

Q&A: The Arch Cape Forest

April 1, 2022

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Members of the Arch Cape community asked the following questions at a recent Town Hall meeting held in person at the Arch Cape Fire Hall and virtually via Zoom. If you missed the Town Hall, a video recording of the meeting is available at the Arch Cape Forest website (archcapeforest.org).

Recordings of previous Town Hall meetings for the Arch Cape Forest are also available at archcapeforest.org and on the Arch Cape-Falcon Cove Beach Community Club website (acfccommunityclub.com).

For more information about the forest, including the Multi-Resource Management Plan developed by the Forest Management Committee, a baseline financial plan, and project timelines, please visit the Arch Cape Forest website (archcapeforest.org).

Answers to the following questions are provided by board members of the Arch Cape Water District, and its partners, including Katie Voelke, Executive Director, North Coast Land Conservancy; Ben Hayes, Principal Forester, Springboard Forestry; and Ben Dair, Senior Conservation Finance Manager, Sustainable Northwest.

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FOREST MANAGEMENT

OPERATING PLAN

Q: Does the community have a say as to whether the forest is logged or not?

A: Yes. The community has had a say in the Arch Cape Forest since 2016 when the project began.

The Water Board is made up of Arch Cape residents and ratepayers. Monthly meetings welcome the public and their input. The Board also welcomes written and phone call comments and questions.

The Finance Committee and Forest Advisory Committee are also community members and ratepayers, both residents and vacation homeowners.

The board welcomed public comment during the Forest Management Plan process (6 months in 2021) and continues to invite it. Numerous town halls have been held over the past five years.

Historically, tours were also conducted and, as Covid wanes, will occur again soon. The public is invited to read the periodic Arch Cape Forest News mailings, follow the Arch Cape Forest Facebook page, and visit ArchCapeForest.org.

Q: I've heard two things: One is about the ecological approach to the forestry. The other is about the needs of the water district to have income for operations of the forest. Are those two things in conflict?

A: They are not, although there is a clear tension here. In some stands (i.e., areas of the forest) there is strong alignment between ecological forestry and generating revenue. In other areas, one value drives the treatment more than the other. Areas that are steep or near streams are not included in any harvest plans.

Q: Are you planning to clear-cut the forest?

A: No.

Q: Is all the logging that will be done be selective thinning vs clear-cutting?

A: Please see pages 39-48 of the adopted Multi-Resource Management Plan at archcapeforest.org.

The logging is selective, a combination of thinning, variable retention, and group selection (small patches). A variable retention harvest can have up to 70-80% volume removal, while retaining both dispersed and clumped trees. These are not clear cuts but are visually noticeable. The larger the area harvested; the more tree retention required.

During storms, trees will also blow down in some of these areas, which is a natural part of how forests mature. Many of the forests currently on the Arch Cape Forest are unnatural, meaning they were planted by humans and are unnaturally dense, even-aged forests with little to no species diversity.

These harvests are intended to increase species diversity, create forests with multiple ages of trees, and improve the long-term ecological resilience (ability to recover from disturbance) of the forest.

Q: Even if it isn't "clear-cutting," when you remove 62% of this forest, it will cause a rise in CO2 and dry out and heat up our remaining forest which will increase our wildfire risk. What are you planning on doing to counteract that?

A: There is no plan to remove 62% of the forest. Over the next 50 years, an estimated 62% of the forest would receive some type of treatment, which could include thinning, group tree selection, or variable retention harvests.

In the near term, this will both decrease the amount of carbon stored in the forest and cause some small stands to retain less moisture.

Over the long term, these treatments are designed, and have been shown through numerous studies, to increase forest health and resilience and to improve water quality and quantity.

There are certainly near-term tradeoffs when we are looking at developing a healthy, diverse and old forest over the next century.

Q: If these "cuts" are only meant to benefit the forest, why not do much smaller, slower cuts?

A: The cuts that have been proposed are smaller, less frequent cuts.

The current harvests are intended to generate revenue and to improve forest health. Harvests solely intended for forest health would be smaller but would still occur "up front" to increase the

financial feasibility and decrease the cost of treatment.

