



PACIFIC FORESTS

PRIVATE FOREST ISSUES IN CALIFORNIA, OREGON, AND WASHINGTON

From Theory to Practice: Increasing Carbon Stores through Forest Management

By LAURIE A. WAYBURN, *President*

Forests are increasingly recognized as playing a key role in reducing carbon dioxide, the primary “global warming” gas. Creating a market for this service takes three main ingredients: a market framework, demand from willing buyers and supply from willing sellers. The Pacific Forest Trust has been working to secure all three ingredients. To be successful on a significant scale, the first requires a policy framework and political support. This establishes a fair playing field, defines the commodities (and their varying grades or qualities) that are to be traded, and implements a crediting system to reduce risk. PFT has been working extensively with Congress on possible incentives to encourage forest landowners to reduce atmospheric carbon dioxide through increasing carbon stores in their forests.

The second ingredient involves building the base of interested consumers: educating



Carbon forest projects yield multiple benefits for landowners and society alike. Increasing carbon stores on site is compatible with ongoing management for timber, but also increases return for greater retention and thus, conservation values. Older forests with greater inventories have greater carbon stores as well as habitat for many more old growth species currently at risk.

entities and individuals who wish to reduce CO₂ emissions about the options that forest conservation and sustainable management offer as avenues for effective CO₂ reduction and mitigation. PFT has been actively reaching out in this field, speaking with interested parties about the science and structure of forest carbon sequestration.

The third ingredient entails building up supply: helping private forest landowners understand the carbon dynamics of their forests, how to increase their forests’ stores of atmospheric carbon, and how they might enter the carbon market with high-quality domestic carbon credits to sell. PFT has worked with a number of landowners over the past few years to demonstrate potential gains to be achieved from permanently altering their land use and silviculture to increase carbon stores.

This article reports on PFT’s work over the last several months with MacMillan Bloedel, a Canadian industrial forest landowner, who wanted to understand how moving from their traditional clearcutting harvest regime to a variable retention harvest system would increase their carbon stores. They also wanted to see how they might translate these forest-based carbon gains into carbon credits that could be sold in the emerging carbon market. In partnership with the World Resources Institute, the project has yielded very interesting, positive results.

Encouraging Results

PFT’s analysis of potential carbon gains from a variable retention silvicultural system assumed that gains would be secured

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Increasing Carbon Stores through Forest Management, continued

permanently, through use of a conservation easement. Thus, not only would the forestland be protected from conversion to non-forest uses, but its management would also be permanently altered to increase carbon stores, ensuring that future changes in ownership or direction would not reduce those carbon gains. Carbon gains were projected out over a fifty-year time frame in order to assess them within the perspective of competitive economic returns.

As described below, we modeled the differences in carbon stores that would accrue under four types of variable retention silviculture and compared these with carbon stores resulting from clearcutting with no retention. In this analysis, an additional 32 million tons of carbon would be stored on site under variable retention harvesting over the fifty years. At a price of \$10 per ton of carbon (\$2.72/ton CO₂), this could yield more than \$53 million in the first decade of variable retention harvesting from sales of these carbon credits. At present stumpage rates for Douglas-fir and hemlock (the dominant timber species), this amount would more than offset foregone timber harvest income in the same time period.

These results suggest that other forestland owners might also be able to increase their carbon stores through changing their silviculture on a managed forest, and benefit from the financial return this move could provide.

How the Modeling Worked

PFT used its proprietary forest carbon model, STANDCARB, in this analysis. STANDCARB was developed with Dr. Mark Harmon

of Oregon State University to assess how forest carbon stores varied under different silvicultural systems implemented in stand management. The model incorporates a wide range of variables that affect forest growth, productivity and mortality. Ecological factors such as climate, soil texture, and aspect are included, as are species composition, growth characteristics (metabolism), mortality, and decomposition. Disturbance factors such as timber harvest, site preparation, and fire (both natural and as part of management activities) are also included in projecting carbon values.

The model uniquely combines ecological knowledge, such as how individual trees respond to increases in light and moisture from increased gaps in a forest (as from wind throw or harvest), with empirical data specific to a site, such as management and harvest history, specific forest composition and age classes, and regeneration practices.

