MINUTE ITEM

2/79
Shimer

19. REPORT ON ALTERNATIVES FOR MANAGEMENT OF TIMBER RESOURCES ON STATE SCHOOL LANDS - W 21630

During consideration of Calendar Item 19, Mr. James F. Trout, Chief, Land Management and Conservation, pointed out that the State has nearly 100 million board feet of merchantable timber. Currently, any timber harvesting is done on an as-needed, as-available basis, mostly due to forest fire or insect infestation.

Since federal funding will not be available to continue the Commission's present reforestation project, staff suggested the Commission approve an endorsement for the management of forest resources on state school lands, including the annual harvesting of mature timber and expanding timber sale activity for the purpose of increasing revenues. Three positions would be required at a cost of $100,000 per year, however, timber harvesting would produce a short-term yield of several million dollars for the first several years and a sustained revenue of half-a-million dollars per year.

Chairperson Cory then raised some question as to whether the public had been informed of the Commission's plans due to the environmentally sensitive aspects of harvesting timber on lands held for the public trust, and for those people who think this might not be a good idea. Mr. Trout responded that many of the environmental groups receive the Commission's monthly agenda, but the specific project was not discussed with anyone in particular.

Therefore, Calendar Item 19 was deferred until the public had been given notice of the Commission's intentions regarding timber management.

ATTACHMENT: Calendar Item 19

CALENDAR ITEM

2/79
W 21630
Shimer

19.

REPORT ON ALTERNATIVES FOR MANAGEMENT
OF TIMBER RESOURCES ON STATE SCHOOL LANDS

At the August 1978 Commission meeting, Calendar Item No. 32 was submitted with a staff recommendation that the Commission endorse an expansion of timber harvest activity on State school lands. Although the item was approved by the Commission, Mr. McCausland requested additional information from the staff to support such a program. On December 1, 1978, a report with background and alternatives for management of the forested school lands was submitted to each Commissioner. A copy of this report is attached hereto as Exhibit "A". Since the writing of the report, the chances of a renewal of the Watershed and Forest Rehabilitation Grant beyond June 30, 1979 appear dim, rendering that element of the alternatives of lesser consequence. A seventh alternative, not discussed in the report, would be to embark on a program to dispose of forested school lands through sale or exchange.

To summarize, present information indicates that 60 to 70 parcels of school land support stands of merchantable timber totalling approximately 100,000,000 board feet. Harvest of these old growth stands where environmentally proper and in accordance with forestry practices based on sound scientific principles should result in long term annual revenues in excess of $500,000. With an increase in the resource base through indemnity selection and exchange, the annual revenue from timber harvest could be substantially increased.

Due to the limited probability of the continuation of the Watershed and Forest Rehabilitation Project extending beyond June 30, 1979, the management alternatives appear to boil down to:

A. Continue custodial control and defer active management pending further study or final disposition of school lands and their resources.

B. Increase the intensity of resource management including harvest of old growth timber that would provide for increased growth and more efficient utilization of the soil resources.

C. Embark on a program to dispose of forested school lands through sale or exchange.

Based upon the information contained in the attached report, it appears that alternative B above (alternative 3 of the report), increased resource management, would best fulfill the immediate needs of the State as to annual revenue and a continued supply of forest products.

EXHIBIT: A. Alternatives for Management Timber Resources on School Lands.

IT IS RECOMMENDED THAT THE COMMISSION:

1. ENDORSE MANAGEMENT OF FOREST RESOURCES ON STATE SCHOOL LANDS THAT WOULD INCLUDE ANNUAL HARVEST OF MATURE TIMBER TO THE EXTENT STAFF IS CURRENTLY AVAILABLE OR MAY BE INCREASED IN THE FUTURE AS CONDITIONS WARRANT.

2. ENDORSE A REQUEST FOR THE 1979-1980 BUDGET FOR 3 NEW POSITIONS TO EXPAND TIMBER SALE ACTIVITY ON STATE SCHOOL LANDS FOR THE PURPOSE OF INCREASING REVENUES.