It is difficult, if not impossible, to attract contractors if a treatment is too small.

Q: Is the plan to do two years of logging and then not touch the forest for 25 years?

A: The plan is to do both forest reconstruction for resiliency and some timber harvest during 2023-2026. Then, stewardship activities, repairs and maintenance, primarily of necessary roads and drainage, for about 20-25 years, if sufficient funding is available for such maintenance costs. These activities would include pre-commercial thinning of trees that are 12-15 years old.

Q: Is it true that 62 percent of forest will be lost?

A: No. Sixty-two percent of the forest has been considered for some type of management over the first 50 years. This could include anything from thinning to group selection or variable retention harvests.

There are no clear cuts planned, although variable retention harvests can be visually arresting for a few years. Over the long term, they accelerate the creation of old-forest characteristics and function.

Q: How much of the 1,500-acre forest is actually able to be logged?

A: Industrial owners would log most of the 1,500 acres, down to minimum stream buffers required under the Oregon Forest Practices Act.

The Multi-Resource Management Planning process has identified just over one-third of the property as too steep or too close to streams to do any logging operations on, leaving approximately 1,000 acres where logging could theoretically occur over the next 50 years.

Q: Is the plan for logging to start in 2023?

A: Planned 2023 operations include selective logging, a combination of thinning, variable retention, and group selection (small patches) on less than 150 acres. Thinning of a 12- to 14-year-old replanted stand will also occur to improve forest health.

The acreage includes all of the near-term logging proposed in the financial plan.

Q: How much of the logging is resiliency logging? (Define “resiliency” logging)

A: Resiliency logging is designed to increase landscape-scale resilience. However, if there was no need to generate revenue, these harvests would be scaled back. Further analysis would be needed to determine the exact amount that would still occur, but a rough estimate is 40-60% of the presently planned operations are primarily for resilience.

This will be determined as operational plans are developed later this year. Please see pages 26-27 of the adopted draft Multi-Resource Management Plan at the Arch Cape Forest website (archcapeforest.org).

Q: What proportion of funds that we'll get from selling those logs will be going right back into our infrastructure, our management staff, the people that are running and managing the forest?

A: One hundred percent of any net revenue from Forest operations are to be reserved for Forest stewardship.

Roughly 30-50% of sale revenue goes back into infrastructure, management costs, and revenue to be used by the Water District. However, this is highly dependent on current log prices and logging costs (log prices are highly variable).

Q: Is there an opportunity to use ARPA funds to cover the significant cost of decommissioning as many roads in the forest as you could reasonably do in order to lower the overall annual maintenance costs?

A: Yes, that is currently planned. The Water District will also apply for grants in the future to continue decommissioning.

Q: What assurances, as taxpayers, do we have? Maybe in the form of a rate height cap, that would ensure our rate stability? How can we be assured that five years down the road our rates won't double or triple?

A: Oregon statutes provide for the public preparation of the annual budgets of domestic water supply districts by a Budget Committee, as well as elected district commissioners.

Q: Has the financial planning that we have done has been entirely outside of the rate structure of the district?

A: Yes.

Q: Can you provide additional information about logging costs? There's a reason we commercially harvest in clear cuts and it's because it's profitable. It's really hard to get money out of small-patch cuts and thinning treatments.

A: Correct. Clearcutting is much more profitable but not suitable nor appropriate for a domestic drinking watershed. These treatments are typically budgeted at \$175-250 / MBF logging cost, with some budgeted higher (very limited thinning treatments budgeted up to \$58/ton). This aligns with recovery basis timber sales sold by ODF and other local watersheds, using similar silvicultural prescriptions.

Q: When will the NDA for the sale of the property expire or what are the conditions in which it will expire?

A: At closing on the purchase of the property.

Q: Will Arch Cape Creek be included in this new management plan? There is a need to repair the stream set back areas upstream from the solid waste site.

A: A portion of Arch Cape Creek's watershed is owned by the Arch Cape Sanitary District, to a small extent, and North Coast Land Conservancy, and is not in the Arch Cape Forest.

