



# PACIFIC FORESTS

PRIVATE FOREST ISSUES IN CALIFORNIA, OREGON, AND WASHINGTON

## \$5 Million Grant to the Pacific Forest Trust Launches the “Strategic Opportunities Conservation Fund”

Privately owned forestland in the U.S. is changing hands more rapidly than ever before. As ownership of both industrial and non-industrial holdings shift, there is increasing risk of losing larger, well-stocked, productive forests. In the last decade, about 28% of U.S. industrial forestland has been sold, as publicly traded forest product companies have sought to realize market value for their forest holdings. Forests owned by families and individuals are likewise in transition, with aging owners facing serious “succession” challenges. Estate tax issues, lack of interest by heirs, and intensifying real estate values together are driving the fragmentation and conversion of larger family holdings.

Realizing the need to be able to facilitate the conservation of environmentally significant forestland in California, Oregon and Washington in the midst of this unprecedented turnover, the Pacific Forest Trust recently launched the “Strategic Opportunities Conservation Fund,” capitalized by a grant of \$5 million from the Surdna Foundation.

Laurie Wayburn, president of PFT explained, “We are extremely grateful to the Surdna Foundation for its generous commitment to making this fund a reality. This working capital enables us to move quickly where necessary to secure the conservation of important, threatened forests when other funds are not immediately available. It also allows PFT to partner more readily with private companies and public agencies in larger, complex conservation projects.”

“Surdna is committed to addressing the threats to private forest lands across the country through new conservation strategies,” commented Hooper Brooks, Program Director for the Environment at the Surdna Foundation. “This one-time grant is uncommonly large for us and represents our confidence that the Pacific Forest Trust, through the Fund, will continue to play a key role in conserving the region’s forests in cooperation with the area’s landowners.”

Surdna’s grant is the first contribution to what will be a \$10 million fund. One million dollars of the Surdna grant is being made as a challenge to PFT to find matching funds from other donors.

The Strategic Opportunities Conservation Fund will be used as an internal revolving fund for carefully selected projects that meet the Fund’s investment criteria. These criteria include the opportunity to leverage funds from other public and private sources and the ability to recapture invested funds for re-use in



JEFF KAN LEE/PRESS DEMOCRAT, SANTA ROSA, CA © 2000

Laurie Wayburn, PFT president, and the rest of PFT’s staff will be using the new Strategic Opportunities Conservation Fund to intervene in the forest marketplace and expand the conservation of private, managed forests in the Pacific Northwest.

other conservation transactions. In general, PFT will be looking for projects where its funds can quickly secure a conservation easement when a landowner needs to receive cash in the near term; and to option or acquire fee title to key forestlands, enabling PFT to place a conservation easement on a property and then resell it to a conservation buyer who would manage the forest sustainably subject to the easement terms.

The Strategic Opportunities Conservation Fund is one important step toward implementing Pacific Forest Trust’s strategy for accelerating the conservation of private forests. 🌲

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## Building Our Forest Legacy

BY LAURIE A. WAYBURN, *President*

*On April 6, 2000, Laurie A. Wayburn testified before the Subcommittee on Interior and Related Agencies of the U.S. House of Representatives' Committee on Appropriations on behalf of increased federal appropriations for the Forest Legacy Program, a cooperative forestry program administered through the U.S. Forest Service. The following is excerpted from her statement:*

Nationwide, some six million acres of private forestland were lost to development between 1992 and 1997, according to the most recent National Resources Inventory by the Natural Resource Conservation Service of the USDA. This national trend is reflected in California where, during that same period, private forestland was lost at an average rate of 77,000 acres per year, and in Washington State, where the average rate of forest loss was more than 35,000 acres per year. In both states, this high rate of forest loss was roughly double what it had been during the 1982–1992 decade.

The Forest Legacy Program draws on the resources of federal, state, and local agencies, private non-profit organizations, and private landowners to conserve forest resources that would otherwise be lost to development or degradation. It can play a key role in stemming this loss of forestland in the Pacific Northwest. Though it is incentive-based and non-regulatory, the program can help achieve numerous federal and state land-use policy goals, including cost-effective implementation of the Clean Water Act, the Endangered Species Act, and local initiatives to combat urban sprawl.

