, the "typical" land development process, which often involves the total removal of mature trees can degrade water quality and quantity, reduce air quality, diminish wildlife habitat, and reduce community livability. Increased development in the wildland urban interface fragments forested lands and boosts the risk of catastrophic wildfire. In downtown areas, trees can stimulate economic health, reduce the heat island effect, and make streets more attractive. Urban Forestry staff assist cities in understanding and investing in their urban forest's benefits.

Cities need urban forestry assistance to help them deal with the often complicated technical and public policy issues related to urban trees, and to learn about cost-effective best management practices. However, since the majority of most urban tree canopy grows on private property, cities should also be engaging their residents in keeping their urban trees healthy. By involving residents in activities such as tree planting projects, pruning demonstrations, stream restoration, invasive ivy removal, and fire preparedness, cities can improve the health of their own urban forests, and help link citizen actions to far-reaching concerns, such as global climate change and social equity. Urban Forestry staff support cities in making these connections.

In addition to all of the above, Urban Forestry program experts also provide technical and educational assistance on urban tree regulation and management; trees and electrical wires; urban tree mapping and inventories, and aerial tree canopy analysis. However, the program's limited staffing meets only a fraction of the need for urban forestry assistance in Oregon. Additional staffing could be used to:

- Develop and teach urban forestry courses to increase local technical capacity.
- Implement cooperative projects with the US Forest Service, OSU Extension, companies, and non-profit groups.
- Help cities address wildland-urban interface issues through programs such as FireWise USA and OSU's Citizen Fire Academy.
- Motivate communities to develop sustainable, comprehensive community forestry programs.
- Educate communities about green infrastructure and urban forestry ecosystem challenges and benefits.
- Coordinate statewide Arbor Week activities and promote the Tree City USA program.

A 2014 urban forestry survey showed ODF's assistance since 1991 had increased several metrics: the number of cities with active urban forestry programs, the depth and sophistication of these programs, and local urban forest management investment. It showed that ODF services improved

urban forest management and increased the likelihood that cities would proactively address tree problems. As cities continue to develop, the need for Urban Forestry assistance and service will continue to grow throughout Oregon.

**Forest Health Management:** Insects, diseases, and invasive plants cause significant tree mortality, growth loss, and other damage. The percent of acres disturbed yearly by insects and disease is estimated to be three times larger than that disturbed by fire. These impacts affect the economic and ecological roles forests play in the state. Additionally, this disturbance may contribute to hazardous forest fire conditions.

The Department invests millions of dollars in federal grant funds in the form of eradication, control, and pest prevention treatments. The Department also implements education, training, and public assistance, including delivery of cost-share funding, particularly in the wildland urban interface areas. ODF delivers these priorities by:

- Conducting annual aerial surveys to identify damage from insects, disease and other agents, including invasive species on 28 million forested acres. Oregon and Washington lead the nation with the longest consecutive record of annual aerial surveys, initiated in 1947.
- Providing technical assistance and training to forest owners, foresters, and agencies about forest health and integrated pest management.
- Slowing the spread of the sudden oak death pathogen through intensive treatments.
- Performing surveys to detect Swiss needle cast, bear, sudden oak death, emerald ash borer, gypsy moth, and other damaging agents.
- Analyzing the state's insect and disease trends. For example, in 2016, the state estimated 705,000 acres with tree damage and mortality due to insects and diseases. An increase for a third consecutive year, increases can indicate poor forest health.
- Cooperating on applied research on specific forest health topics such as Swiss needle cast, bark beetles, and Scotch broom bio-control.

**Invasive Species:** Nonnative plants, animals, and diseases increasingly threaten forests. For example, Scotch broom causes lost timber revenue and requires control measures costing \$47 million annually, more than all other Oregon weeds combined.

As worldwide trade, travel and shipping increase, so do the invasive species threats. Managing these threats requires integrated and coordinated efforts. The Department implements this approach by closely cooperating with agencies, research institutions, and the U.S. Forest Service.