EXHIBIT A W 21630

Alternatives for Management of Timber Resources on School Lands

Presented to

The State Lands Commission

by

The Division of Land Management and Conservation

December 1, 1978

CALENDAR PAGE 112
MINUTE PAGE 306

Background and Resource Identification

The timbered lands under Commission jurisdiction are a portion of the approximately 1,500 parcels of scattered, largely remote and inaccessable school lands totaling 600,000 acres statewide. Over 500,000 acres of this total are in desert areas. The remainder, largely brush covered but with some timber, are scattered throughout mountain areas in both northern and southern California. These lands represent the remnant of the identified school lands and lieu lands after 120 years of disposal. They were the poorest and least likely of the 5 million acre land grant and poor soils, inaccessability and steep and broken topography are typical characteristics. However, over the years, logging or other development on nearby properties has now made access to many of the parcels economically feasible. Recent preliminary map and airphoto work indicates that portions of up to 100 parcels of school land in 12 Northern California counties may contain stands of timber. These parcels range in size from 40 to 640 acres and total around 30,000 acres. About one-half of this total acreage is estimated to have poor soil or is too steep or rocky for commercial timber growth. Of the remaining 15,000 acres, 3,000 are currently not stocked with trees and 4,500 acres probably contain understocked stands of

5,000 board feet per acre or less. The remaining 7,500 acres are believed to contain operable stands of predominately old growth timber. These stands, covering areas of 5 to 500 acres within probably 60 to 70 of the school land parcels, are estimated to support a current merchantable volume of 100,000,000 board feet. Less than 20% of these parcels have legal access rights. The total value of the old growth timber is estimated at 8 to 10 million dollars and the land and residual timber value is estimated to be an additional 3 to 5 million dollars.

The school lands within National Forest boundaries contain a large proportion of the State's timber. Proposals for exchange of these parcels with the U. S. Forest Service to block up Mountain Home State Forest have been advocated since the 1920's. Considerable work was done in the 1940's and 1950's on this exchange and it has been worked on sporadically since that time. To date, no parcels have been exchanged because the State and U. S. Forest Service have never been able to agree on values. Because the valuation problem lies mainly in the volatile nature of the timber market, tentative agreement has recently been reached whereby only cutover or non-timbered parcels will be used for the Mountain Home Exchange.

Preliminarily, it is estimated that of the 15,000 acres capable of supporting commercial timber, 5% are Site I and II, 25% are Site III, 50% are Site IV and 20% are Site V. These classifications are measures of productivity that can be related to the volume of wood growth. Using these site class estimates, it is predicted that an average annual growth rate of 200 board feet per acre can be expected on this 15,000 acres when the old growth is removed and the land is fully stocked with immature timber. This is a total annual growth of 3 million board feet. Based on this, the lands could support an average annual harvest of 3 million board feet in perpetuity.

Harvest in "old growth" timber stands could proceed at an estimated 3 to 5 million board feet per year. Harvest in "old growth" stands is not necessarily limited by growth rates because the initial goal is to convert the "old growth" stands into faster growing stands of younger trees. The limiting factors foreseen in annual harvest in the "old growth" stands is the time needed in acquiring access, running property lines, marki g timber, preparing and circulating environmental documents and control of logging operations.

As earlier stated less than 20% of the timbered parcels have public access. The remainder would require access agreements across private and other public lands. Access requirements would probably range from agreements through which the State's timber purchasers would pay an appropriate road use fee to a private landowner to situations where the State would make an outright aquisition through purchase or exchange of road rights. (The Attorney General's Office has given informal concurence for the practice of exchanging road rights as a means of benefiting school land parcels.) The advantage of the State acquiring access is that it can be expected to increase the amount a purchaser would bid on the State's timber and should pay for itself in increased revenues. Once obtained, this access will also increase the State's land value and benefit the public by opening these parcels to recreational and other uses.