The efforts of forest landowners to keep their land in forested cover and use, while a private endeavor, pays many public dividends. The full range of forest goods and services desired by the public depend primarily on the conservation and sustainable management of private forests, and the Forest Legacy Program provides critical support for landowners to engage in conservation management.

Since its inception in 1990, the Forest Legacy Program has helped hundreds of forest landowners—holding some 90,000

acres of private forestland—to retain and manage their forestlands in the face of mounting pressure to sell or convert their holdings. The program's growth has, in turn, increased landowner interest in the program. States in the Pacific Northwest are stepping forward to meet that increased interest. Both California and Washington have committed significant resources to the program. The growing level of state funding would be leveraged to even greater effect by an increased federal commitment.

*The Forest Legacy Program offers a unique and innovative way to stretch federal dollars to maximize forest conservation.*

While the need for matching funds to conserve private forestlands is pressing throughout the forested regions of the country, the needs are particularly acute in the Pacific Northwest. California and Washington hold some of the highest valued timber and real estate in the country, and their forests contain numerous environmental assets. These values help explain why so much forestland has been lost in recent years as increased land prices make selling and converting property attractive. The acceleration of forestland loss can be expected to increase under current growth projections: demographers estimate that California's population will increase by some 11 million in the next 20 years—an increase of 31% for the state that already is the most populated in the country.

Conservation easements—Forest Legacy's preferred conservation tool—are an existing, successful mechanism to keep land in the family and in its desired and beneficial forested uses. Landowners can receive tax advantages for donated conservation easements, or can sell easements on

their property as a way to realize income without converting their property to other developed uses. Because the program is focused on acquiring conservation easements, and because matching funds come from a diverse set of partners—federal, state, and charitable sources, among others—the Forest Legacy Program offers a unique and innovative way to stretch federal dollars to maximize forest conservation.

These funds are wisely invested, as Forest Legacy acquisitions help to achieve multiple federal conservation goals and complement many previous federal investments. Since many forest landowners in the Pacific Northwest own relatively large contiguous blocks of forestland, forestland easements in this region have the potential to protect large portions of watersheds or crucial wildlife corridors or habitats. Moreover, areas thus protected from conversion can be used for traditional forest uses, including timber harvest, while advancing federal conservation objectives and complementing the resources protected on adjacent federal lands.

### A Growing California Forest Legacy

Early in 2000, Californians voted overwhelmingly to support open space protection and forest conservation. The passage of Proposition 12, a bond measure, by a nearly two-to-one margin provides \$5 million in state matching funds specifically for the Forest Legacy Program, and significant additional funds that can be put towards the program. The California Department of Forestry and Fire Protection is expanding the program's reach beyond the original six counties to allow forest landowners in 28 additional counties to participate. This addition will make Forest Legacy available to most of the forested regions of the state, covering some 10 million additional acres.

In addition to these programmatic developments, significant progress has been made on the ground with a variety of landowners. The following examples provide a snapshot of what can be achieved



*Redwood forests in San Mateo and Mendocino County, as well as oak woodlands threatened by development, will be protected by conservation easements acquired by the Pacific Forest Trust through the Forest Legacy Program this year.*

through a strong Forest Legacy Program.

- **In the first Forest Legacy project in California—a charitable donation of a conservation easement with an appraised value of \$3 million—the Pacific Forest Trust protected some 1,750 acres of forestland on the California North Coast.** That property, with more than 200 acres of old-growth redwood and Douglas-fir protecting water quality on the largest natural water body in Mendocino County, is a significant conservation acquisition by any measure. A small contribution of federal funds helped pay for costs associated with the transaction, while enabling a charitable contribution of enormous value. Moreover, the completion of that initial easement cleared the way for an additional 2,200 acres of forestland to be protected under a subsequent easement.
- **Another easement donation to the Pacific Forest Trust under Forest Legacy will be completed shortly, conserving approximately 1,700 acres of threatened oak woodland habitat in a significant viewshed along the Highway 101 corridor in Northern California.** Much of the surrounding lands are being converted to smaller parcels for housing and wine grape

production, driving up the price of forest and ranch land for remaining landowners. Forest Legacy funds for costs associated with the easement's creation will enable those landowners to keep their land in traditional uses, such as grazing, and will ensure the working landscape is protected for their children as well as the public benefit.