Examples of collaborative efforts include:

- Asian and European gypsy moth eradication efforts included working closely with the Oregon Department of Agriculture, and several federal agencies including the Oregon Invasive Species Council which coordinated the outreach effort.
- Emerald ash borer (EAB) surveys are jointly conducted with U.S. and Oregon Departments of Agriculture. Nationally, property value loss and control costs for EAB total \$1.7 billion annually. The emerald ash borer has not been found in Oregon. The Oregon Department of



Agriculture, the Department of Forestry, the cities of Portland and Corvallis, Oregon State University, and the US Department of Agriculture among 45 entities developed a readiness and response plan if the insect does arrive.

- The Forest Pest Detector Program is a grant-funded collaborative effort with OSU to train tree professionals in the signs and symptoms of invasive species. Through training, participants learn how to detect emerald ash borer and the Asian long-horned beetle. The program has trained over 500 professionals.

**Insects:** Insects are a part of natural cycles in the forest. Insects can support critical functions such as pollination and natural control of other insects that damage trees. On the other hand, periodic forest insect outbreaks can cause significant tree death and damage. The Department engages in activities that support healthy insect population levels and remedies where damaging outbreaks are occurring. Examples include:

- The Oregon Bee Project is bringing Oregonians together to create a science-based strategy to protect and promote and manage native bees through education, pollinator-friendly practices and research.
- Mountain pine beetle. Infestation and damage is on the rise across certain dry regions. Cooperative efforts to create strategic safety corridors and fuel breaks will help the forest recover naturally and protect the public.
- Pine Ips bark beetles. Pine ips damage extends from Eastern Oregon into Hood River and Wasco Counties and north into Washington. Anecdotal evidence suggests drought stress, combined with fire and storm damage, has increased local beetle populations above recent historic levels.

**Diseases:** Forest disease has an important role in forests but at unhealthy levels can negatively impact forests. In recent years, sudden oak death and Swiss needle cast have become particularly prevalent.

Sudden Oak Death kills tanoak and damages native rhododendron, huckleberries and other plants, currently, along the southwest coast in Curry County. It has been pushing north and intensifying within the quarantine area, and threatens tanoak outside the quarantine. An interagency team has slowed the pathogen's spread. However, a number of issues are contributing to its continued spread: 1) a large disease footprint that readily spreads, 2) the emergence of a new, more virulent strain that threatens conifer species, 3) treatment funding levels are relatively flat despite continued and growing support from the legislature, and flat or declining federal dollars, and 4) added survey complexities and resource competition created by the emergency response to the Chetco Bar Fire.

Swiss Needle Cast, a fungus, affects Douglas fir on over 546,000 acres, mostly in the Coast Range. It causes needles to turn yellow and prematurely fall, which reduces growth and survival. The fungus causes the loss of more than 190 million board feet per year.



**J. E. Schroeder Seed Orchard:**

The J.E. Schroeder Seed Orchard furthers the productivity, health, and economic sustainability of Oregon's forests by growing high quality tree seed. Goals for the orchard include meeting the seed production and management objectives of orchard cooperators. This is done to ensure long-term cooperative tree improvement and conserve productive tree species' genes. The seed orchard, a prominent producer of native tree seed since the early 1970's, helps ensure an ongoing supply of high-quality seed adapted to forest environments. The seed has highly desirable ecological traits such as growth potential, wood quality, and disease tolerance. The orchard makes these enhancements using conventional plant breeding methods without genetic engineering or molecular technologies.

The orchard uses an innovative, long-term, public-private cooperative business model to benefit members. There are 29 cooperative orchards with 24 different cooperative members including state and federal agencies, and industrial forest companies. Orchards include Douglas-Fir from Oregon and Washington, western hemlock, western red cedar, and Valley Ponderosa Pine. Yields of cone crops are consistently high and predictable. During the 2016 harvest season, the bearing orchards produced 2,653 pounds of Douglas fir seed, or enough to reforest about 75,000 acres of land.

Given the structure of the J. E. Schroeder Seed Orchard, the business model is dependent upon the recruitment of and retaining cooperators. The Orchard complex relies upon the repayment of services by the cooperators, receiving no outside state or federal funding support.

**Oregon Seed Bank:**

The Seed Bank assures appropriate, climatically adapted tree seed is available for family forest landowners throughout Oregon. The Seed Bank is able to purchase up to 6 percent of each harvest from the Schroeder Seed Orchard and make it available to purchase at cost for family forest landowners, conservation programs and tree seed nurseries.