Using both STANDCARB and the landowner's data on stocking, composition, growth and yield, we modeled carbon storage for post-harvest timber retention standards applied to the three main silvicultural zones on the holding: 5% and 10% for the Timber Zones, 15% for the Habitat Zones, and 67% for the Old Growth Zones. While each zone covers differing amounts of area, on a per acre basis the results showed consistent and very encouraging gains in carbon stores. For the Timber Zones, increased retention will store 14 tons more carbon per acre than clearcutting silviculture. The Habitat Zones will store 23.6 tons more carbon per acre. The Old Growth Zones will store 111 tons

more carbon per acre. On this property, Timber Zones cover the majority of the landscape, roughly 64%, with Habitat and Old Growth Zones each encompassing less acreage, roughly 22% and 14%, respectively. Overall, timber harvest would be reduced 8-9% in the time period, and carbon gains would increase by 5%. Changing the retention standards to higher levels or increasing the amount of area under higher retention standards would increase carbon gains significantly.

This analysis was based on the three key principles of project structure that PFT uses to ensure the credibility of the resulting carbon credits: permanence, additionality and verifiability. The underpinning of the analysis is that gains will be permanently ensured through use of a conservation easement that will dedicate the land to forest use and to sustainable forest management, with established performance goals for silviculture. Additionality is ensured by the easement as well, making the changes in management goals permanent and above prevailing norms. Verifiability is ensured through use of well-documented data on the forest type, state-of-the-art scientific modeling built on decades of published research, and annual third-party monitoring required by the easement.

Similar to the high quality carbon credits currently available from projects such as those in Costa Rica, which are either derived from permanently dedicated parks or permanently secured by conservation easements, the quality and quantity of this project's carbon credits would also be secured permanently. In addition to the clear public benefits of such permanent gains, the mechanism of the conservation easement also secures the legal tenure and longevity of the carbon credits, thereby mitigating risk to the buyer.

As next steps in this project, PFT is working with WRI and MacMillan Bloedel to explore a finer-grained analysis of these results, testing various assumptions and scenarios, as well as including further economic analysis. 🌿

Stewardship Forestry at Work: Case Studies in Excellent Forestry

The future of forests depends largely on the people who own and manage them.



The Parker family and their foresters, on the Parker forest: (L to R) Gwendolyn Dhesi, Lin Gill (forester), Adele P. Rodman, Peter Parker, Thembi Borras (forest technician) and Craig Blencowe (forester)

Many forest landowners know from years of hard work just how rewarding forest stewardship can be. Their long-term investments of time, money and personal commitment are cultivating forest ecosystems while generating attractive financial returns. Often, though, the stories of these landowners are lost in the controversies surrounding unsustainable forest management of others. PFT has been developing a set of case studies of forest management that is exemplary—both ecologically and economically. The resulting book, *Stewardship Forestry at Work*, is due to be published next year. Following is a preview of three of our case studies that show how ecologic and economic outcomes complement each other with high-quality, high-value forestry.

The Parker Family Forest

The Parker family bought more than 2,000 acres of redwood forest near Fort Bragg, California, in 1989. Heavily harvested several times since first cut in the 1850s, the forest's inventories had fallen to 10% of original stocking. The Parkers decided they could restore the forest and create a long-term investment asset by doing so. They developed an uneven-aged management plan that rebuilds inventory and structural diversity, with the goal of producing large-dimension, high-quality saw timber. In the process, habitat is also being restored and will be maintained. As Peter Parker says, "This restoration is also an economic investment." After a few years, the forest has consistently yielded profitable returns.

McIntosh Tree Farm

The McIntosh Tree Farm has been in family ownership for four generations. The forest is located in fast-growing Thurston County, among the most productive forest areas in Washington. As with many, this forest was initially cleared for agriculture. Realizing that the highest and best use of the land was, in



Bob McIntosh (far right) with his two foresters, Jack Winn and Mike Jackson (retired) on the McIntosh Tree Farm.

fact, forestry, the family has focused for more than three decades on restoring the forest and managing for high-value forest products. The family's long-time foresters, Jack Winn and Mike Jackson, have focused on harvesting defective or less vigorous trees, particularly those with root rot, and allowing for continued crown growth while maintaining natural composition. Small-group and single-tree selection leave trees and species resistant to root rot and prevent loss from windthrow.



