

Elliott State Forest sale: Timber, threatened species and politics collide



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on November 15, 2016 at 3:18 PM, updated November 16, 2016 at 7:41 AM

The Elliott State Forest could be sold for **nearly \$221 million** before the end of the year, a polarizing proposition that has conservation groups, hunters, the National Forest Service and others squared off against an obscure land board headlined by Oregon's governor.

The public forest northeast of Coos Bay is home to towering, nearly 150-year-old Douglas firs and a patchwork of timber plantations and clear-cuts. The Umpqua River hugs its northern flank while more than 150 miles of fish-bearing streams course through what environmentalists say is prime habitat for the northern spotted owl, marbled murrelet, coastal coho salmon and other federally protected species.

It's a beautiful and rugged place. It's also a money pit.

Logging plunged in 2012 amid lawsuits from environmental groups, and the forest is no longer doing its stated job: Raise money for Oregon schools through its timber.

Though the forest's gradual decline in profitability and the controversy over its future dates back to the early 1990s and the spotted owl wars, circumstance has put the state in an awkward position - potentially voting to sell the land in December, with two of the three politicians on the State Land Board leaving immediately thereafter. Despite the nuance of the

situation - the Elliott is obligated to make money for Oregon's schoolchildren - the potential deal comes in the wake of the high-profile occupation of the Malheur National Wildlife Refuge by **Ammon Bundy and his crew**, a standoff rooted in a decades-old fight over land-use and perceived government overreach.

Many are closely watching what Oregon does next. Few are encouraged by what they see.

Land Tawney, president and CEO of **Backcountry Hunters & Anglers**, predicts that Donald Trump's presidential victory will motivate others like the Bundys who want government out of the land business. "This is a perfect example of why we can't let that happen," said Tawney, whose grassroots nonpartisan organization counts more than 200,000 members nationwide.

The state's proposal includes vague requirements that would keep public access on 50 percent of the land and shield 25 percent of the acreage from chainsaws.

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Aaron Weiss, spokesman for the Center for Western Priorities, said Oregon is trying to be "responsible and somewhat creative" in the face of its financial responsibilities.

"I'll be surprised if they've got a good solution," he said of the draft protections for threatened species. "Maybe they have. They're really backed into a corner."

On Wednesday, state officials are expected to reveal how many timber companies or conservation groups submitted plans for how they'd manage the 82,500-acre plot. Late Tuesday afternoon, **Lone Rock Timber Management Partners** of Roseburg confirmed it submitted a bid in conjunction with several Native American tribes and The Conservation Fund.

Gov. Kate Brown, Treasurer Ted Wheeler and Secretary of State Jeanne Atkins could select a buyer at the State Land Board's final meeting in December. Wheeler and Atkins both leave their state jobs by year's end.

State Sen. Arnie Roblan, D-Coos Bay, said "most of the people in our community" want to keep the forest in the public's hands. "I would love to have one more chance to figure out how to make it work," he said.

But Bob Sallinger, conservation director for the Audubon Society of Portland, said there's far more at stake, especially for Brown. The environmental community will never forgive, or forget, the politicians involved if they decide to sell.

"This will haunt them for the rest of their careers," he predicted.

Brown told The Oregonian/OregonLive that the state has been grappling for a solution for years and that it was her predecessor, John Kitzhaber, who started the process on a possible sale in 2014.

Still, she hasn't decided how she'll vote next month. "I'm looking for a path forward that maximizes public benefit," she said.

Common School Fund

Oregon is constitutionally required to make money off the Elliott and an additional 1 million acres of state lands to feed a little-known endowment for primary education known as the **Common School Fund**. And for decades, starting in the 1950s, it did; as of November 2016, it had \$1.5 billion in assets.

In 1962, the Columbus Day storm swept through the forest, knocking down 100 million board feet of trees. Oregon carved more than 175 miles of new roads through the forest to reach the fallen trees. Those roads made it easier to log. Timber output has since peaked, in 1985, at 65 million board feet, state records show.

Then came the fall. Logging plummeted and was at historic lows by the time the northern spotted owl was deemed a threatened species in 1990. Though production has rebounded slightly since then, it never again surpassed 40 million board feet in a single year.

From 1997 to 2005, Oregon averaged more than \$10 million in net revenue from timber sales, after accounting for costs needed to manage the land. From 2006 to 2012, the revenue figure was half that. It's been in the red or netted less than \$1 million ever since.

