

Governor Kitzhaber's Balanced Budget

Investments in Sustainable Forest Management

**Governor's Natural Resources Office
Inter-agency Budget Memo
February 4, 2013**

Oregon's abundant and rich forest lands provide public and private benefits, including recreation, fish and wildlife habitat, jobs, community and business infrastructure, and traded-sector commodities that are a vital part of the state's economy. Well over half of Oregon's forested landscape is publicly-owned. The mixture of federal, state and private lands across Oregon creates both opportunities and management challenges. In addition, a changing climate is stressing forest health and increasing the risk of large scale wildfires.

The Governor's proposed budget invests in the resilience of forest lands and the economic, social and environmental benefits they provide. This memo provides an overview of the Governor's budget proposals related to sustainable forest management for the 2013-15 biennium.

Wildfire Protection Act—protection and viability of working forest lands in Oregon:

The Oregon Department of Forestry (ODF) protects about 16 million acres—just over half of Oregon's forestland—from fire impacts. This is a \$60 billion asset. Protected lands are primarily private but also include state and some federal public lands. Landowners and the State share fire protection costs in recognition of the broad public benefits of a healthy forest base—clean air and water, recreation, and community and economic sustainability. Affordable fire protection is especially difficult on less productive forest lands in eastern Oregon, which are some of the State's most fire-prone. The costs of fire protection and the increasing risk of loss to wildfire create growing pressure to convert forest lands to other uses. Land conversion, in turn, often increases fire protection costs and reduces economic and habitat opportunities tied to forests -- leading to a spiral that threatens the long-term future of these lands and the public benefits they provide.

The Governor's proposed budget and the companion legislation - the Wildfire Protection Act (HB 2050) - are designed to reduce the risks of large catastrophic wildfires and related cost risks to the State's general fund, while also spreading the costs of fighting fires evenly between landowners and the State. The risk of large-scale wildfires is reduced by investing in severity resources such as additional equipment used to control fires before they become large, at which point costs dramatically escalate along with risks to communities and adjacent lands.

Increasing the pace and scale of management on fire-prone federal public forests:

The resilience of dry-side federal public forests to fire, disease and other disturbances is an important factor in the future vitality of both federal and adjoining non-federal lands as well as communities. Oregon's dry-side federal forest landscape has deviated greatly from historic conditions, and restoring the health of these lands is of significant concern to local communities, the broader public, industry and environmental groups, and others. Management activity is not sustaining forest health or adequately supporting dwindling mill infrastructure with sustainable timber supply. The loss of mills threatens community stability and forest health, as well as economic diversification opportunities tied to woody biomass and renewable energy.

As recognized by the recent National Forest Restoration Economic Assessment for Oregon, (<http://orsolutions.org/osproject/federal-forestlands>) the State has a significant opportunity to reap economic, ecological, and community gains if dry-side forest management is increased.

Locally grown federal forest collaborative groups have demonstrated an ability to move beyond gridlock and increase sustainable management of federal forest lands. Growth in the effectiveness of these collaborative efforts, along with reducing planning and sale preparation costs, is essential to increasing the pace and scale of work on federal lands with management actions that drive economic and environmental health. This is the motivation behind the Governor’s budget.

The Governor’s budget invests in forest collaboratives where they are linked to arrangements with the US Forest Service that provide for sustained timber supply, reduced costs, habitat gains, and diversified jobs and infrastructure. This investment is intended to be contingent upon the Forest Service’s investment of additional dollars in Oregon’s dry-side forests, along with the use of long-term stewardship contracting or other business model changes that help increase the pace and scale of management to achieve desired economic, social, and ecological outcomes.

2013-15 Investments in Fire Protection and Forest Health				
Agency and Budget Package #	Package Description	Funding	FTE	Funding Source
Fire Protection				
Wildfire Protection Act				
ODF POP #410	Continues existing ODF fire severity program, maintains eastside fire protection system, and supports healthy working forest lands by mitigating landowner assessment costs.	1,600,000	3.3	GF
ODF POP #410	Increases the existing ODF fire severity program, including critical firefighting assets such as airtankers and helicopters. Additional resources will reduce the likelihood of large catastrophic wildfires that cost millions of dollars, damage ODF protected land natural resources, threaten communities and impact water and air quality.	6,000,000		OF
Federal Forest Health				
Increasing the Pace and Scale of Federal Public Forest Management				
Forest Collaborative Support				
OBDD	Technical & Science Support – engage private sector resources in providing science, technical assistance, facilitation, research / monitoring, and planning / implementation efficiencies (ODF administers, state procurement system).	1,000,000		OF
OBDD	Small Grant Program – “Collaborative Capacity Fund” to support ability of forest collaboratives to effectively increase pace and scale of management and account for outcomes (administered by OWEB).	840,000		OF
OBDD	State Liaison Position + Assistant – dedicated to federal forest issues, providing direct point of contact and means of accountability with US Forest Service, forest collaborative groups, congressional delegation, Western Governor’s Association, and state legislature.	275,000	1.25	OF
OBDD	New Business Model match funding (contingent upon US Forest Service investment) to advance stable timber supply agreements, reduce planning / implementation costs, and advance project efforts – initial focus on at-risk eastside mill infrastructure but scalable elsewhere.	1,885,000		OF
O&C Lands				
OBDD	Advancement of O&C federal legislation and BLM planning process.	200,000		OF
OBDD	Incentives Fund – seeds a program to advance voluntary efforts around conservation, timber + wildfire management efficiencies and other pilot efforts that increase public values associated with O&C landscape.	1,200,000		OF

Total Investment -- Wildfire Protection: \$ 6.6 million

Total Investment -- Federal Forest Health: \$ 5.4 million