

Elliott State Forest Expenses

Updated July 2022

Approximately 82,500 acres of the Elliott State Forest are an asset of Oregon's [Common School Fund](#). Historically, the Elliott contributed significant revenue to the Fund, with annual harvest of about one percent of the forest generating millions every year. *See the summary on page 8 for timber revenue details.*

Since July 2012, due to harvest limitations prompted by a lawsuit over federally protected species, the Elliott has cost millions rather than contributed millions.

The Department of State Lands (DSL) is seeking a solution that will address the financial impact to the Common School Fund, while keeping the Elliott public and achieving other elements of the [State Land Board's vision](#) for the forest. That solution has so far included two payments to the Common School Fund totaling \$221 million in anticipation of decoupling the forest from the Fund, and working to establish an Elliott State Research Forest to provide multiple public benefits.

Expenses to the Common School Fund related to forest management and maintenance, as well as ensuring a public future for the forest, are summarized below and in detail in the Expense & Revenue Summaries beginning on page 3.

Forest Management & Maintenance Costs

Before 2017, the Elliott State Forest was managed by the Oregon Department of Forestry (ODF) via an intergovernmental agreement. In 2017, DSL contracted with Titan Kelly to provide forest management services, including road maintenance, reforestation, and cleanups. DSL continues to contract with ODF for fire protection services. Local law enforcement provides public safety services. Since July 2017, management of the Elliott has cost the Common School Fund approximately \$1 million annually* No significant revenue has been generated by forest activities since the last timber harvest in 2017. *See the Expense & Revenue Summaries for additional details.*

Investing in a Public Future for the Forest

In May 2017, the State Land Board voted to keep the Elliott State Forest in public ownership and directed DSL to move forward with a public ownership project for the forest. The project has included:

Gathering Perspectives on Decoupling: DSL began exploring decoupling, which would compensate the Fund for the forest and release the forest from its obligation to generate revenue for schools. In January 2018, DSL entered into a \$132,000 nine-month intergovernmental agreement with Oregon Consensus to conduct research, stakeholder interviews, and produce a report on considerations for decoupling.

Developing a Habitat Conservation Plan: DSL also began development of a Habitat Conservation Plan (HCP) for the forest. In June 2018, DSL entered into a multi-year contract with ICF, Inc. to develop the HCP. DSL also entered into a multi-year contract with the U.S. Fish and Wildlife Service (USFWS) for HCP consultation. As of June 2022, \$630,000 has been

expended on the ICF contract and approximately \$105,000 has been expended on the USFWS contract. *See the Expense & Revenue Summaries for additional details.* In May 2022, DSL also entered into a not-to-exceed contract for \$150,000 to provide aquatic biology expertise to National Marine Fisheries Service for HCP consultation and processing. As of July 1, 2022, payments on that contract total \$3,000.

DSL has secured grant funding to support HCP development, with \$549,705 provided by the Oregon Department of Fish and Wildlife's Wildlife Grants Program in cooperation with the Department of the Interior, Fish and Wildlife Service, under Federal Award number F20AP00323. The majority of the award – \$490,000 – will fund ICF's work on HCP development and the National Environmental Policy Act review process.

Establishing a Publicly Owned State Research Forest

At the Land Board's direction, DSL and Oregon State University have worked together since 2019 to transform the Elliott State Forest into a publicly owned state research forest. DSL and OSU entered into a memorandum of understanding and an intergovernmental agreement to support this work. As of June 2022, the costs associated with research forest exploration include \$1.3 million to support the OSU project team and contracts for carbon modelling, harvest scenario development, development of a management plan to support long term research on the forest; \$430,000 to Oregon Consensus via an intergovernmental agreement to support stakeholder engagement through facilitation of the Elliott State Research Forest Advisory Committee and other working groups; and \$92,000 to Freemyer & Associates to pursue federal support and funding for the research forest. *See the Expense & Revenue Summaries for additional details.*

Multiple DSL staff members are also supporting the research forest work. Beginning in July 2020, the Department created a limited duration position to act as a full-time project manager, thereby streamlining time spent on the Elliott project by Department managers and staff and reducing overall costs. The total cost of that position as of June 2022 is \$291,881. Other DSL staff project time is not tracked.