Access to many parcels can probably be acquired through exchange but in many cases outright purchase might be the only means of obtaining the rights required. To fund these acquisition costs, as well as such possible costs as replanting cutover areas, it is suggested that legislation be endorsed that would provide a School Land Betterment Fund. Money for this fund could come from a percentage of timber sale receipts. However

it is suggested that this fund could be expanded by including all or a portion of the revenue from the sale of school lands within Military Reservations and National Parks. Such legislation is not necessary to the alternatives presented in this report. The many years of costly appraisals and negotiations that have been spent in pursuit of exchanges that have been largely futile, indicate that it might be preferrable to obtain cash rather than other federal property in these instances. The value of State lands within Death Valley, Joshua Tree, Chocolate Mountains, Mojave "B" and Fort Irwin is about 3 million dollars. A fund of this size could benefit many programs on school lands including access for timber and mineral development, fencing and water developments to increase grazing capacity, reforestation and timber stand improvements.

Should the Commission decide not to become committed to a program that would include right-of-way acquisition, a timber sale program on a more limited scale could still be accomplished. Several parcels have public access and for many others temporary access for timber harvest could probably be obtained at a relatively small reduction in revenue.

Present and Past Management of Timbered School Lands.

At present and in the past, the Commission's management has been custodial only. The lands have been held for exchange of one sort or another since the 1920's. Recently laws have been passed allowing the exchange of the lands to benefit the State Park System. The lands used for this purpose do not bring a fair price because there is no competitive bid procedure. The lands acquired are of such a low priority with Parks that there is no attempt made for a money appropriation.

Other activities are on a "have to" basis primarily being salvage sales after a fire or insect loss. Other activities have been oppotunity sales in conjunction with right-of-way transactions or timber contiguous to other private or public sales.

Impact of a Timber Management Plan on Future Options of the Commission

Whether or not the Commission adopts a policy of retention, consolidation or sale of the remaining school lands, it makes good business sense to harvest old growth timber from those stands that can economically

be logged. Most of the present merchantable timber is in "old growth" stands. In the "old growth" condition, volume loss through decay in older trees generally cancels out (sometimes exceeds) the volume added by new growth. For this reason, more productive use can be made of the land asset by selectively removing older trees in stands with zero growth and converting them to stands with positive net growth on smaller, young trees. Cutover lands containing growing, younger trees are highly marketable even though the next harvest may be many decades away. Therefore, if in the future the Commission decides to adopt a policy of school land disposal, there would be no loss in revenue and in the meantime the sites will become more productive. Also a timber harvest program will help alleviate losses through decay, fire and trespass for which there would be no revenue. If the lands are to be retained in State ownership, the cutover young stands could be expected to come into maturity in a staggered pattern over the years. With the timber stands then in net growing condition, the average annual harvest could be tied into potential net growth.

Alternative Timber Management Plans

The staff perceives the alternatives regarding the management of forested school lands to be:

1. Continue custodial control. Attempt to salvage timber damaged by fires, insects and disease on an emergency basis and attempt to collect damages from trespasses. This can be done by existing personnel at the expense of land consolidation and other similar work.

2. Explore entering into a management agreement with the Department of Forestry. CDF is not now staffed for this increased workload and would have to increase staff at least as much State lands would to handle it. Should CDF attempt to program it would require considerable title, boundary and engineering work of the Commission's staff.

3. Increase the forestry staff by one and drop the reforestation program under Title II, Public Works Act. This would provide three people to work full time on timber sale preparation and control and acquisition of access. This would provide manpower for an annual 3 to 5 million board foot harvest valued at $500,000 or more.

4. Increase the staff by 3 and keep the reforestation program. This would produce the same results as alternative 3, above.

5. No increase in staff but drop the reforestation program. This would provide 2 people for timber sale preparation and control and acquisition of access. This would provide for annual timber harvest of 1 to 3 million board feet valued at $150,000 to $300,000.

6. Continue with the reforestation program until its expiration in 1979 (or in 1981 if the grant application is approved). Then with existing personnel launch a somewhat limited timber sale program as in alternative 5, above.

CALENDAR PAGE 121
MINUTE PAGE 315