

# Oregon's forestry department on an unsustainable path

By **TED SICKINGER**  
The Oregonian

Oregon's state forests are supposed to be managed to deliver a balance of benefits, from sustainable timber harvests to habitat for fish and wildlife, from clean air and drinking water to well-managed recreation spaces.

But the Oregon Department of Forestry is failing on almost every front.

The reasons are numerous, but stem from structural issues exacerbated during the last decade by ineffective management at the agency, ineffectual oversight by its seven-member board and inaction by the governor and legislators.

The agency's state forest division budget is almost entirely dependent on timber sales, a volatile revenue stream that it can't control and is subject to market swings, political agendas and legal challenges. The division gets no money from taxpayers, but is asked to provide services that cost millions of dollars annually and generate little or no revenue. Meanwhile, two-thirds of the timber sales it does generate go directly to 15 counties and the taxing districts where the logging takes place.

Since the 2008 recession, agency managers have warned that budget formula no longer works, leaving them operating at the edge of a financial precipice.

In response, they've axed staff, frozen programs and cut more trees. They've reduced the amount of forests set aside for conservation. They've deferred investments necessary to ensure future forest health and productiv-



This area in the Clatsop State Forest recently became part of the 30% of the public land the Oregon Department of Forestry is protecting as 'complex forest.'

Beth Nakamura/The Oregonian

for the Oregon Board of Forestry, members complained of being stonewalled by staff on requests for basic financial and scientific information. Members of the oversight board said State Forester Peter Daugherty had failed to fully inform them of critical financial problems. And they said relations among board members had become dysfunctional.

Cindy Williams, a fish biologist from Medford who has served on the board for seven years, said it had been a tension filled year that left her feeling she had to "bulldoze my way into the conversation" to raise concerns.

"Something fundamen-

tal to their commitment to conserve parts of it, from 50% of the land base in 2003, to 40% in 2009 and to 30% in 2011.

The need to squeeze money from forests is fueled in part by a promise made nearly 80 years ago with Oregon's 15 so-called "trust land counties." In exchange for taking over hundreds of thousands of burned-over, logged and unproductive acres of county-owned forestland, the state agreed to rehabilitate them, protect them from fire and share the proceeds of future logging. Those revenues are critical for cash-strapped rural counties and support everything from public safety to education. And the forest products industry, despite its rapid decline over the last four decades, still provides those counties with some of their best paying jobs.

Daugherty, Oregon's state forester since 2016 and an agency employee since 2007, acknowledges the dilemma.

"There's a finite amount of state forests, and they can only produce a given suite of goods and services," he said. "There are certainly tradeoffs."

## Sketchy swaps

Bob Van Dyk picks his way up a hillside in the Clatsop State Forest. He pushes through the undergrowth, grabbing ferns and shrubs for handholds as he clammers over downed trees.

Fifty yards in, he stops next to a towering Douglas Fir with a trunk nearly 10 feet around.

"We're in one of the very rare patches in the North Coast of forest that has some genuine old growth characteristics," said Van Dyk, policy director at the Wild Salmon Center, pointing out the mix of tree species and sizes, the abundance of standing snags and downed wood.

The state forest division once designated the area as protected, allowing only thinning of some younger trees.

Now, it's been opened up for clearcutting.

This particular tract was part of a 6,000-acre land swap the forestry board approved last year in its ongoing effort to keep the division from going broke.

With little explanation, agency officials removed

2,600 acres of older tracts with large trees from conservation status that protected them from intensive logging and dropped them into the agency's cut bucket, making them available for sale and harvest. The agency then gave another 3,550 acres protected status. The strategy helped the division present the move as a net gain in acres being managed to promote prime wildlife habitat, protect salmon-bearing streams and provide clean, reliable drinking water.

But conservationists describe it as a shell game. They say most of those newly protected acres were smaller tracts of young trees with seemingly minimal conservation value or narrow strips of trees along streams that were already protected.

An extreme example sits a few miles away, near the town of Jewell. It's a gravel parking area with an abandoned Barcalounger and piles of trash. It bears no resemblance to older forest structure. Nor does the nearby open field riddled with gopher holes.

But both are now part of the 30% of the forest the agency has set aside to create "complex forest." In reality, the division is making no progress toward that goal. The percentage of state forests that are complex today is going down, and now stands at 10%.

The swap gave heartburn to agency biologists, who raised concerns internally that it would break up existing habitat. Environmental groups fumed that the swap wasn't accompanied by any detailed rationale. Yet the board approved the move, and many of the sections of forest were put up for sale this year.

"They basically opened up some of the fattest, juiciest most accessible stands of trees they have to clearcutting," Van Dyk said. "Our overarching concern is that this is unsustainable."

## An agency on the brink

Oregon's state forest division is a public program,

but it doesn't get any public money. Instead, it's almost completely reliant on revenues from cutting trees. And right off the top, the agency must transfer nearly two-thirds of those proceeds to the trust land counties.

The agency manages the state's forests with what's left, no matter its expense level.

It's a financial straitjacket that the counties and timber companies, who have considerable influence over forestry issues in Salem, have no interest in loosening. They have successfully opposed recent agency requests for general fund money to cover the growing costs of its recreation program, for example, insisting the agency should simply cut more trees.