- **A third project funded by Forest Legacy is using money to acquire an easement from a timber company landowner in San Mateo and Santa Cruz Counties.** With the completion of this project—which builds off of an earlier easement donation on 350 acres—five hundred additional acres will be protected from development. Such protection is critical because the property is adjacent to two residential subdivisions. The landowner, who holds approximately 10,000 acres of forestland in San Mateo and Santa Cruz counties, is increasingly utilizing conservation easements as a tool to complement sustainable forestry practices and timber production in an intensely urbanizing region.

Each of the landowners cited above has made a major commitment to retaining the public values on their property, and each has developed a plan that will allow them to continue to manage their property for all of its values—from timber production to wildlife conservation and watershed protection. Moreover, PFT is currently working to advance several major new Forest Legacy projects. Among these projects is one that would protect some 80,000 acres of managed conifer forest on the Klamath River and another that would complete the third phase of a major forestland acquisition in the central coastal region of the state. Both are the result of signifi-

cant commitments from numerous partners, including landowners, state agencies, foundations, and the federal agencies.

## **Increased Federal Funding and State Flexibility Are Needed**

Ensuring that these projects can move forward, however, will require adequate federal funds to meet state and private contributions. In California, the Forest Legacy projects completed or nearing completion have protected more than \$10 million in forest resources for less than \$1.5 million of federal investments. As the non-federal contribution to California's program has far exceeded the required 25% non-federal match, our success argues for increased federal funding at levels more commensurate with landowner, state, and private commitments.

In addition to the funding component, PFT believes that another critical element is required in order to maximize the effectiveness of the Forest Legacy Program and increase the participation of the private sector: a clarification that under the state grant provision, states can delegate, on a case-by-case basis, their acquisition authority to qualified non-profit land trusts. Such a clarification would increase landowner participation and improve implementation of the Forest Legacy Program.

Through its work in helping landowners to balance the competing pressures on the private forested landscape, PFT has come to understand that private forests will only be protected if they remain productive and can only remain productive if they are protected. The Forest Legacy Program is a critical tool in maintaining this working forest landscape. 🌲

## **Clinton Pledges \$1.3 million for PFT–Big Creek Forest Legacy Project**

Announced by President Clinton in his February 14 national radio address as part of a package of conservation grants, the \$1.3 million Big Creek project grant is the fourth-largest Forest Legacy project in the country. Using a combination of state and federal funding, PFT will be acquiring a conservation easement on 500 acres of prime commercial redwood forestland owned by Big Creek Timber Co. in rapidly urbanizing San Mateo County. This is the second PFT project with Big Creek and others aimed at maintaining the productive forest landbase in the south Bay Area.

## Accelerating Effective Conservation of Private Forests

BY CONSTANCE BEST, *Managing Director*  
AND LAURIE A. WAYBURN, *President*

Forests cover 33% of the country. Of that, 58%—or 424 million acres—are owned by almost 10 million private citizens, companies or other entities. Privately owned forests, therefore, are key providers of a host of essential services: wood for fuel, building materials, paper and other products; foods, medicinals and decorative florals; diverse habitats for great numbers of plants and animals; stores of genetic wealth; watershed functions; climate stabilization and carbon sequestration; recreational opportunities; and aesthetic enjoyment for millions of people. Private forests not only generate tremendous economic value and employment in the U.S., they also provide invaluable non-economic benefits.

Yet the viability—indeed, the very existence—of America’s seemingly vast landscape of private forests is increasingly threatened by sprawling urbanization, fragmentation and non-forest development. From the perspective of biodiversity and overall ecosystem wealth, most private forests have been impoverished over the course of U.S. history. Forest values in many parts of the country are declining relative to returns available from real estate development or forest liquidation. While some trends in maintaining forest cover are relatively positive—with considerable reforestation of cut-over regions, such as New England, since the 1920s—in many major forest states and regions forest loss has accelerated in the last 20 years. North Carolina, California, Florida, Georgia, Arizona and Washington lead the country in forest loss. The National Research Council has reported that at least an additional 20 million acres of private forest nationwide will be lost by 2020.

Forest loss is made worse by the growth of metropolitan areas, especially in the South and West, which swallow up huge tracts of forest and urbanize them. Overall, fragmentation of private forest tracts is growing at an alarming rate: between 1978 and 1994, on average, almost 2 million acres of forestland per year—an area

about the size of Yellowstone National Park—were broken up into parcels smaller than 100 acres. The faster turnover in forest properties feeds into the market for smaller, residential or recreational parcels.