State officials say they are required to make money for schoolchildren, but at least one education group says the forest isn't as crucial to the overall education budget as it used to be.

Chuck Bennett, director of government relations with the Confederation of Oregon School Administrators, said it's hard to explain the dynamic to Oregonians.

The Common School Fund distributed about \$55 million in 2015 for schools, which Bennett said is "not much" when compared with the overall \$7.3 billion K-12 budget for the biennium.

"I don't think it's critical to public education," he said of the Elliott State Forest.

Other options

Oregon isn't the only state wrestling with how to generate cash from its forests to pay for education, but others have found solutions.

In 1989, Washington started a state program that identifies unprofitable Common School Fund properties and transfers them to other public agencies. The state appraises land, then buys replacement property at the same value that is "better suited to generating future revenue for common schools," according to the state's website. Today, as a result, Washington has transferred 112,000 acres out of the Common School Fund, taking widespread logging off the table and maintaining public access.

In 2015, Oregon Rep. Tobias Read, D-Beaverton, introduced a similar bill. Sen. Roblan said he supported the idea.

Elliott Forest: A Timeline

- 1859 - The Oregon Territory becomes a state, and the federal government grants the state 3.5 million acres of land for the purpose of funding schools.
- 1868 - A fire started near Coos Bay ripped for some 300,000 acres, one of the largest fires in Oregon recorded history. The blaze burned an estimated 90 percent of the Elliott State Forest
- 1911: Oregon Department of Forestry created, largely to control forest fires.
- 1930: State officially trades lands it owned within existing national forests to create one large block of land, which would become the Elliott State Forest.
- 1955: State legislature creates a fund for money collected from timber sales on the Elliott.
- 1962: The Columbus Day Storm blows down an estimated 100 million board feet of timber. The state builds more than 175 miles of roads in the forest to get to fallen timber.
- 1990: Northern Spotted owl listed as a threatened species on Endangers Species List
- 1991: State land board directs forestry department to develop a long term plan to manage the forest.
- 1992: Marbled murrelet listed as a threatened species under the federal Endangered Species Act.
- 1994: Forest management plan approved for the Elliott State Forest.
- 1995: Habitat conservation plan approved by U.S. Fish and Wildlife Service with focus on owl, murrelet
- 2008: Conservation/environmental interests file a lawsuit against the USFWS, alleging the Elliott HCP is unlawful.
- 2009: Activists block a road in the forest to stop a sale in the Elliott.
- 2011: State Land Board cancels the HCP and adopts a new Elliott Forest Management Plan, resulting in dismissal of 2008 lawsuit.
- 2012: Cascadia Wildlands, Audubon Society of Portland and Center for Biological Diversity sue to stop logging in the Elliott, alleging endangered species act violations related to marbled murrelet habitat.
- December 2013: State Land Board approves the sale of 1,600 acres (three parcels) within the Elliott State Forest.
- Feb. 2014: The 2012 lawsuit is dismissed after state makes changes to murrelet conservation policy. State cancels 28 timber sales on the Elliott and other state forests.
- April 2014: Cascadia Wildlands, Audubon Society of Portland and Center for Biological Diversity sue the State Land Board to stop one of the three Elliott parcels approved for sale in 2013.
- May 2014: State starts "Elliott State Forest Alternatives Project," to determine options for the forest going forward.
- Aug. 2015: State Land Board directs Department of State Lands to start a plan for transferring ownership of the forest.
- Nov. 15, 2016: Bids for the forest are due.
- Nov. 16, 2016: State will reveal number of plans received and the lead participant.
- Dec. 13, 2016: If the state receives more than one bid of the property, the land board will decide which plan to move forward with, whom to sell the forest to.

It went nowhere.

Read, who is Oregon's Treasurer-elect, said he isn't sure whether the trust land transfer plan is the right call for the Elliott. But he hopes to spark a discussion about adding other tools to keep money flowing to the school fund - other than liquidating it.

"Honestly, I think we didn't do enough pre-work to assuage everyone's fears," he said of the bill.

Roblan said the negotiations failed where they typically do - logging interests and environmental groups were too far apart. "It was really, really frustrating," he said.

Environmental groups have suggested the state issue bonds to cover the \$220.8 million sales price and keep the forest public.