The demand for seed has increased over the years due to a variety of factors. Seed availability has also increased to include seed zones across the state. The major tree species available include Douglas-fir, western hemlock, western red cedar, and Willamette Valley ponderosa pine, but a wide range of additional species can also be obtained through the Oregon Seed Bank.

The impact of the Seed Bank is significant. In 2017, over 180 pounds of seed capable of producing in excess of 6.6 million seedlings was distributed. This seed, comprised of seven important species is capable of reforesting over 15,000 acres. Genetically improved seed can produce greater growth which has the potential to increase profitability for family forest landowners and is consistent with ODF goals of maintaining a productive forest landbase. Ecologically adapted seed is an asset on the landscape and may further benefit the forestry sector in general and stimulate Oregon's economic base. Despite the availability of tree seed through the Seed Bank, family forestland owners face challenges having their seed grown into seedlings needed for forest regeneration following harvest or natural disturbances such as wildfire, as nursery growing space is limited when demand for forest seedlings is high.

**Biomass:** Effective woody biomass markets benefit all Oregonians through rural economic development, improved forest health, reduced fire risk and cost, and homegrown, low-carbon energy. Biomass outlets offer private landowners new revenue streams needed to keep forests healthy and productive. For federal landowners, biomass outlets could increase the forest restoration pace and scale. ODF will build on successful partnerships, such as the Cohesive Wildfire Strategy and the Statewide Wood Energy Team, to develop biomass markets from the byproducts of federal forest restoration.

Developing robust biomass markets provides increased economic and environmental benefits by:

- Increasing federal timberland harvest levels while preserving wildlife and key habitat;
- Coordinating access to capital, markets, and support for small businesses;
- Developing home-grown renewable energy resources;
- Reducing air pollution from wildfires, open burning, and other activities; and
- Creating value-added markets that keep the benefits of working forests flowing.

### **Current Issues and Focus**

Since the founding of the Department of Forestry in 1911, Oregon has witnessed a continuous evolution of forest challenges. Starting with wildfire and reforestation laws, and later evolving into maintaining healthy, sustainable forests on both private and public forestland, Oregon has been successful in meeting these challenges. The passage of Oregon's Forest Practices Act in 1971, was precipitated by an increase in the public's environmental awareness and concern regarding natural resource protection. The FPA and associated best management practices emphasize a strong regulatory approach to ensuring desired public benefits from private forestlands and has continued to adapt over time in response to monitoring and research findings.

Today we are facing the next evolution of challenges to healthy, sustainable forests in Oregon - conversion and fragmentation of forestlands and the associated challenges with increased development and population pressure.

As Oregon grows it faces greater development and population pressures; increasing numbers of forest tracts are being converted to other uses, or face a heightened risk of conversion in the future. Nationally, the U.S. Forest Service and the National Association of State Foresters identified development and forest fragmentation as critical issues. Development and economic pressures on private lands are driving parcellation and/or conversion of forestland to other uses. Private lands close to expanding population centers and family forests are particularly threatened by these trends. Expansion of populations into the forest increases the number of complaints and conflicts with working forests, as well as the number of wildfire ignition sources. This creates further disincentive to maintain sustainable working forests close to population centers. Of all the human impacts to forests, development causes the most permanent change.

A report by the Forest Service states nearly 80 percent of the nation's freshwater originates from forestland. When forests are lost to conversion, stand replacing wildfire, or severe insect and disease outbreaks, the quality and quantity of our water supply is affected. Forests, water, fish and wildlife habitat, and people are intricately connected. The new challenges of urban sprawl, forest conversion, climate change, invasive species, and severe wildfires are more daunting and complex than issues at the time the FPA was enacted in 1971.

These changes and challenges affect the Department's ability to deliver efficient and effective services to private forest landowners and thus maintain healthy forests. ODF faces a significant task in administering the FPA *and* providing wildland, urban, and community forest education and technical assistance. ODF field staff spend an increasingly disproportionate amount of time working with complex natural resource situations and conflicts in forests already at risk of conversion and fragmentation. The Department must ensure it continues to deliver a mix of services that meets the diverse needs of Oregonians, landowners, communities, developers, regulators and stakeholders across a broad diversity of forests while promoting and conserving forest land and forest values. Thus, where the regulatory approach was the primary tool in the past, the changing landscape and socio-economic needs of society today highlight the need to develop new and innovative landowner and institutional strategies to address today's challenges.