Without outside money, the division rides the same economic rollercoaster as the wood products industry. The collapse of the housing market in the 2008 recession, followed by falling timber prices, put the agency's budget into freefall.

"I don't think anyone knew how deep and how long the recession would last," said Liz Dent, the state forest division chief.

For the division, it lasted six years. Declining harvest

volumes were compounded by a deep slump in timber prices, and the division's reserves dropped from nearly \$40 million in 2008 to \$4.9 million in mid 2015, presenting the very real prospect of insolvency.

Leaders hollered out their offices, slashing staff by 30%. They reduced spending across the board and froze the recreation program altogether. They reduced spending so much in other areas — including research, monitoring and young forest management — staff warned they would no longer be able to meet their statutory mandates.

Meanwhile, agency leaders directed foresters to focus on sales that generated maximum revenues and to increase harvest levels to 245 million board feet a year, the highest sustainable level under its current policy.

The division's annual operating plan for 2019 lays it out: "Currently revenues generated from timber sales are not covering all costs for state forests," adding that sales that "don't cover all costs, or don't contribute revenue to the division should be avoided."

Translation: Target high-profit sales. Minimize road work. Limit thinning. Focus on accessible clearcuts.

Not every timber sale is the same. The age of the stand, the mix of species, its location and relative accessibility all affect the prices that timber companies are willing to bid.

Agency leaders insist they're not cutting more trees to patch the budget. The annual volume of timber the division puts up for sale has averaged 227 million board feet a year in the west side forests covered by the forest management plan, said Liz Dent, chief of the state forest division.

Daugherty, the state forester, agrees. "Cutting more timber isn't going to solve our problem," he said. "I've been saying that since I became state forester."

Yet harvest volumes have increased. In those same west side forests, they spiked to 252 million board feet in 2017, 295 million in 2018

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*'I'M BEING TOLD BY STAFF THAT WE'RE GOING TO FALL OFF A FINANCIAL CLIFF. WHERE IS THE CLIFF AND HOW LONG IS IT GOING TO TAKE GET THERE? WHAT ARE THE CAUSES? UNDERSTANDING THE CAUSES, WHAT LEVERS CAN WE PULL?'*

**Brenda McComb** | a retired forestry professor from Oregon State University

ity. And they've skimmed the cream off their available "inventory," targeting accessible clearcuts of large, high-value trees to quickly generate more profitable sales.

Those aren't sustainable tactics, much less the durable long-term strategy to increase both financial and conservation outcomes that the division has been directed to develop since 2013, but has so far failed to deliver.

It's unclear that such a balance can be achieved. Tradeoffs are inevitable. That's why the current strategy — laid out in a document called the forest management plan — has become a zero-sum game, pitting rural counties, their schools and jobs against conservation, recreation and clean water.

The policy mess will be showcased in a trial starting this week. Fourteen of Oregon's 15 "forest trust land" counties are suing the agency, arguing they've been short-changed \$1.4 billion in logging revenues. Bankrolled by private timber companies, the counties claim the state breached its contract with them by failing to maximize harvests on state forests since 2001. Many observers expect the agency will lose.

Conservationists and environmental groups are deeply unhappy with the agency, too. They're convinced the state is already cutting at unsustainable levels to backfill its budget and is serially manipulating what it's promised to protect so it can keep up the pace. They contend the logging on state forests threaten endangered salmon runs, wildlife habitats and clean water. To stop that, they're suing to block 68 proposed timber sales.

And pressures are building within agency leadership. At an Oct. 9 planning retreat

tal in the board attitude has changed," she said, "and we need to address it."

## Valuing state forests

The state forest division's mandate is to manage its public land for the "greatest permanent value" to the state of Oregon. Yet the exact meaning of "value" — and to whom it should go — is a controversial question.

It's also unclear how much Oregon's state forests have to give.

Many Oregonians rely on state forests as a place to hunt, fish, hike and camp — activities that cost the division millions of dollars a year to manage, but generate little revenue to offset its growing costs.

Oregonians also cherish wildlife habitats within forests like the Clatsop.

But the Clatsop is also the money-basket of the state forests. To improve the agency's bottom line, forestry officials have systematically reduced



**SUN OCT 27**  
**3:00pm**

**Doors open at 2:15**  
**Pre-Show 2:30:**  
**Astoria Tuba Quartet**

**Clatsop College**  
**Performing**  
**Arts Center**  
**Admission \$15**  
**Students \$8**

**Celebrate 40 years of the NCSB**



**North Coast Symphonic Band**  
**Guest Conductor Michael McClure**

Memorial Celebration  
of life for  
**Patrick Welch**

October 26th  
2:00pm  
Coastline Church  
(formerly the Olney School)

Clatsop Retirement Village is the place to trick-and-treat with many friendly faces and bowls of candies sweet Young children are invited to travel from floor to floor And places to visit will be marked clearly on each door No need to fret about the traffic or the weather Traveling about the CRV building is warmer, drier, and safer Little Goblins are welcomed from six until eight. It will be lots of fun! Don't come late!

**6-8PM HALLOWEEN**  
**947 Olney Ave., Astoria**

**CLATSOP CARE**  
HEALTH DISTRICT