In the face of these daunting trends, forest landowners, communities, public agencies, conservation organizations and philanthropies are all becoming more aware of the need to protect private forests. In response, there is a suite of tools that can be used to accelerate the conservation and stewardship of U.S. private forests. Some of these tools are well established

*The very existence of America’s seemingly vast landscape of private forests is increasingly threatened.*

and their use simply needs to be expanded. Others are emerging initiatives or concepts that need investment as promising experiments. In fact, bold new conservation ventures will likely be needed to address the scale of threat to private forests.

### PFT’s Approach

Pacific Forest Trust’s strategy for private forest conservation is predicated on *engaging the self-interest of private forest owners*. Many forest owners are excellent stewards of their land; however, unless the community of forest owners becomes more committed to forest stewardship and conservation, there is no hope of reversing the trend of forest loss. Forest conservation needs to make sense to the owners and help them fulfill their goals of forest ownership. Accordingly, we need to build the markets for conservation and increase returns for conservation-based forest management. Further, we need to better understand who these owners are, what motivates them and how to reach them effectively—especially those estimated 68,000 owners who control 45% of private forests in tracts of 500 acres and larger.

Of perhaps equal importance is *the need for greater public understanding of the contributions of private forests to our lives and society*. The grow-

ing lack of connection between people and forests in our urbanized society is itself a key barrier to increased public and private investment in forest conservation. To dramatically reduce the simplification, fragmentation and loss of private forests, we need to build into the culture a fuller appreciation of forests for all their contributions. The lack of complete, consistent and timely data from public and private sources about the suite of private forest resources—not only timber—hampers everyone in their conservation and stewardship efforts. Hence, we need to have a much *better understanding of the condition, characteristics, and benefits of privately owned forests*.

### Five Goals

PFT’s proposed Conservation Strategy is built on the following five goals:

#### 1. Turn the Tide on Private Forest Loss

In many key forest areas loss is accelerating with burgeoning populations and sprawling development. *Therefore we need to identify these threatened forest areas and expand their protection.*

#### 2. Dramatically Reduce the Fragmentation of Larger Forests

In the face of a huge growth in forest subdivision and conversion, we must slow the process of fragmentation, which degrades and diminishes forest functions. *Therefore we need to focus conservation efforts on larger, intact forest properties.*

#### 3. Create Ways to Functionally “Re-assemble” the Landscape

With more than half our private forests already in ownerships of fewer than 500 acres, *we must find ways for landowners to cooperate in forest stewardship across boundaries and begin to put the pieces back together.*

#### 4. Fuel Restoration of Ecosystem Wealth

The decline in variety of measures of forest health—timber characteristics, presence of threatened and endangered species, levels of biological diversity, and water quality status—all indicate the tremendous need for public and private

reinvestment in private forest ecosystems in order for them to provide the goods and services our society desires. *Therefore we need to create or expand access to stewardship capital and resources.*

### 5. Build a Culture that Values Forests

Reconnecting the general public, and urban interests in particular, to the contributions of private forests is essential to the long-term conservation of forest ecosystems in the U.S. *Therefore we need to make private forests more meaningful to more Americans in their everyday lives.*

While conservation and stewardship of smaller forests are important to re-assembling a fragmented landscape, the primary focus of the PFT strategy is on the following types of larger (500+ acres) “at-risk forests”:

- Tracts in still rural areas just beyond the leading edge of growing urban areas
- Tracts in transition, through corporate restructuring or family succession
- Private forests near recreational public lands and waterways
- Forests with well-stocked, older stands and high biodiversity value

The strategy proposes that concerned public agencies, philanthropies and private individuals or companies direct their investments to two basic kinds of actions:

- Bringing the conservation market to scale for rapid gains in forest protection
- Integrating conservation into forestry, and forestry into society

### Bringing the Conservation Market to Scale

The returns from conservation and stewardship need to increase in order to compete with those available from development and degradation. Expanding the philanthropic and public capital available for conservation of public benefit resources on private forests will enable larger, financially driven forest ownerships to expand their