#### **Revenue Sources and Proposed Revenue Changes:**

The Private Forests Division makes use of multiple funding sources, including:

- Forest Practices – To fund Forest Practices Act administration the General Fund typically contributes 60 percent, and 40 percent comes from the Oregon Forest Products Harvest Tax.
- Federal Funds – The Division receives funds from several federal agencies. Most Federal Funds have historically been from the U.S. Forest Service. About half of these come from consolidated grant programs. The remaining Federal Funds are matched at a 1:1 ratio, with General Fund and with non-federal partners.
- Other funds include: cooperative projects, private donations, and other receipts. This revenue is estimated based on previous years.
  - Cooperative project partners include Oregon State University, the Oregon Departments of Agriculture, Fish and Wildlife, and Environmental Quality, the Oregon Watershed Enhancement Board, the Oregon Forest & Industries Council, and the federal Natural Resource Conservation Service and Forest Service.
  - Private Donations – Urban and Community Forest Program
    - The Urban and Community Forestry program receives and disburses money and labor, material, seedlings, trees and equipment donations from public and private sources for urban and community forestry programs.
  - Other Receipts and fees – Seed sales for family forestland owners, and document request fees.

**Office of the Secretary of State**

Dennis Richardson  
Secretary of State  
  
Leslie Cummings, Ph.D.  
Deputy Secretary of State



**Audits Division**

Mary Wenger  
Interim Director  
  
255 Capitol St. NE, Suite 500  
Salem, OR 97310  
  
(503) 986-2255

February 17, 2017

Peter Daugherty, State Forester  
Oregon Department of Forestry  
2600 State St.  
Salem, OR 97310

Dear Mr. Daugherty:

We have completed audit work of selected financial accounts at your department for the year ended June 30, 2016. This audit work was not a comprehensive financial audit of the department, but was performed as part of our annual audit of the State of Oregon's financial statements. We audited accounts that we determined to be material to the State of Oregon's financial statements.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements of the State of Oregon as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the department's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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Peter Daugherty, State Forester  
Oregon Department of Forestry  
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**Significant Deficiency**

**Improve Accrual Processes and Documentation**

The state's accounting policy directs that revenue, within governmental funds, be recognized using the modified accrual basis of accounting. Under this basis of accounting, revenue recorded in the current year must be both measurable and available to finance current period expenditures. For the state, revenue is considered "available" if it is collected within 90 days of the fiscal year end. When actual amounts cannot be easily determined, agencies are encouraged to estimate current receivables associated with revenue collected within the 90 day period and long-term receivables associated with amounts to be collected after the 90 day accrual period.

Although the department has some procedures for estimating and accruing receivables at year end, improvements are needed. During testing we identified weaknesses that resulted in an understatement of \$436,828 to current accounts receivable related to Forest Protection Taxes, an overstatement of \$5,098,826 to Charges for Services and the related current accounts receivable, and an overstatement of \$1,463,333 to long-term receivables. Specifically, we noted the following:

- The department records year-end accounts receivable balances based on transactions recorded throughout the year and historical collections. The department's procedures do not always include estimates of amounts expected and available within 90 days of the fiscal year end. As a result, the receivables recorded for the fiscal year were inaccurate, resulting in misstatements described above.
  - The process used by the Fire Protection Division to estimate long-term receivables for large fire costs, expected to be reimbursed by federal entities, could be improved. When reviewing this estimate we found:
    - The department could not provide documentation to support a portion of the estimate;
    - A transaction that was already received by the department during the fiscal year was erroneously included as a receivable; and
    - A transaction was duplicated because it was already recorded in the account based on the procedure noted above.

During fiscal year 2016, the department operated with staffing constraints, especially in the Forest Protection Division. Additionally, the department's current accrual procedures lack comprehensive instruction to ensure revenues and receivables are recorded in accordance with generally accepted accounting principles.

**We recommend** department management review current accrual methodologies, and update procedures as necessary, to ensure revenues and receivables are recorded in accordance with generally accepted accounting principles, and ensure adequate support for estimates.