Updating the Appraised Value of the Forest

A fair market value appraisal of the Elliott was completed in 2016. Updating that appraisal is required as a prerequisite to determining whether the payments totaling \$221 million will be sufficient to permanently decouple the forest from the Common School Fund. In June 2021 the firm Mason, Bruce & Girard, Inc. was contracted to conduct that appraisal update which is expected by fall 2022. The contracted amount totals \$145,000; \$ 130,000 has been invoiced and paid to date.

Expense & Revenue Summaries

FY 2022 (July 1, 2021-June 30, 2022) <i>Summary includes amounts invoiced to date</i>			
Expenses*		Revenues*	
Forest Maintenance: Titan Kelly	\$340,000	Timber Harvest	\$0
Fire Protection: ODF	~\$350,000 (forecast)		
Forest Patrol: Douglas County law enforcement	~\$6,000 (forecast)		
Forest Patrol: Coos County law enforcement	~\$9,000 (forecast)		
Legal Fees	\$50,000		
Elliott State Research Forest: OSU IGA (amended agreement amount \$3.6 million)	\$275,000		
Elliott State Research Forest: Oregon Consensus IGA (amended agreement amount \$465,000)	\$105,000		
Habitat Conservation Planning: ICF, Inc. (amended contract amount \$1 million)	\$145,000		
Habitat Conservation Planning: U.S. Fish and Wildlife Service Contract (total contract amount \$200,000)	\$70,000		
Habitat Conservation Planning: Aquatic biology consultant (total \$150,000)	3,000		
Appraisal: Mason, Bruce & Girard, Inc. (total contract amount \$145,000)	\$130,000		
Federal Representation: Freemyer & Associates P.C. (total contract amount \$150,000)	\$92,000		
LiDAR: Department of Geology and Mineral Industries (total contract amount \$140,000)	\$95,000		
FY 2022 Approximate Expenses to-date: \$1,670,000		FY 2022 Total Revenue: \$0	
FY 2022 TOTAL: (\$1,670,000)			
<p><i>*Summaries do not include all expenses and revenues. For example, DSL staff time related to managing the Elliott maintenance contract or research forest project work is not included in expenses, and revenue does not include funds generated by firewood cutting permits and other minor revenue sources. Elliott State Research Forest miscellaneous expenses, such as facility rental fees for meetings and events, reimbursement to committee members for mileage and parking, and other incidental expenses, are also not included.</i></p>			

FY 2021 (July 1, 2020-June 30, 2021)			
Expenses*		Revenues*	
Forest Maintenance: Titan Kelly	\$405,000	Timber Harvest	\$0
Fire Protection: ODF	~\$315,000		
Forest Patrol: Douglas County law enforcement	~\$6,000		
Forest Patrol: Coos County law enforcement	~\$9,000		
Legal Fees	\$20,000		
Elliott State Research Forest: OSU IGA (amended agreement amount \$3.6 million)	\$360,000		
Elliott State Research Forest: Oregon Consensus IGA (amended agreement amount \$465,000)	\$140,000		
Habitat Conservation Planning: ICF, Inc. Contract (amended contract amount \$1 million)	\$240,000		
Habitat Conservation Planning: U.S. Fish and Wildlife Service Contract (total contract amount \$200,000)	\$29,000		
FY 2021 Approximate Expenses to-date: \$1,505,000			
FY 2021 TOTAL: (\$1,505,000)			
<p><i>*Summaries do not include all expenses and revenues. For example, DSL staff time related to managing the Elliott maintenance contract or research forest project work is not included in expenses, and revenue does not include funds generated by firewood cutting permits and other minor revenue sources. Elliott State Research Forest miscellaneous expenses, such as facility rental fees for meetings and events, reimbursement to committee members for mileage and parking, and other incidental expenses, are also not included.</i></p>			

FY 2020 (July 1, 2019-June 30, 2020)			
Expenses*		Revenues*	
Forest Maintenance: Titan Kelly	\$460,000	Timber Harvest	\$0
Fire Protection: ODF	~\$305,000		
Forest Patrol: Douglas County law enforcement	~\$6,000		
Forest Patrol: Coos County law enforcement	~\$9,000		
Legal Fees	\$25,000		
Elliott State Research Forest: OSU IGA (amended agreement amount \$1 million)	\$660,000		
Elliott State Research Forest: Oregon Consensus IGA (amended agreement amount \$290,000)	\$142,000		
Habitat Conservation Planning: ICF, Inc. Contract (total contract amount \$885,000)	\$100,000		
Habitat Conservation Planning: U.S. Fish and Wildlife Service Contract (total contract amount \$200,000)	\$3,000		
FY 2020 Approximate Expenses to-date: \$1,710,000			
FY 2020 TOTAL: (\$1,710,000)			
<p><i>*Summaries do not include all expenses and revenues. For example, DSL staff time related to managing the Elliott maintenance contract or research forest project work is not included in expenses, and revenue does not include funds generated by firewood cutting permits and other minor revenue sources. Elliott State Research Forest miscellaneous expenses, such as facility rental fees for meetings and events, reimbursement to committee members for mileage and parking, and other incidental expenses, are also not included.</i></p>			