Ted and Mary Brown relaxing on their Wisdom Creek Ranch.

Wisdom Creek Ranch

Ted and Mary Brown, pictured here, have owned and managed their 750-acre forest in Union County, Oregon, for almost half a century. They took a high-graded, overcrowded forest especially susceptible to fire, insects and disease, and restored it to health and vigor. The Browns used thinning to remove and prevent mistletoe as well as lessen fire risk. Harvesting the more shade-tolerant species more heavily, they have restored forest composition to one dominated by ponderosa pine interspersed with Douglas-fir, other firs and western larch. Ted manages the forest to resemble "old growth" conditions critical for habitat values. With well-spaced, fire resistant, large-diameter trees, he also yields high-quality lumber, gaining the value increment that larger trees yield—key to the Browns' economic returns from the property. 🌿

You can help protect the private forests of the Pacific Northwest

As 1999 draws to a close, keep in mind that the work of the Pacific Forest Trust is funded largely by charitable contributions. While we are grateful to the foundations that support particular aspects of our program, we depend greatly on the generosity of individuals and families who share our commitment to protecting the private, productive forests of the Pacific Northwest. Donations made to the Pacific Forest Trust are tax-deductible. Your contribution can help us continue providing conservation services to forest landowners as we enter the new century. Thank you!

Investment Opportunities In Sustainable Forestry

By CONSTANCE BEST, *Managing Director*

Forests are being simplified, fragmented and lost around the world at an alarming rate. The liquidation value of forests is high, creating a strong economic incentive for conversion. Further, financial markets reward short-term returns more than long-term ones. There is little in the economic status quo to encourage natural forest stewardship and the protection of biological diversity. Without strengthening and expanding the commercial success of sustainable forestry, it is unlikely the tide will be turned in the momentum of loss of primary forests and degradation of natural forests generally.

A New Business Model

Sustainable forestry represents a new way of looking at forests and forest management. Its approach seeks to protect and enhance the forest ecosystem, while profitably deriving goods and services that meet human needs. Sustainable forestry draws on the latest scientific knowledge of forest ecosystem dynamics and management, as well as an understanding of the spectrum of marketable forest products, including but not limited to wood. Sustainable forestry works with the complex—and sometimes chaotic—natural systems of forests rather than seeking to simplify them into a mechanical model. The sustainable forestry sector seeks to replicate the ecology of the forest in its own operations, emphasizing diversity, interconnectedness, feedback, adaptation and continuous improvement. This business model is to the conventional forestry business model what the information economy is to the industrial economy.

As *The Wall Street Journal* columnist Tom Petzinger, Jr., wrote in his book, *The New*

Excerpted from Opportunities for Investment: Capital Markets and Sustainable Forestry, by Constance Best, Pacific Forest Trust; with Michael Jenkins, Forest Trends, John D. and Catherine T. MacArthur Foundation, June, 1999. The full report can be obtained from Pacific Forest Trust.

Pioneers, “Until recently, businesspeople saw their worlds through the Industrial Age metaphor of the machine and built their organizations accordingly. Now, in irreversibly increasing numbers, they see business as more of a living system.” Ironically, for a sector built on the outputs of natural ecosystems, forestry is only now embarking on its own version of this widespread revolution in management.

The widening application of sustainable forestry holds great promise for the protection and improvement of biological diversity, fish and wildlife habitat, water supplies, carbon sequestration, recreation and forest-dependent communities around the globe. Combined with conservation of whole forest landscapes—including primary forests set aside from timber production, extensively managed secondary forests and more intensively managed plantations in previously deforested areas—sustainable forestry could provide the resolution to the long-standing conflicts between commodity production and resource protection.

Sustainable forestry emphasizes building and maintaining forest assets on the ground. Thereby, some near-term income is foregone in favor of long-term capital appreciation. Analyses suggest that the incremental difference in financial returns between the conventional and sustainable forestry business models could be made up by revenue generated through marketing value-added wood products, non-timber forest products, recreational opportunities, provision of clean water, long-term storage of atmospheric carbon and the conservation value of forests.