Much of Arch Cape Creek is owned by North Coast Land Conservancy and will be managed for conservation and restoration under their plans. The portion to be owned by Arch Cape would be covered in the multi-resource management plan.

CHEMICALS

Q: How can we avoid using chemicals and sprays?

A: Please see pages 56-57 of the adopted draft Multi-Resource Management Plan at the Arch Cape Forest website (archcapeforest.org).

The Forest Management Plan already prohibits the use of chemical herbicides and pesticides in the Arch Cape Forest, in most cases. Unlike under previous owners, there will be no aerial chemical spraying or roadside spraying.

Chemicals would only be used in extreme cases on invasive species, with board approval and includes the opportunity for community input. Shade and healthy forests are the best tools for fighting invasive species, and there are other non-chemical tools for fighting invasive plants (mowing the roads, for instance).

We do not anticipate any chemical use, and plan to rely on other tools for managing issues. In particular, using forestry that has minimal soil disturbance will be important for keeping invasive plants from spreading.

Q: Is the spraying of chemicals consistent with the aims of a more natural forest?

A: No. Chemicals would only be used in extreme cases where an invasive species threatens the health of portions of the forest or provide a direct threat to water quality, with board approval. Shade and healthy forests are the best tools for fighting

invasive species, and there are other non-chemical tools for fighting invasive plants (mowing the roads, for instance).

We do not anticipate any chemical use, and plan to rely on other tools for managing issues. In particular, using forestry that has minimal soil disturbance will be important for keeping invasives from spreading.

Q: If it's decided that spraying may need to be done, how is that decision made, and will there be opportunity for public input?

A: Please see pages 56-57 of the adopted draft Multi-Resource Management Plan at the Arch Cape Forest website (archcapeforest.org).

Any spraying would be the result of identifying an extreme invasive issue, discussing with the advisory committee, presenting to the board, and soliciting public input both in writing and during the public board meeting.

The public is also able to comment on all forest treatments (regardless of the owner) through the Oregon Department of Forestry's FERNs system.

RECREATION

Q: Are all community forests open to the public? Can it be for community use only? Are we obligated to open up this land to recreation based on current structure?

A: There are a wide range of recreational approaches to community forests. A public process managed by Arch Cape, NCLC, and Greenwood Resource and with support from the National Park Service is intended to help Arch Cape find a balanced and thoughtful approach to public access.

There is not a mandate to open it up to recreation. However, it has traditionally been open to recreation. It is not feasible to provide access only to a select group of community members.

The obligation for “recreation” is because (1) the Water District proposed the Arch Cape Forest project to the County, the State legislature and U.S. Forest Service Forest Legacy program as including “recreation,” and (2) most of the community wants to be able to access the Forest for “recreation.”

There is a desire to continue to allow public access, but a clear tension between allowing access and promoting recreation. The public planning process is what the community can count on to provide input and guidance to what is and is not allowed on the property.

Q: Has the board thought about potential liabilities associated with public recreation?

A: The board has considered liabilities associated with public recreation. To a limited extent, these risks are discussed in the Multi-resource Management Plan. Additional thought and assessment are being conducted as part of the recreation planning process.

The State of Oregon applies what is called “recreational immunity” when a landowner opens up their land to recreation for free. If the owner charges an entrance fee, then they might have liability.

Q: I'm really concerned about when we get to the recreation in the forest. Will the community have an opportunity to be part of that process?

A: Yes, the public has an opportunity to be a part of the process beginning this summer.

Public access and recreation will be addressed through the development of the Public Access Plan through an engaging, public process. Meetings to receive public input on recreation will begin this summer, with assistance from a grant received by NCLC through the National Parks Service Rivers, Trails and Conservation Assistance Program.

For more info on the program visit:

<https://www.nps.gov/orgs/rtca/whatwedo.htm>

It is important to note that recreation is not new to this forest. It is currently used by hikers, bicyclists, foragers, and hunters.

Q: Will there be a sunset clause put into the agreement so that if the types of use and the amount of use is substantially different from what is forecast, there's an opportunity to revisit it and make the changes necessary?