FY 2019 (July 1, 2018-June 30, 2019)			
Expenses*		Revenues*	
Forest Maintenance: Titan Kelly	\$655,000	Timber Harvest	\$0
Fire Protection: ODF	~\$305,000		
Forest Patrol: Douglas County law enforcement	~\$6,000		
Forest Patrol: Coos County law enforcement	~\$9,000		
Legal Fees	\$30,000		
Legal Settlements: Lone Rock settlement, \$750,000	Paid by insurance		
Elliott State Research Forest: OSU IGA (total agreement amount \$600,000)	(no invoice in FY 2019)		
Elliott State Research Forest: Oregon Consensus IGA (total agreement amount \$149,500)	\$42,000		
Habitat Conservation Planning: ICF, Inc. Contract (total contract amount \$885,000)	\$148,000		
Habitat Conservation Planning: U.S. Fish and Wildlife Service Contract (total contract amount \$200,000)	\$1,700		
FY 2019 Approximate Expenses: \$1,196,700		FY 2019 Total Revenue: \$0	
FY 2019 TOTAL: (\$1,196,700)			
<p><i>*Summaries do not include all expenses and revenues. For example, DSL staff time related to managing the Elliott maintenance contract or related to the research forest project is not included in expenses, and revenue does not include funds generated by firewood cutting permits and other minor revenue sources. Elliott State Research Forest miscellaneous expenses, such as facility rental fees for meetings and events, reimbursement to committee members for mileage and parking, and other incidental expenses, are also not included.</i></p>			

FY 2018 (July 1, 2017-June 30, 2018)			
Expenses*		Revenues*	
Forest Maintenance: Titan Kelly	\$605,000	Timber Harvest	\$0
Fire Protection: ODF	~\$305,000		
Forest Patrol: Douglas County law enforcement	~\$6,000		
Forest Patrol: Coos County law enforcement	~\$9,000		
Legal Fees#	\$110,000		
Public Ownership Project: Oregon Consensus Contract	\$132,000		
FY 2018 Total Expenses: \$1,167,000		FY 2018 Total Revenue: \$0	
FY 2018 TOTAL: (\$1,167,000)			
<p><i>*Summaries do not include all expenses and revenues. For example, DSL staff time related to managing the Elliott maintenance contract and the public ownership project is not included in expenses, and revenue does not include funds generated by firewood cutting permits and other minor revenue sources.</i></p> <p><i># Legal fees for prior fiscal years are: FY 16 \$260,000; FY 17 \$180,000.</i></p>			

FY 2009-2017: Management Expenses* & Timber Revenue				
Fiscal Year	Management Expenses **	Timber Harvest (million board feet)	Timber Revenue	FY Total
2017	\$ 2,157,530	7,758	\$ 2,691,137	\$533,607
2016	\$ 2,547,397	7,990	\$ 3,416,945	\$869,548
2015	\$ 2,313,784	8,260	\$ 3,592,162	\$1,278,378
2014	\$ 2,749,339	6,960	\$ 2,524,725	(\$224,614)
2013	\$ 3,441,723	4,510	\$ 1,606,932	(\$1,834,791)
2012	\$ 3,792,574	28,540	\$ 10,939,550	\$7,146,976
2011	\$ 2,543,168	27,873	\$ 10,650,015	\$8,106,847
2010	\$ 2,260,591	16,045	\$ 6,394,984	\$4,134,393
<p><i>*Prior to 2017, the Oregon Department of Forestry managed the Elliott, along with other Common School Fund forestlands. Management cost and timber revenue information are derived from ODF's annual Common School Fund Forest Land annual reports available on the ODF website. Fire protection costs for the Elliott are not included.</i></p> <p><i>**Starting in 2012, ODF reported management costs for the Coos District rather than the Elliott specifically. Elliott acreage represents the vast majority of Fund forestlands in the district, but management expenses for other forestlands are included.</i></p>				