*Conserving private forests means more than protecting important forest ecosystems—priceless family legacies and traditions are preserved as well. Sitting on the steps of their historic steam-powered sawmill are four generations of the Phillips family, heirs to a 900-acre family forest conserved in partnership with the Pacific Forest Trust.*

MARTY KNAPP © 1999

commitments to conservation. Developing new markets for ecosystem services provided by forests, such as water supplies or carbon sequestration, will expand the sources of capital. Through such increased financial incentives, conservation can become more integrated into the business of forest management, helping stewardship become the norm. Therefore, we recommend support for the following strategic actions:

- Providing new conservation capital for intervention in dispositions of significant forest properties based on new partnerships and investment vehicles among private, non-profit, public and philanthropic entities to leverage large-scale protection
- Helping expand the public market for conservation by supporting local, state and federal efforts to create and expand funding sources for public investment in private forest conservation, from federal programs to local real estate transfer taxes
- Catalyzing new sources of on-going conservation funding through market development for forest ecosystem services, in particular for forest-based carbon sequestration and watershed services
- Improving returns from long-term forest stewardship and conservation through key changes in taxation

- Increasing access to liquidity and traditional sources of capital for smaller land-owners who are otherwise constrained in making investments in forest stewardship and conservation
- Increasing returns for managing forests with high biodiversity values, including creating markets for wood harvested within the context of ecological restoration and long-term stewardship

### Integrating Conservation into Forestry and Forestry into Society

We believe the following

strategic investments will contribute substantially to building a culture that better values forests. These initiatives seek to resolve threats to private forests through communication, education and assistance, helping forestry complete the evolution from simply logging to forest ecosystem stewardship.

- Learning more about key forest land-owners to provide effective forest conservation and stewardship services to them
- Enhancing the regional stewardship capacity of public and non-profit service providers to support landowners in their conservation efforts
- Telling the story of good forestry and its financial as well as ecological returns
- Improving the range of useful scientific information that will advance forest conservation and stewardship
- Creating the “case” for increased public support in private forest conservation
- Convening and building new coalitions and partnerships among natural forest conservation allies

PFT believes that implementing this strategy will help ensure that we have at least as many acres in private forests in this country at the end of this century as we have now at its beginning—and that their ecological integrity and functioning are at an even higher level. 🌲

*Excerpted from Accelerating Effective Conservation of Private U.S. Forests, by Constance Best and Laurie A. Wayburn, Pacific Forest Trust; a report prepared for the Consultative Group on Biological Diversity, February 2000. Report in preparation for public distribution.*

## New Estate Tax Benefits for Conservation Easements

BY GREGORY HENDRICKSON, J.D.  
*California Conservation Projects Manager*

The past two issues of *Pacific Forests* explained in detail the estate and income tax benefits for a landowner who places a conservation easement on their property. Recent federal tax code revisions have expanded existing benefits in two important ways:

(1) In an estate settlement, heirs can now make a *post-mortem* donation of a qualifying conservation easement.

(2) Landowners can now exclude an additional portion of a conserved property's value from estate tax.

*As a result, forest landowners can now save hundreds of thousands of additional tax dollars through the use of a conservation easement.*

As with so much of the tax code, the benefits created in 1997 and 1998 under Internal Revenue Code section 2031(c) are subject to complex rules. This article presents a brief synopsis of the requirements and how they would work for a forestland owner in our region.

### Post-Mortem Easement Donation

Occasionally people pass away before fulfilling their intention to protect their land through a conservation easement, or while in the process of negotiating an easement. This important revision in the code allows the heirs of these individuals to follow through with those intentions and receive the estate tax benefits.

Prior to the tax code changes, a landowner could only provide for a conservation easement by executing the easement while he or she was living, through gift or sale, or by including the easement in his or her will or living trust. Now, however, a decedent's beneficiaries can obtain estate tax benefits by electing to develop and execute a conservation easement. In that case, the appraised value of the easement can be excluded from the value of the estate.

A post-mortem conservation easement is limited to lands in or within twenty-five miles of a metropolitan area, national park or wilderness area, or in or within ten

miles of an Urban National Forest. In the West, most California counties and several counties in Oregon and Washington are recognized "metropolitan areas."

In addition, the property must have been owned by the decedent or a member of the decedent's family continuously for the three years prior to the decedent's death.