The above significant deficiency, along with your response, will be included in our Statewide Single Audit Report for the fiscal year ended June 30, 2016. Please prepare a response to the finding and include the following information as part of your corrective action plan:

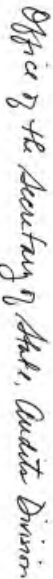
Peter Daugherty, State Forester  
Oregon Department of Forestry  
Page 3

- 1) Your agreement or disagreement with the finding. If you do not agree with the audit finding or believe corrective action is not required, include in your response an explanation and specific reasons for your position.
  - 2) The corrective action planned.
  - 3) The anticipated completion date.
  - 4) The name(s) of the contact person(s) responsible for corrective action.
- Please provide your response by February 27, 2017.

The purpose of this letter is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the department's internal control. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control. Accordingly, this letter is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Michelle Searfus or Julianne Kennedy at (503) 986-2255.

Sincerely,



cc: Nancy Hirsch, Deputy State Forester  
Satish Upadhyay, Administrative Services Division Chief  
Mark Hubbard, Fiscal Services Director  
Katy Coba, Director, Department of Administrative Services



February 21, 2017

Mary Wenger, Interim Director  
 Secretary of State, Audits Division  
 255 Capitol Street NE, Suite 500  
 Salem, OR 97310

RE: Management Letter Response No. 629-2017-02-01

Dear Ms. Wenger:

This letter is in response to the FY 2016 Statewide Single Audit for selected financial accounts of the Oregon Department of Forestry (ODF). The findings were transmitted to us in Management Letter No. 629-2017-02-01, dated February 17, 2017. Below are the findings and recommendations identified in this year's audit, plus our response and corrective action plan.

**Improve Accrual Processes and Documentation**

The state's accounting policy directs that revenue, within governmental funds, be recognized using the modified accrual basis of accounting. Under this basis of accounting, revenue recorded in the current year must be both measurable and available to finance current period expenditures. For the state, revenue is considered "available" if it is collected within 90 days of the fiscal year end. When actual amounts cannot be easily determined, agencies are encouraged to estimate current receivables associated with revenue collected within the 90-day period and long-term receivables associated with amounts to be collected after the 90-day accrual period.

Although the department has some procedures for estimating and accruing receivables at year end, improvements are needed. During testing we identified weaknesses that resulted in an understatement of \$436,828 to current accounts receivable related to Forest Protection Taxes, an overstatement of \$5,098,826 to Charges for Services and the related current accounts receivable, and an overstatement of \$1,463,333 to long-term receivables. Specifically, we noted the following:

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  - A transaction was duplicated because it was already recorded in the account based on the procedure noted above.

During fiscal year 2016, the department operated with staffing constraints, especially in the Forest Protection Division. Additionally, the department's current accrual procedures lack comprehensive instruction to ensure revenues and receivables are recorded in accordance with generally accepted accounting principles.



Mary Wenger, Interim Director  
Secretary of State, Audits Division  
Management Letter Response No. 629-2017-02-01  
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We recommend department management review current accrual methodologies, and update procedures as necessary, to ensure revenues and receivables are recorded in accordance with generally accepted accounting principles, and ensure adequate support for estimates

**Management Response:**

The Department agrees with this recommendation. We will review our current revenue accrual processes for fiscal year end and make updates to our documented procedures to help ensure that all year-end estimates are adequately supported and in accordance with generally accepted accounting principles. Specifically, we will perform the following tasks:

- The Finance Program will review our methodology for estimating the current portion of receivables expected to be received within 90 days of the fiscal year end. The focus of this review will be to ensure that our methodology is producing estimates that are reasonable and are taking into account the best information that is available at the time. Documented procedures for this process will be updated by August 2017.
- The Finance Program will work in coordination with the Fire Protection Division to review and document the methodology, sources of information used, and assumptions made to compile and estimate long-term receivables associated with large fire costs. Documented procedures for this process, including identification of backup documentation to be included with the year-end entry to support the estimates, will be updated by August 2017.

Mark Hubbard, ODF Finance Director, will be responsible for ensuring these changes occur.