But another option could be waiting across the Umpqua River. Jerry Ingersoll, supervisor for the 630,000-acre **Siuslaw National Forest**, said he would love to add the Elliott to the federal government's territory. They have the same population of threatened species - coho, spotted owl and murrelet - and the government has a proven 20-year track record of managing those animals and restoring habitat.

But the forest service doesn't have the money to make the purchase, Ingersoll said, and it would require an act of Congress to do so.

He hasn't had any conversations with elected officials. U.S. Rep. Peter DeFazio, whose district includes the Elliott State Forest, declined to comment for this report.

Road to extinction

The land, which was transferred from the federal government in 1930, doesn't have any campgrounds or formal trails. It's a popular spot for hunting and fishing, but the steep terrain is unforgiving and not easily accessible.

Despite recent stalls due to lawsuits tied to protecting marbled murrelet habitat, the forest has been logged for decades. Half the forest is younger second-growth trees and half is older growth that rebounded after an 1868 fire. According to a state analysis, roughly half of the land would be excluded from potential harvest even after a sale because of the regulations placed on logging near endangered or threatened species.

"It's a magnificent forest with some of the best habitat left in the Coast Range. it really is a treasure," Sallinger said.

Hunters are particularly worried they will lose access once the Elliot is privatized. The forest issue is the subject of some popular hunting videos and podcasts.

Tawney, with the backcountry organization, says concern over what happens to the Elliott and other public lands should be a bipartisan debate. "There couldn't be a better issue right now to unite our country," he said. "We all use public lands."

Not everyone opposes the state's plan.

Roseburg Forest Products, one of the region's most prominent timber companies, is one of 50 organizations that formally expressed interest in buying the land in December 2015.

Eric Geyer, the company's business development and external affairs manager, said the timber giant has no concerns about its ability to harvest even with restrictions tied to endangered or threatened species because it's already doing that.

"If you don't have it from a place like Oregon where we have very strong rules and we manage based on science," he said of timber production, "it's going to come in places like South America."

Roseburg Forest Products has 2,000 employees in Oregon and four mills in and around Coos and Douglas counties that have received processed timber or wood products from the forest in the past.

Geyer said it's frustrating for rural Oregonians to see a "lack of understanding" in Portland and other urban areas about what harvesting the Elliott would mean for those mills. "We're interested in strengthening those rural communities," he said.

Bob Ragon, executive director of the community-backed [Douglas Timber Operators](#), said that for years he wanted the state to hold on to the land and manage it. That's no longer possible, he said. He agrees with Geyer that increased logging "would be a nice boost" to Coos and Douglas counties.

He disputes the argument that hunters or the public would miss out by selling the Elliott.

"The spotted owls are completely gone, yet we're still pretending that it's an endangered species and we need to protect them," he said. "They're on the road to extinction."

He sees little benefit in transferring the forest to the federal government to retain public access.

"We already have thousands and millions of acres in this state which are governed by federal management where nothing is happening. I don't think we need any more of it," he said.

What happens next

It's too soon to tell how the State Land Board will vote, or even if it will. If the state receives only one qualified bid Wednesday, the Department of State Lands could sign off on a sale without going to the land board for approval.

If the state accepts one of the bids, it could draft an agreement with a buyer in February and potentially close on a deal next December.

The issue is also complicated because none of the three board members can discuss the land deal with the other, unless it's in public. Two voting members constitutes a quorum.

Atkins, who is retiring at the end of December, said she has reservations with the dynamic of selling public land to pay for schools. She thought the trust land transfer issue "deserved a harder look" from lawmakers in 2015, who "let it slip away." But she's not willing to wait without signs of another plan.

Wheeler, the incoming mayor of Portland, declined an interview request but issued a statement: "We heard loudly and clearly that the public wants environmental assets and public access protected, and also more economic opportunity for rural Oregon." Wheeler said he hopes at least one of the bids will "do all of the above."

Brown said she's not concerned about vagueness of protections for endangered species, or public access. She called those requirements a "floor."

Fresh off her election victory, Brown feels she has the support of Oregon's environmental community. She said she's open to the idea of removing the forest from the Common School Fund, but that it's up to the Legislature or environmentalists to propose an alternative - not her.

"I'm open to other solutions, but just saying no is not an option."

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