### Additional Estate Tax Exclusion

The 1997 changes also introduced an additional tax exclusion related to conservation easements. If an appropriate election is made, the decedent's gross estate can exclude up to 40% of the value of the land subject to the qualified conservation easement, calculated after deducting the value of the conservation easement itself. This "bonus" exclusion is capped at \$300,000 for 2000, \$400,000 for 2001, and \$500,000 for 2002 and beyond.

In order to be eligible for the exclusion, conservation easements must qualify for a deduction under Section 170(h) of the Internal Revenue Code. The holding period and geographical limitations are the same as those for the new post mortem donations. In addition, the easement must prohibit all but minimal commercial recreational activities, such as hunting or fishing.

There are two other conditions as well. In order to receive the full 40% exclusion, easements must reduce the value of the land by at least 30% of its fair market value minus the value of the retained development rights. If the easement's value falls below 30%, the benefit is reduced by 2% for each point fewer than 30%. Finally, debt-financed property (property on which there is a mortgage on the date of the decedent's death) is eligible for the exclusion to the extent of the net equity in the property.

For landowners who meet the criteria, this new benefit increases the financial rewards for incorporating conservation easements into their estate plan. Coupled with the satisfaction of protecting important resources and leaving a legacy of stewardship for future generations, conservation easements truly offer landowners great returns.

### The Merriweathers

Let's see how this estate tax exclusion might benefit our mythical landowners, the Merriweathers. As described in prior issues, the Merriweathers are a 65-year-old couple who own the 1500-acre, commercially productive Foggy Hills Tree Farm. They have decided to place a conservation easement on their land to prohibit significant subdivision and development while also providing certain restrictions aimed at perpetuating their legacy of good forest stewardship. Let's say the Merriweathers did not complete their easement gift before their deaths. Further, let's say their estate will have \$750,000 left to pay on the property's mortgage.

An appraisal of Foggy Hills suggests a pre-easement value of \$3,000,000. The easement reduces that value to \$2,300,000; the difference, \$700,000 is the value of the easement, or 24% of the pre-easement value of the land. The Merriweathers' easement, therefore, would qualify them for the lesser of two calculations: (1) the applicable percentage's reduction in post-easement value (28% of \$2,300,000 = \$644,000)\*; or (2) the cap amount (\$300,000 in 2000, \$400,000 in 2001, and \$500,000 in 2002 or thereafter), reduced by 33%, which is the extent of acquisition indebtedness (\$750,000 mortgage / \$2,300,000). Should the Merriweathers pass away in 2007, the exclusion would provide an estate value reduction of approximately \$330,000 in addition to the \$750,000 easement value reduction. Foggy Hills would therefore only contribute \$1.9 million to the value of the Merriweather estate.

The magnitude of the combined deductions in the Merriweathers' estate could make all the difference in eliminating or dramatically reducing their estate tax liability. The provisions of Section 2031(c) also give the Merriweather kids the flexibility to complete the conservation easement on Foggy Hills even after their parents have passed away, ensuring the property is not broken up or overharvested contrary to the family's wishes. 🌲

\* The applicable percentage is calculated by reducing 40% by the difference between 30% and the percentage reduction of the pre-easement value of the property (here 30% - 24% = 6%), multiplied by 2% (6% x 2% = 12%) or 40% - 12% = 28%.

## Out and About

A few highlights of recent PFT activities:

**Forests and Carbon Emissions Reductions:** In March the redwood region's leading daily newspaper, the *Santa Rosa Press Democrat*, featured PFT's work in a front-page business section story. The story recognized PFT's leadership role in organizing the policy and market framework for forest conservation and stewardship projects that reduce greenhouse gases from the atmosphere.

**Forest Legacy Program:** PFT Policy Associate Jay Chamberlin provided testimony to the California Assembly Natural Resources Committee in support of new legislation authorizing the Department of Forestry to implement the state program. (See page 2 for Laurie Wayburn's Congressional testimony on the federal program.)

**Forest Stewardship Incentives:** Laurie Wayburn has been representing PFT in the California Forest Incentives Task Force convened by the state Resources Agency in an effort to find consensus around a package of incentive-oriented actions. One likely outcome is the increased use of conservation easements to accomplish lasting stewardship of private forests, compensating landowners for commitments above and beyond the regulatory threshold. Laurie also spoke about conservation easements and other tools on an incentives panel at the recent Washington Private Forest Summit 2000 in Olympia, WA.