Regarding this year's audit effort, as with audits in the past, we believe the engagement was productive and the working relationships between the Audits Division staff and our staff are very good. As we've shared in the past, this audit process, and the subsequent results, have been very productive for the Department of Forestry and I believe will serve us well in the years to come.

On behalf of the agency staff who worked directly with your audit team, I would like to thank Ms. Kennedy and Ms. Searfus for the professional approach taken by the team, and the genuine interest that they demonstrated in making this a positive, collaborative process that will truly assist us in making improvements to our business and financial management practices. We recognize that auditing is a valuable tool and your audit team's approach and attitude during this process has been helpful and supportive in creating possibilities for practical improvements for the department.

We look forward to our continued working relationship with the Audits Division. Please contact me at any time if you have questions or need information.

Sincerely,



Peter Daugherty  
Oregon State Forester

cc: Julianne Kennedy, CPA, Audit Manager  
Michelle Searfus, CPA, Principal Auditor  
Jacqueline Sewant, ODF Chief Audit Executive  
Mark Hubbard, ODF Finance Director  
Agency Executive Team  
Oregon Board of Forestry



## SUPERVISORY SPAN OF CONTROL REPORT

In accordance with the requirements of ORS 291.227, (Oregon Department of Forestry) presents this report to the Joint Ways and Means Committee regarding the agency's Proposed Maximum Supervisory Ratio for the 2019-2021 biennium.

**Supervisory Ratio for the last quarter of 2017-2019 biennium**

The agency actual supervisory ratio as of 12/31/2018 is 1: 7  
 (Date) (Enter ratio from last Published DAS CHRO Supervisory Ratio )

The Agency actual supervisory ratio is calculated using the following calculation:

$$\frac{154}{\text{(Total supervisors)}} = \frac{141}{\text{(Employee in a supervisory role)}} + \frac{14}{\text{(Vacancies that if filled would perform a supervisory role)}} - \frac{1}{\text{(Agency head)}}$$

$$\frac{1056}{\text{(Total non-supervisors)}} = \frac{488}{\text{(Employee in a non-supervisory role)}} + \frac{568}{\text{(Vacancies that if filled would perform a non-supervisory role)}}$$

The agency has a current actual supervisory ratio of-  
 $1: 7 = \frac{1056}{1056} / \frac{154}{154}$   
 (Actual span of control) (Total non - Supervisors) (Total Supervisors)

When determining an agency maximum supervisory ratio all agencies shall begin of a baseline supervisory ratio of 1:11, and based upon some or all of the following factors may adjust the ratio up or down to fit the needs of the agency.

← Narrow Span		Wide Span →	
High	RISK TO PUBLIC/EMPLOYEE SAFETY	Low	
Dispersed	GEOGRAPHIC LOCATION(S) OF SUBORDINATES	Assembled	
Complex	COMPLEXITY OF DUTIES/MISSION	Not complex	
Low	BEST PRACTICES/INDUSTRY STANDARDS	High	
Small	AGENCY SIZE/HOURS OF OPERATION	Large	
Many	NON AGENCY STAFF/TEMPORARY EMPLOYEES	Few	
High	FINANCIAL RESPONSIBILITY	Low	
← More Supervisors		Fewer Supervisors →	

Ratio Adjustment Factors

Is safety of the public or of State employees a factor to be considered in determining the agency maximum supervisory ratio? Y/A

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11- The Oregon Department of Forestry is a fire organization. As a fire organization, the Department's highest priority work is fire emergency response; notwithstanding a variety of related work in fire prevention, education, suppression, investigation, finance, etc.  
 The National Standard for acceptable span of control for fire organizations is set at a "1 to 5 ratio was necessary; the number of accidents, injuries, and fatalities begin to occur at an alarming rate when the span of control exceeds that ration in fires and other emergencies."

Is geographical location of the agency's employees a factor to be considered in determining the agency maximum supervisory ratio? Y/A

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11- The Department of Forestry is geographically dispersed with offices strategically located throughout the state, with several offices located remotely to best meet the operational needs of the organization, some are up to one hundred miles or more from the next closest Forestry office.  
 Due to our unique structure, remote locations, large seasonal workforce and critical public safety and resource protection mission, further reduction of supervisory positions would compromise the safety of our employees and the effectiveness of our operations to protect the citizens and property of Oregon.