Scaling Up the Sector

There are a growing number of initiatives in the private and public sectors to implement sustainable forestry practices and expand the market for sustainable forest products. While the sector as a whole is young, commercial opportunities exist and are increasing all along the forest products value chain. Timely, strategic investment could strongly catalyze the sector’s growth.

For sustainably managed forests to be competitive with conventional forestry operations, expanded and better organized markets are needed for the diverse wood products, non-timber products and ecosystem services they provide.

To achieve wide-scale application, sustainable forestry requires successful examples of profitable and effective operations, at various scales, in major timber-producing and timber-consuming countries. The sector as a whole will gain momentum as success breeds success.

The combination of these factors can build the overall sector, improve efficiencies and likely yield returns from sustainable forestry comparable to those of the conventional forest products sector.

Wanted: Catalytic Risk Capital

To break through “business as usual” in the forest products industry and in the capital markets, catalytic risk capital must be marshaled to prove the commercial viability of innovation in forestry. A concerted effort on the part of interested investors—philanthropic, public and private—to provide appropriate R&D, seed, early stage and expansion capital to sustainable forestry would catalyze its growth to a broader commercial scale.

Timely, strategic investing of relatively small amounts of capital has the potential to fuel the growth of young sustainable forestry enterprises, hastening their capability to mobilize larger, conventional capital flows.

Each major source of capital has specific opportunities:

Philanthropies committed to sustainable forestry and conservation can utilize both the grant-making and investment sides of their institutions. Grant-making, program-related investments and corpus investments can all support non-profit and for-profit sustainable forestry initiatives and enterprises.

Public agencies and institutions can help to broaden the implementation of

sustainable forestry through direct appropriations, grant-making, low-cost financing, educational training, technology transfer programs, loan guarantees, low-cost insurance underwriting and public policy initiatives.

Private investors can make debt or equity investments in the R&D, start-up, early stage and expansion of sustainable forestry ventures. Commercial banks can provide targeted lending for sustainable forestry.

A Rewarding Approach: Joint Ventures

Given the social and environmental goals of sustainable forestry and the early stage of many sustainable forestry investments, the sector currently lends itself to pooling of investment capital in public-private-philanthropic partnerships. Lead investing by philanthropies and public agencies, including international development institutions, is critical to this stage of development of the sustainable forestry sector. Co-investment with private sources will mitigate risk that inhibits conventional capital flows.

Innovative investment joint ventures can provide sustainable forestry companies with a variety of financing mechanisms appropriate to different stages of development and different capital needs (from grants to export insurance to mezzanine finance). They can also provide industry expertise and other technical assistance in addition to capital.

Areas of Opportunity

We have identified five areas of strategic investment opportunity to leverage the growth of the sustainable forestry sector:

- Forestland acquisition and management, especially of natural forests.
- Advancements in scientific silviculture and harvest systems.
- Improved technology for harvesting and processing.
- R&D in sustainable forestry products and development of market intelligence.
- Market-making for all sustainable forestry goods and services.

Investments in each area not only benefit that aspect of sustainable forestry, but

synergistically build the strength of the sector. Sustainably managed natural forests can provide a greater array than conventional forestry of goods and services that fuel other enterprises. Markets developed for value-added processed products feed back opportunities to forest managers. New markets for ecosystem services can pay for forest conservation efforts. Improvements in utilization of all wood reduce extractive pressures on natural forests while increasing profits to processors.



Sustainable forestry is a new business model that seeks to protect and enhance the forest ecosystem, while profitably deriving goods and services that meet human needs. It emphasizes diversity, interconnectedness, feedback, adaptation and continuous improvement.

Major structural changes in forestland ownership are underway, concurrent with the emergence of sustainable forestry. Already these changes have led to the disposition of tens of millions of acres, with more likely over the next few years. Forestland is moving from being held as an industrial or personal asset to a financial asset.

While such huge turnover may threaten vast areas of forest with conversion or more intensive harvest, this historic transition also holds many opportunities for the expansion of sustainable forestry, if committed sustainable forestry capital can be organized to take advantage of these dispositions.