**Investing in the Natural Assets of Forests:** PFT Managing Director Connie Best was an invited participant at a Ford Foundation conference on Natural Assets. Her paper discussed "Rebuilding Forest Ecosystem Assets by Better Aligning Values, Markets, and Rights." It will become a chapter in a book exploring the means to reduce poverty through building the value of and access to natural capital. Connie also spoke at the annual meeting of the Forest Stewards Guild held on the Feather River in Blairsden, CA, on building a competitive business model to attract more investment into stewardship forestry operations.

## Opportunities for U.S. Forest Carbon

There is no denying that forests substantially affect the worldwide carbon budget and can be managed to either increase or decrease net carbon stores. Given this fact, PFT has convened a blue-ribbon panel of scientists representing forest ecology, economics and silviculture to help answer the question, "How can U.S. forests in private ownership be practically managed to increase forest carbon stores over their current management?"

PFT's scientific panel consists of Dr. Jerry Franklin (University of Washington), Dr. David Mladenoff (University of Wisconsin, Madison), Dr. Norman Christensen (Duke University), Dr. John Gordon (Yale University), and Dr. Clark Binkley (Hancock Timber Resources Group).

The report of this group is expected to be released in the early fall.

## Ensuring Conservation Outcomes on Federal Exchange Projects

The Pacific Forest Trust is assisting Crown Pacific and the Deschutes Basin Land Trust to craft a conservation easement to protect sensitive resources on 3,400 acres of timberlands in southeastern Oregon recently exchanged between USFS and Crown Pacific. As land exchanges between federal agencies and private entities are being increasingly used to consolidate federal holdings into logical blocks, the public has become concerned about the impacts to fish and wildlife habitat, water quality and other public trust resources once those formerly public lands move into private hands.

One way to ensure the protection of such resources is to place a conservation easement on the public lands being traded out. The easement protects significant environmental characteristics while still



Gary Cremer, a land manager with Crown Pacific, marks a property corner during a site visit by PFT forest ecologist Bill Richards to the Old Growth Special Management Area being created in a conservation easement between Crown Pacific and the Deschutes Basin Land Trust.

allowing economic use of the land. This approach is being tested in this important project, in which Crown Pacific has agreed to grant a conservation easement to the Deschutes Basin Land Trust to settle a lawsuit filed to protect old-growth areas in these lands. This easement will allow for limited forest management designed to protect key resources and restore and maintain old-growth late seral conditions. The parties are drawing on PFT's expertise to assist in the negotiation of the easement terms, monitoring protocols, and the monitoring of management designed to accelerate achievement of old-growth conditions on the property. PFT's Senior Forester, Dale Thornburgh, PhD., and Forest Ecologist, Bill Richards, visited the property in April and May to evaluate proposed management and help develop monitoring protocols. The easement should be completed this summer. 🌲

## Conserving Our Forest Landscape

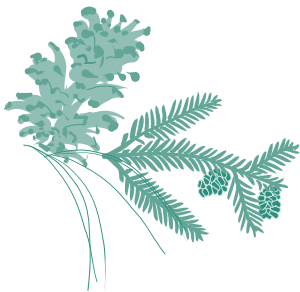
**F**orests take many years to mature and careful stewardship to maintain their ecological and economic productivity. Yet this investment is fragile in the face of changing markets, cultures and generations of owners. The Pacific Forest Trust has a variety of tools available to help private forest owners protect their forest investments and their family heritage. Conservation easements are one means to keep private forests as forests, better able to withstand the growing threats of development while staying in private ownership and management. They can be used to continue to guide the long-term stewardship of the property.

Conservation easements make economic sense for many families as they plan for new generations of ownership. Whether drawing on tax benefits or public funding sources, PFT can help families design and establish conservation easements that meet their multiple goals. We can also organize the conservation disposition of properties that must be sold to meet other family objectives.

If you would like confidential assistance in evaluating the conservation potential of your family forest, please call Laurie Wayburn or Connie Best at (707) 895-2090.

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## THIS ISSUE ...

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## 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. For further information, send e-mail to: [pft@pacificforest.org](mailto:pft@pacificforest.org)

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