Is the complexity of the agency's duties a factor to be considered in determining the agency maximum supervisory ratio? Y/A

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11- In regard to the Department's fire mission alone, in addition to the approximately 526 permanent employees, the Department has approximately 530 seasonal employees responsible for supporting the Department's fire suppression mission. Utilizing 530 positions as five-month seasonal positions saves the state and landowners a significant amount of money as the majority of these employees are not working when fire activity is not anticipated statewide.  
 In addition to our seasonal workforce, the Department has established multiple agreements with local contract crews, the U.S. Forest Service, the Federal Bureau of Land Management, with other states through the use of interstate compacts, and with Canadian provinces to become part of the Department's fire response statewide, as needed. Over the last fifteen years on average approximately 10,874 additional contract personnel were added annually through crew agreements statewide. In addition, the Department has the ability to hire individual highly qualified fire management personnel through federal fire resource ordering system (ROSS). On an annual basis over the last fifteen years, ODF has brought on an average of approximately 110 additional personnel to augment the Department's fire leadership capacity statewide. For safety and span of control reasons, there is a significant supervisory workload associated with adding these additional personnel, including orientation, scheduling, timekeeping, evaluating logistical support, and payment. We believe that any supervisory-to-non-supervisory ratio calculation must also recognize the totality of personnel we bring into our organization every fire season as seasonal and through agreements and contracts.

Are there industry best practices and standards that should be a factor when determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11- As stated above, the National Standard for acceptable span of control for fire organizations is set at "a 1 to 5 ratio was necessary; the number of accidents, injuries, and fatalities begin to occur at an alarming rate when the span of control exceeds that ration in fires and other emergencies."

Is size and hours of operation of the agency a factor to be considered in determining the agency maximum supervisory ratio? Y/A

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11- Size: As previously stated, over the last fifteen years on average approximately 10,874 additional contract personnel were added annually through crew agreements statewide. In addition, the Department has the ability to hire individual highly qualified fire management personnel through federal fire resource ordering system (ROSS). On an annual basis over the last fifteen years, ODF has brought on an average of approximately 110 additional personnel to augment the Department's fire leadership capacity statewide. For safety and span of control reasons, there is a significant supervisory workload associate with adding these additional personnel, including orientation, scheduling, timekeeping, evaluating logistical support, and payment. Again, we believe that any supervisory-to-non-supervisory ratio calculation must also recognize the totality of personnel we bring into our organization every fire season as seasonals and through agreements and contracts.

Hours: Additionally, firefighting is a twenty-four hour, seven days a week commitment for any fire organization. In that regard, also unique for the Department is the need to meet our work rest and rotation policies when employees work a fourteen day standard assignment and/or 21 continuous days during fire emergencies. This requires having an adequate number of supervisors in place to ensure fires are managed while employees are rotated through their rest periods.

Are there unique personnel needs of the agency, including the agency's use of volunteers or seasonal or temporary employees, or exercise of supervisory authority by agency supervisory employees over personnel who are not agency employees a factor to be considered in determining the agency maximum supervisory ratio? Y/A

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11- In addition to the approximately 526 permanent employees, the Department has approximately 530 seasonal employees responsible for supporting the Department's fire suppression mission. Utilizing 530 positions as five-month seasonal positions saves the state and landowners a significant amount of money as the majority of these employee are not working when fire activity is not anticipated statewide.

In addition to our seasonal workforce, the Department has established multiple agreements with local contract crews, the U.S. Forest Service, the federal Bureau of Land Management, with other states through the use of interstate compacts, and with Canadian provinces to become part of the Department's fire response statewide, as needed. Over the last fifteen years on average approximately 10,874 additional contract personnel were added annually through crew agreements statewide. In addition, the Department has the ability to hire individual highly qualified fire management personnel through federal fire resource ordering system (ROSS). On an annual basis over the last fifteen years, ODF has brought on an average of approximately 110 additional personnel to augment the Department's fire leadership capacity statewide. For safety and span of control reasons, there is a significant supervisory workload associated with adding these additional personnel, including orientation, scheduling, timekeeping, evaluating logistical support, and payment. We believe that any supervisory-to-non-supervisory ratio calculation must also recognize the totality of personnel we bring into our organization every fire season as seasonals and through agreements and contracts.