A: There is no “sunset clause” in that our grant funding, which obligates the District to submit and comply with a “Multi-Resource Management Plan” in perpetuity.

The management plan must be re-visited and updated every 10 years, with a full stakeholder engagement process. In addition, every single treatment requires stakeholder input and board approval.

The Forest Legacy grant requires that the deed permanently include language about how the property will be managed, such as:

“The establishment of this property will provide public benefits by preventing conversion of forest land and forest resources; protecting and enhancing water quality and water supplies; protecting wildlife habitat and maintaining habitat connectivity and related values to ensure biodiversity; protecting riparian area; maintaining and restoring natural ecosystem functions; and maintaining forest sustainability and the cultural and economic vitality of rural communities.”

Q: If the forest is open to the public, where will people park?

A: A public process managed by Arch Cape, NCLC and GWR, and supported by the National Park Service, will support Arch Cape in finding a balanced and thoughtful approach to public access. This summer, the Advisory Committee will address recreation uses and conservation. The recreation element of the Management Plan is just starting. Public input continues to be welcome in 2022.

The obligation for “recreation” is (1) because the Water District proposed the Arch Cape Forest project to the County, the State legislature and U.S. Forest Service Forest Legacy program as including “recreation” and (2) because most of the community wants to be able to access the Forest for “recreation.”

There are currently no plans to change the current allowed public access. The forest has been open to the public for at least the last 20 years and right now there are no plans to limit or prohibit current allowed use. The planning process will be what eventually addresses any changes.

There is an expressed community desire to continue to allow public access, but there is a clear tension between allowing access and promoting recreation. The public planning process is what the community can count on in order to provide input and guidance to what is and is not allowed on the property once under Arch Cape ownership.

WATER

Q: Is the 1,500 acres some magic number or is the actual watershed less than a hundred acres?

A: The property for sale, and subject to our Option, is 1,440 acres. The actual watershed is smaller than that but extends into the full parcel that is available for purchase (725 acres).

Q: When we buy the forest, how much better, how much more water are we getting? How much cleaner water? Is there any quantification?

A: Please see pages 19-30 of the adopted draft Multi-Resource Management Plan at the Arch Cape Forest website (archcapeforest.org).

Scientific research from throughout Oregon tells us that Arch Cape will have higher water quality and increased water quantity over time with water district ownership and responsible management focusing on drinking water.

For example, recent EPA studies show that there is a minimum of a 30% increase in summer stream flows in western PNW forests that are on an 80-year harvest rotation compared to a 40-year harvest rotation.

Q: As we log/thin the forest, there’s more stormwater runoff that is going into our collection system, a system that already has a huge stress on it. What are the implications of increased Infiltration & Inflow on our sewer district and what are other implications that we would have of this forest on the water district and the sewer district and the current operations to get that right?

A: Runoff from the forest does not go through the stormwater system, it goes into streams and creeks.

Thinning typically does not increase peak flows, but we could see short-term increases from variable retention harvests. Over time, however, these treatments actually decrease peak flows.

Logging activity done by the District will be on a far smaller scale than any traditional industrial timber management company that has operated here in the past. The other implications of the Forest on the water district operations are set out in pages 19-30 of the adopted draft Multi-Resource Management Plan, which is available at the Arch Cape Forest website (archcapeforest.org).

LAND USE AND GRANT REQUIREMENTS

Q: What mechanism is there in the plan or the purchase agreements or elsewhere that binds future managers to the plans and limitations we are assuring each other about today? What happens if future board members and management of the water district decide to go a different way and manage this forest towards housing development or logging for profit?

A: The final Multi-Resource Management Plan must be submitted to and approved by the Oregon Department of Forestry and the U.S. Forest Service

and will be monitored by them for compliance, in perpetuity. See pages 16-17 of that Plan available at the Arch Cape Forest website (archcapeforest.org).

The USFS Forest Legacy funding can only be used toward “forestland.” It is a requirement of the grant that the property be managed as timberland and have a majority of the property covered in forest. There are no requirements that the operating plan include specific amounts of logging.