Forest investment management organizations (FIMOs)—alternatives to existing timber investment management organizations (TIMOs) that represent institutional investors—need to be created to pool capital for the acquisition, conservation and sustainable management of forestland for timber and non-timber revenue sources.

In the crucial area of forestland acquisition, funds (or similar pooled vehicles) are an advantageous method of ownership. By holding interests in a portfolio of diversified forest properties, risk—natural, market and environmental—can be better mitigated. The creation of a variety of sustainable forestry investment funds may in fact be the most efficient way to organize capital flows into the many opportunities within the sector. For investors, funds provide:

- A means to leverage their own investments by co-investing with others.
- Potentially easier diversification within the overall sector.
- Management by professionals knowledgeable in the field with established intelligence networks, deal flow and due diligence capability.

For sustainable forestry companies, funds can open up access to investors who might otherwise be impossible to reach. Funds can also make fund-raising more efficient for companies, as well as provide access to needed expertise or business networks.

Building Momentum and Profits

By targeting investments to achieve the greatest strategic value in building this new sector, interested investors have the potential to profit while promoting the growth of sustainable forestry. By focusing catalytic investment capital on this sector at this stage in its growth, there is the opportunity for sustainable forestry to achieve the scale and momentum necessary to demonstrate its viability as an alternative to conventional forestry. With spreading commercial success and application on the ground, sustainable forestry offers the best means to conserve the world’s forests as well as continue to provide the goods and services that people need for coming generations. 🌿

Cutting Income Taxes While Protecting Your Forest

By DON DUPREY,
Oregon-Washington Field Director

In our last issue of this newsletter, we described the substantial estate tax benefits that are available to landowners who voluntarily place a conservation easement on their forestland. In this issue, we continue this discussion with a review of the income tax benefits that are available to the donor of a conservation easement.

Forestland owners who make a gift of a conservation easement to a qualified land trust during their lifetime are entitled to a charitable income tax deduction equal to the easement's appraised value. This value can often be considerable. The deduction may be claimed in the year the gift is made; any portion not claimed may be "carried forward" for five subsequent years, until the value of the gift is fully used. This is advantageous because an individual may claim no more than 30% adjusted gross income (AGI) annually. These limits may also affect a landowner's decision as to when and how to convey an easement.

The Merriweathers' Tax Savings

Using the mythical forestland owners who illustrated the benefits of conservation easements on estate taxes in our last issue, let's look at how their gift of a conservation easement would affect their income taxes.

You may recall that the Merriweathers, a 65-year old couple, own and live on 1500 acres of commercial forestland, the Foggy Hills Tree Farm. They have decided to place a conservation easement on their land that will prohibit subdivision of the property, allow a total of three homes, and limit timber harvesting to 20% of the land's merchantable inventory per decade. A qualified appraisal places the property's value at \$5,295,000. The easement reduces that value to \$3,420,000; the difference, \$1,875,000, is the value of the easement. Here are some income tax scenarios.

Individual Owners. Let's assume that the Merriweathers have an adjusted gross

income from timber harvests and other investments of \$250,000. Since their deduction is limited to 30% of their AGI, they may claim up to \$75,000 ($\$250,000 \times .30$) per year. If their income remains constant for the entire six-year period during which they may claim this gift, the total deduction will be \$450,000 ($\$75,000 \times 6$). Because they are in the 36% income tax bracket, their gift results in actual tax savings of \$162,000 ($\$450,000 \times .36$). While these savings are substantial, the donors have been able to use only 24% of the \$675,000 in total possible tax reduction ($\$1,875,000 \times .36$).

The Merriweathers could increase their tax savings by timing the gift to occur in a year when they expect greater-than-usual income, such as when they harvest timber or sell appreciated stocks. The greater income yields a larger deduction. The Merriweathers could also spread the easement over a longer period by initially transferring only a portion of their rights in the property (or all of their rights in a portion of the property). When the tax deduction of that easement has been used, the remaining rights would be conveyed in a second easement.