Is the financial scope and responsibility of the agency a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

[Empty rectangular box for explanation]

Based upon the described factors above the agency proposes a Maximum Supervisory Ratio of 1: 7.

Unions Requiring Notification: SEIU & AEE

Date unions notified 2-6-19

Submitted by: Heidi Stover

Date: 2-6-19

Signature Line Heidi Stover

Date 2-6-19

Signature Line

Date

Signature Line

Date

Signature Line

Date

<b>UPDATED OTHER FUNDS ENDING BALANCES FOR THE 2017-19 &amp; 2019-21 BIENNIA</b>									
Agency: <b>Department of Forestry</b>									
Contact Person: <b>James Short 503-945-7275</b>									
(a) Other Fund Type	(b) Program Area (SCR)	(c) Treasury Fund #/Name	(d) Category/Description	(e) and/or Statutory	(f) (g) 2017-19 Ending		(h) (i) 2019-21 Ending		(j) Comments
					In LAB	Revised	In CSL	Revised	
Limited	008-00-00-00000 Agency Administration	00579/Agency Administration	Operations/Administrative Prorate of All Non General Fund programs. Operations/Internal Service Fund/Billable cost of goods and services provided by the department under the Agency Administration program.	ORS.526.111, ORS.526.06 Chapter 754, (2),(1), Oregon Law 2007	391,726	738,174	0	748,174	Timing of revenue and expenditures of Cooperative work can create a negative or positive ending balance which will net to zero over time.
Limited	010-00-00-00000 Fire Protection	00579/Forest Patrol, Slash, Smoke Mgmt, Coop, FLPPD	Operations/Landowners assessment for the cost of providing local fire protection, slash abatement, private landowner burn fees, coop work and Emergency Fire Cost (EFC).	ORS.477.270(2)	34,719,719	1,684,128	5,945,521	0	Any balance in this account is used to calculate the landowner rate for the next Fiscal Year (FY), with the intent to have a \$0.00 balance at the end of any given FY. A positive balance lowers the land owner rate for the next FY. This account is also cyclical, at it's highest during winter when taxes are collected and at it's lowest during fire season. Reimbursements from federal sources can take more than a biennia to collect, creating negative ending balances until realized. This Ending Balance also contains portion of the ODLPF for Emergency Fire Cost (EFC).
Limited	020-00-00-00000 Equipment Pool	00579/Motor & Communications Pools	Operations/Special Purpose internal fund dedicated for vehicle & communications equipment replacement and repair.	ORS.526.144, 146	0	5,482,859	456,345	3,048,925	The revenue for this account is derived by assessing the operating programs. These funds are dedicated to vehicle maintenance & replacement. Many replacements have been deferred, but may be made in 2019-21. If so, this would dramatically reduce the CSL Ending Balance estimate.
Limited	030-00-00-00000 State Owned Forests	00579/Forest Development Operating Fund, Common School Lands, and Seed Orchard	Operations/Timber Sales contracts from the Board of Forestry lands; cash balances include pending distributions to counties. Operations/Timber Sales from Common School Lands. All proceeds go to Division of State Lands, and the Department is reimbursed for expenditures incurred to manage the CSL. The sale of seedlings to private, state and other public owners of forest nurseries or forestland.	ORS.530.110, ORS.530.520, ORS.526.470	4,848,578	42,350,450	13,106,610	60,933,634	This account has steadily declined over the last several biennia in direct response to the economy. Current projections show improvement, but this depends entirely on the economy.
Limited	050-00-00-00000 Private Forests	00579/Forest Practices & Coop Forestry	Operations: A privilege tax levied for the purpose of administering the Oregon Forest Practices Act in an amount not to exceed 40 percent of the total expenditures approved by the Legislative assembly. Operations/Pass through grants from other state agencies and private individuals for cooperative work related agreements.	Chapter 852,(10, 13) Oregon Laws 2007 and ORS.321.005 to ORS. 321.185, ORS.526.515 and ORS.469.634	0	313,210	11,343,914	364,527	Revenue is transferred from the Department of Revenue to the Department's account every quarter. The rate is re-computed each biennium and approved by the Legislature. Increased in the Ending Balance for this account represent an increased from the original projected harvest volume.