However, the District cannot donate the land to a conservancy or develop the parcels for housing development. The elected board could change future management within the constraints of the USFS Forest Legacy grant agreement and ARPA funds.

The Arch Cape Community has ongoing input through their voting for water board members and input through public meetings.

Q: What entity is responsible for providing oversight during logging to ensure that the plan is executed properly? Does that include boots-on-the-ground oversight or just administrative oversight?

A: Oversight is the responsibility of the Arch Cape Domestic Water Supply District, its directors, District Manager, consulting forester and Forest Management Committee, the Oregon Department of Forestry, and the U.S. Forest Service. This includes boots-on-the-ground oversight.

A consulting forestry firm will be selected by the Arch Cape Water District to provide a full suite of forest management capacities. This includes everything from planning and stakeholder engagement to boots-on-the-ground oversight of all forest management, including but not limited to any logging activities.

Q: Are the county and state grants viewed as matching funds to federal grants?

A: The Forest Legacy grants (\$3.5M) require that 25% of the acquisition project cost be from non-federal sources. The individual donor and county contributions qualify as non-federal.

Also, North Coast Land Conservancy is donating the value (land cost) of a portion of the Rainforest Reserve property, which was purchased using non-federal funding. These contributions will meet our match requirements.

The American Rescue Plan Act (ARPA) funding (\$2M through Business Oregon) does not have a match requirement.

Q: As I understand it, the forest service grant requires a local community match of 25%. How is this approximate \$1 million to be taken care of?

A: The required 25% match for the forest service grant has been covered in its entirety by the County’s contribution of \$250,000 to the purchase and a generous conservation easement (typically noted as a Notice of Grant Agreement on the title) from North Coast Land Conservancy upon a portion of its Rainforest Reserve.

The entirety of the \$1 million match needed is already secured. NCLC’s Rainforest Reserve project, due to the private funds raised and the adjacency and linkage to the Arch Cape Forest project, can be used as an in-kind match to satisfy this requirement.

Q: Critical to making this all work is \$2 million of our funds from the state of Oregon. Has that been contracted?

A: Not as of March 30, though contracting is underway and has been promised by April 12.

Q: Is the \$2 million required to use in creating jobs?

A: The project funded by the Oregon legislature for \$2 million is for a working community forest locally managed primarily for water quality and quantity

with recreation, conservation and economic benefits.

Although the project will undoubtedly provide jobs, its intent and eligibility focuses on being a natural infrastructure project which will provide the permanent protection of source drinking water and watershed quality.

FINANCIAL

Q: Once we get the forest, how are we going to afford to manage it? What are we going to do?

A: As reported, the Finance Committee estimated annual ownership cost (maintenance of roads and culverts, administration, etc.) at about \$60,000 per year (2021 dollars).

The Water District already has sufficient funds on-hand for this stewardship through about 2033.

Beyond 2033, the stewardship could be paid for by a combination of grants, donations, and endowments (resulting from donations), from a surcharge on ratepayers, from a property tax levy, or from timber harvest revenue.

The Water District seeks community consensus on a balanced mixture of voluntary payments, carbon credits, taxes and/or forest products revenue to cover stewardship costs.

Q: If we can obtain more grant money or raise more private donations or both, how will this increased funding be used?

A: Future grants and donations will be used for stewardship (e.g., maintenance of roads, culverts, administration) after 2033.

We have the funding needed to purchase the property and do some initial management activities, including road maintenance and forest thinning.

Our current financial plan assumes that we raise \$500,000 in private funding. Currently, we have

raised \$380,000. So, we need to raise an additional \$120,000 to meet our current obligations.

If we raised additional funding, we would look at reducing timber harvest.

Increased funding (grant or private donation) will be used to pay the ongoing management costs of the forest. It is estimated to cost \$60,000 to maintain and steward the forest, irrespective of any harvesting.

Funds raised to support this ongoing cost, either as a diminishing fund (spent out over time) or as an endowment, would both guarantee a high level of stewardship and decrease or completely remove any need to harvest timber to pay for stewardship.

Q: How much money we would have to donate to stop any commercial use of the land?

