

Making \$100 Million Go As Far As Possible Divest High-Value Conservation Lands From the Common School Fund

Executive Summary

Assuming that only \$100 million is available to address conservation conflicts on Common School Fund land in the Elliott State Forest, it is important that the highest-value conservation lands be removed from the trust. 42,255 acres (51.2%) of the 82,461 acres of CSF holdings on the ESF are deemed by the appraisals to be off-limits to logging so as to comply with the federal Endangered Species Act and therefore the timber value is \$0. These underlying lands have an appraised value ~\$6 million. A prioritization is suggested to acquire such high-value conservation lands given the monies available. Nonetheless, full divestiture is preferred.

Majority of the CSF Lands on ESF is Appraised as Unavailable for Timber Production

42,255 acres of CSF ESF lands are effectively withdrawn from timber production, thereby having a value of \$0 for the standing timber. Lord (2016, pp. 42-43), in reviewing the three appraisals prepared for the Common School Fund (CSF) lands on the Elliott State Forest (ESF), found the Healy (2016) appraisal to be the most conservative in estimating the costs of compliance with the federal Endangered Species Act (ESA). Lord found Healy's estimate that 40,206 acres of the CSF land on the ESF was available for logging (meaning 42,255 acres are not [37,465 acres withdrawn to protect threatened and endangered species and 4,790 acres withdrawn for other reasons {technical operability, etc.}][Lord {2016, pg. 40}]).

The “Bare Land” Value of these 42,255 Acres is ~\$6 million.

Lord (2016, pg. 62) found that the “contributory value” of the “idle/nonproductive” (from a timber standpoint) acres to be \$6 million. Therefore 42,255 acres (51.2% of 82,641 acres) can be transferred out of the CSF for \$6 million.

The appraised price of \$220.8 million reflects this devaluation to comply with the federal ESA. It is consistent with the value found in a review of the worth of the ESF—done a decade before by Mason, Bruce and Girard—that found the net value of selling the CSF lands in the ESF to be \$489 million. (Ehlen and Lord, 2005).

Prioritization Hierarchy for CSF ESF for Buying Out of Trust.

Assuming that only \$100 million is available, Table 1 suggests a prioritization hierarchy for transferring various categories of CSF ESF lands.

Note that Tier 2 criteria is stream-distance based and the Tier 3 is stand age-based, so some natural forest stands (Tier 3) and other plantation lands (Tier 4) would be included in the Tier 2 stream buffers.

Table 2 summarizes the age classes for all forest stands in the ESF, prorated for just CSF acres. It's only a proration; it's not exactly reflective of the actual stands on CSF lands. One would expect little, if any, natural older forest on Board of Forestry Lands (BOFL) in that ODF acquired them from an owner who most likely had logged them. The CSF holdings in the ESF came from the Siuslaw National Forest and hadn't been logged.

| <p align="center">Table 1 Prioritization Hierarchy of Common School Fund Lands on the Elliott State Forest for Transfer Out of Trust</p> | | |
|---|--|---|
| Tier | Land Type | Note |
| 1 | Withdrawn lands to comply with the federal Endangered Species Act and other reasons. | 42,255 acres. These lands have an appraised value of \$6 million. |
| 2 | Lands of any stand type (natural or plantation) within one site-potential tree height on each side of all streams, starting with fish-bearing streams and then other streams | One site-potential tree height is the well-established scientifically sound buffer distance to ensure adequate protection for aquatic resources, including, but not limited to, the ESA-protected coho salmon. One site-potential tree height on the ESF is on the order of 200 feet, resulting in the need for a 400-foot riparian protection buffer (documentation available upon request). Such a buffer would encompass some Tier 3 and Tier 4 lands. |
| 3 | Natural forest stands not covered in Tier I, from the oldest to youngest. | While there is great overlap, the withdrawn acreage does not perfectly overlap all of the oldest stands on the ESF. The social license to log natural stands of older forest in Oregon on public lands has expired. |
| 4 | Other Common School Fund lands. | All remaining lands, generally previously clearcut lands now in plantations. |

| <p align="center">Table 2 Forest Stand Age Classes on the Elliott State Forest*</p> | | | | |
|---|---|--------------------------|-----------------------|---|
| Age Class | Acres (All ESF [CSF & BOFL]) | Acres (Just CSF)* | Forest Type | CSF Acreage Including Older Classes Below It |
| 0-25 | 17,276 | 15,661 | Very Young | 86,367 |
| 26-55 | 29,680 | 26,906 | Young | 70,706 |
| 56-85 | 4,187 | 3,796 | Older Young | 43,800 |
| 86-115 | 10,985 | 9,958 | <i>Younger Mature</i> | 40,005 |
| 116-145 | 30,125 | 27,309 | <i>Older Mature</i> | 30,047 |
| 146+ | 3,020 | 2,738 | <i>Old Growth</i> | 2,738 |
| TOTAL ** | 95,273 | 86,367 | | 86,367 |
| <p>* Age class does not perfectly correlate with stand origination (natural or plantation), but given the logging ramped up on the ESF in the 1950s (~60 years ago), we can safely assume:</p> <ul style="list-style-type: none"> • all ≥86 year-old stands are natural forest; and • essentially all ≤85 year-old stands are plantations (there may well be some natural stands, particularly in the 56-85 year-old cohort). | | | | |
| <p>** Yes, there is an acreage discrepancy between the 2011 management plan and the 2016 appraisal protocol. Nonetheless, the magnitude and trend are similar.</p> | | | | |
| <p>Source: ODSL & ODF. 2011. Management Plan. Figure 24, page 2-74</p> | | | | |

On Table 2, the far-right column read from bottom to top is the cumulative acreage of that age class and the older age classes below it. 40,005 acres of CSF land on the ESF is 86+ years in age (all natural forest). The vast majority is likely overlapping with the 42,255 acres that is withdrawn for ESA and operability reasons.

The Cost of Buyout Out Additional Conservation Lands Will Be, On Average, ~\$5,500 Per Acre

Lord (2016, pg. 61) found that the average net present value per operable acre (a total of 40,206 acres) to be \$5,350/acre ($\$5,350 \times 40,206 = \$215,102,100$; another discrepancy [$\$220,800,000 \div 40,206 \text{ acres} = \$5,492/\text{acre}$]).

After transferring the Tier 1 out of the CSF, \$94 million would remain to acquire Tier 2 and Tier 3 lands. \$94 million divided by \$5,492/acre equal 17, 116 *average* operable acres.

Of course, this is an *average*; the older the stand age, the more standing timber, the higher the per-acre value and vice versa. Given the conservation priority of conserving the oldest possible stands of trees, the \$94 million will end up acquiring less than 17,116 acres. For discussion purposes, pending further information, let's assume 75% of this acreage, ~13,000 above-average value acres may be transferred out of the CSF for \$94 million, for a total of ~55,255 acres (of the 82,461-acre CSF holding in the ESF, or approximately two-thirds of the CSF's ESF holdings).

Sources

Ehlen, Carl F, and Roger G. Lord. 2005, A Cost-Benefit Analysis of the Elliot State Forest Common School Fund Lands. Mason, Bruce & Girard, Inc. Portland, OR.

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