Partnerships and LLCs. The tax picture changes if, as part of their estate planning, the Merriweathers create a family limited partnership (LP) and convey Foggy Hills Farm to it through annual gifts of shares to various family members. (Conveyance to a limited liability corporation (LLC) would have the same tax consequences.)

Income received by an LP is passed through to its partners and then taxed at each partner's respective income tax rate. The income tax deduction resulting from an easement gift is also passed through. Consequently each partner may receive a portion of the deduction and use it to offset taxes from any source of income.

The Merriweathers' three children and their spouses are all partners in the LP. The children's aggregate AGI is \$500,000. With the partners' combined AGI of \$750,000, an easement gift could provide up to \$225,000 ($\$750,000 \times .30$) annually in

deductions. With more individuals and more income, LPs enable more of the gift's value to be used.

Combined Income and Estate Tax Benefits.

Finally, let's consider the combined effect of the income and estate tax benefits of conservation easements. The Merriweathers' total potential income tax savings would be \$675,000. As their estate would be taxed at the highest rate, 55%, a conser-

Proceeds from Sale of Portion of Property

Sale Price	\$1,875,000
Less selling costs (8%)	(150,000)
Sale proceeds	1,725,000
Less basis	(120,000)
Taxable gain	1,605,000
Less federal tax on gain	(321,000)
Net sale proceeds	\$1,404,000

vation easement could further save them \$1,031,250 ($\$1,875,000 \times .55$) in estate taxes, for a total of \$1,706,250. The gift of the easement, in short, could save them an amount equal to 91% of the easement's value in federal taxes alone.

Compare these tax savings with the proceeds if Merriweathers sold a portion of their property valued at \$1,875,000 (see box).

Net proceeds from the property's sale amount to 75% of its market value. The value of the easement gift, which produces federal tax savings of up to 91% of the property's value, not only exceeds that of the sale, but the Merriweathers continue to own the entire property. The sale, of course, conveys that land away.

Thus, the income tax benefits available through the gift of a conservation easement can be substantial, particularly if an owner considers the timing and structure of a gift as well as the various forms of ownership. By combining these with the estate tax benefits, an owner of conserved forestland can receive significant financial remuneration, keep the land as forest and keep it in the family. 🌿

Out & About

The Pacific Forest Trust staff have been giving workshops, presentations and public testimony across the country. Highlights from the last few months include: **Forests and Carbon Emissions Reductions:** PFT president Laurie Wayburn organized a briefing in April on the science of U.S. forest carbon flux for the Senate Environment and Public Works Committee on Senate Bill 547 (see *Pacific Forests*, Spring 1999). In June, she also gave a presentation on the same topic to the Progressive Policy Institute in Washington, DC, that was attended by 100 policy-makers. She continued serving on the Carbon Working Group for the World Bank CEO Forum on Forest Transformation. PFT Policy Associate Jay Chamberlin presented "The Pacific Forest Trust as a Model Program" at this fall's Montana Carbon Offset Coalition Conference.

Forest Taxation: Policy Associate Jay Chamberlin is representing PFT as a member of the "Dialogue on Forest Lands and Taxation" being facilitated by the Meridian Institute. The Dialogue includes representatives of environmental and conservation organizations, and industrial and non-industrial forest landowners.

Estate Planning for Family Forestlands: PFT Field Director Don Duprey was a featured speaker at two more of PFT's ongoing workshop series on estate planning. The recent workshops, in Eureka, CA, and Colville, WA, were co-sponsored with each state's Cooperative Extension.

Land Trust Alliance Rally '99: California Conservation Projects Manager Greg Hendrickson led a workshop with attorney Bill Hutton on "Advanced Legal Issues" for conservation easement practitioners at this year's Rally in Snowmass, CO. Jay Chamberlin led a session on "Land Conservation in an Era of Climate Change." PFT also organized the third annual panel discussion on standards for conservation easements on working forestlands.