A: Zero dollars. The Water District has been awarded federal, state and county funds sufficient to purchase the Forest and thereby stop any commercial ownership.

Looking to the future, a rough estimate is that a \$1.5 Million endowment would provide sufficient stewardship funding to remove any need for commercial harvesting purely to generate revenue.

Q: The biggest question is: how much would it cost — through ratepayer or through donations — to not log it at all? Can we get an answer to this question? Why are we not voting on this? I think many of us would rather pay a bit more to not have logging and spraying here.

A: The Finance Committee estimated annual ownership cost (maintenance of roads, culverts, and administration) at approximately \$60,000 per year (in 2021 dollars). This could be paid from an endowment, a surcharge, and/or from grants.

An endowment for the long-term stewardship of the property would need to be approximately \$1.5 Million, which would guarantee a perpetual source

of stewardship funds and remove any financial need to log.

No public vote is called at this time because there is no pending request for taxpayer funding. See pages 45-46 and pages 56-57 of the adopted draft Multi-Resource Management Plan at the Arch Cape Forest website (archcapeforest.org).

Q: If ratepayers supported a surcharge on their water/sanitary bill to offset revenue logging, could that be an option? It appears that such a surcharge would be something like \$10/month. Is that correct?

A: Yes, covering management fees through a surcharge on water and sanitary bills would be an option. The estimated annual cost for management is \$60,000 per year. With the current number of hookups, this is estimated at about \$210 per year, per hook-up.

Q: How much in donations do you need before the ratepayers have to pay extra?

A: The current financial plan does not include rate increases.

As reported, the Finance Committee estimated annual ownership cost (maintenance of roads and culverts, administration, etc.) at about \$60,000 per year (2021 dollars). The Water District has already on hand sufficient funds for this stewardship through about 2033.

The Water District will seek further grants and voluntary donations for these costs in the future.

The Water District also seeks community consensus on a balanced mixture of voluntary payments, carbon credits, taxes and/or forest products revenue to cover stewardship costs.

Q: What are the odds of getting grant funding to fill that hole?

A: Future grant funding depends in part on the extent of local financial support. The Water District,

partnered with experts, will continue to pursue grants to reduce our financial obligations over time. We are confident that we will be successful if strategic about our applications.

Q: From a rate-payer perspective, are we financially better off having a commercial owner of this forest, since it will cost more now than before?

A: Ratepayers are not financially better off having a commercial owner of the forest. A traditional commercial owner would continue to intensively manage these forests. Over the past 50 years, this has created a financial burden on the Arch Cape Water District due to sediment from roads and harvest units, warm water temperatures, and low summer flows.

By owning the forest, the Arch Cape Community can decide what harvests do or don't take place, through an open and accessible public process. Over the next 100+ years, this is important as the water district seeks to provide reliable quantities of high-quality water to the Arch Cape community.

There are additional co-benefits such as aesthetics, habitat, carbon sequestration, and climate change adaptation.

When considering the costs of filtering and treating turbidity, and the potential for reduced water quantity, local ownership will cost less than commercial ownership. Please see pages 18-30 of the adopted draft Multi-Resource Management Plan at the Arch Cape Forest website (archcapeforest.org).

Q: What are the immediate and future needs of the water and sanitary districts, and what kind of rate increase (i.e., assessments, bonds) can we expect?

A: While unrelated to the forest, current and future needs of the Districts and rate implications are outlined in the Long Range Plans, which can be found on the District website: <https://www.archcapewater.org/finances>.

The Water District will need filtration membranes, new meter-reading hardware, and a south end reservoir tank. Rates will increase with inflation and potential borrowing for these capital improvements, but no assessments or bonds are planned.

PLEASE NOTE: The budget meetings for the upcoming year will be held on April 21, May 5, and May 19, 2022. The public is welcome and committee members are needed. Please contact the District office if you are interested in learning more or becoming involved.

Q: How do I get more information about the project?

A: Please visit the Arch Cape Forest website at archcapeforest.org and follow the project on Facebook at www.facebook.com/ArchCapeForest.

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