Other Conferences and Events: Laurie Wayburn was the featured speaker at the Yale Forestry Forum on "Preserving Private Productive Forestlands." Managing

Director Connie Best was this year's speaker for 1000 Friends of Oregon's McCall Speakers Series in Ashland, OR, laying out "A Strategy for Conserving Oregon's Forests." She was also an invited speaker on "Partnerships for Rebuilding Ecosystem Wealth" at the California Biodiversity Council's June meeting in Mendocino County. California Field Director Dan Schlager spoke on "Conservation Easements for Working Forests" at the conference on Hardwood Management in Mixed Forests of Northern California, co-sponsored by University of California Extension, the Institute for Sustainable Forestry and Forest Landowners of California. Dan also spoke on the same topic to the USDA Forest Service Forest Legacy Program Managers Meeting in Denver, CO.

Accelerating Conservation of Private Forests

A group of major philanthropies has retained the Pacific Forest Trust to develop a strategy to guide their funding in the area of private forest conservation. Known as the Consultative Group on Biological Diversity, these funders are concerned about the threats from fragmentation, urban sprawl and development to private forests and their biological diversity. The project is being led by Connie Best and Laurie Wayburn, and includes contributions by Catherine Mater of Mater Engineering and Neil Sampson of The Sampson Group. An Advisory Group of 25 leaders in forestry, the forest products industry, non-industrial forest owners, conservation and sustainable development, forest agencies and academics are providing on-going review of the project's findings.

The resulting report will review the status and ownership of privately owned forests in the U.S., identify major threats to their existence and barriers to their conservation, and outline the suite of tools, programs and initiatives available to expand their conservation. In crafting a strategy for accelerating the conservation of private forests, we will be considering the roles of conservation easements, forest

certification, landowner co-operatives, development of markets for ecosystem services such as forest-based carbon storage, tax reform, the potential of emerging financial mechanisms and many other approaches. The strategy will help guide foundation support for efforts that seek to protect current forest extent and resources, reassemble the landscape, and rebuild forest integrity and biodiversity.

Welcoming New PFT Staff

Several people have recently joined the PFT staff, enhancing our capacity across program areas:

Jay Chamberlin is PFT's Policy Associate, focusing on creating incentives for forest conservation, primarily through developing a functioning market for forest-based carbon offsets. Jay holds a master's degree in resource planning from the University of Michigan. Previously, Jay worked for the National Parks and Conservation Association, as well as on several public-private conservation partnerships in Oregon and Washington.

Gregory Hendrickson is PFT's Conservation Projects Manager for California. A graduate of Hastings College of the Law, he comes to PFT from the law practice of Foley & Lardner. Greg brings considerable experience in managing commercial and real estate transactions and has authored several papers on tax aspects of conservation transactions.

Jason Perry is PFT's Program Assistant. A forestry graduate of the University of California at Berkeley, Jason provides support to PFT's research on private forest conservation and finance.

Daniel Schlager is PFT's California Field Director. With a law degree from Boston University and a master's degree in resource conservation from the University of Montana's School of Forestry, Dan will expand our forest conservation efforts in California. Dan comes to us from the Jackson Hole Land Trust, in Wyoming, where he was Assistant Director of Protection and Staff Attorney. 🌿

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THIS ISSUE ...

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- Cutting Income Taxes While Protecting Your Forest

Planning Your Forest Legacy

Your careful past forest stewardship deserves an equally careful plan for the future. What will become of the investments you have made in such an important living asset? How will your vision for your forest carry on? The Pacific Forest Trust can help you consider your alternatives, as a partner who shares your commitment to forests and forestry.

There are many tools you can use to shape your forest's future — charitable remainder trusts, life estate, private foundations, family limited partnerships — all of which can be combined with conservation easements for maximum benefit to you, your family and future generations.

If you would like confidential assistance in planning for your forest succession, call Dan Schlager, California Field Director at (707) 895-2090, or Don Duprey, Oregon-Washington Field Director at (206) 292-4747.

The Pacific Forest Trust

is a non-profit, 501(c)(3) organization that works to enhance, restore and preserve the private, productive forests of the Pacific Northwest, with a primary focus on California, Oregon and Washington.

The Pacific Forest Trust is:

- a specialized land trust for working forestlands
- an information, education and research center for stewardship forestry
- a policy institute promoting incentives for long-term forest stewardship.

A collaborative, problem-solving organization, PFT works with landowners, forest managers, public agencies, and others to sustain private forestlands for the wealth of goods and services they provide.

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