

Community Forest Program:

Frequently Asked Questions

1. What are the potential impacts of this legislation on local jobs and rural economic development?

The applications for the 2021 grant round propose a wealth of recreational infrastructure and restoration projects that would leverage non-state funding and support living wage jobs.

Many of the existing community forests in Washington engage in a labor-intensive forest management to achieve multiple management objectives. This work typically requires multiple-entry thinning over longer periods, which generally provides a more stable source of employment for contractors. As an example, a recent report found that the forest management activities of Mount Adams Resource Stewards over a 3-year period generated 59 months of full-time equivalent (FTE) employment in the local economy^[1], \$26,000 in timber excise taxes, and \$8 million in countywide economic benefits.

Another way that community forests support rural economic development is by providing commercial opportunities for local businesses. For example, the proposed Chimacum Ridge Community Forest will source local timber for the nearby wooden boat school and allow collection of non-forest resources for value-added food vendors.

Finally, the dedicated public access provided by these community forest projects provides substantive economic benefits to local businesses by attracting visitors. Just the top two community forest projects alone are expected to draw nearly 70,000 visitors annually and spur hundreds of thousands in spending at local businesses in the region.

2. How is this funding different from other existing programs that support forest conservation?

No state-level program exists for funding projects that provide multiple benefits to local communities through actively managed forestland. Within WWRP, there are programs that can support forest acquisitions, but come with clear funding restrictions on land management that would preclude working forests (i.e. Urban Wildlife Habitat, Critical Habitat). In addition, RCO's smaller Forestland Protection Program allows for the purchase of conservation easements on privately-owned forestland, rather than fee-title acquisitions so local entities can actively manage forests according to community needs.

DNR's Community Forest Trust program is an important tool for the agency to be able to buy and protect lands that are at risk of conversion. DNR can then manage these lands without the same financial requirements and with greater community input than other trust lands. However, this program is rarely utilized, and the 15 applications to this program shows the clear demand for public investment in locally-owned community forests for those communities that have the capacity, know-how and opportunity.

There are federal programs—the Community Forest Grant Program and the Forest Legacy Program—that provide partial funding for the creation of community forests and/or preservation of working forests. All of these federal programs require matching funds, which could be effectively leveraged by the Community Forests Program. In short, the Community Forests Program provides an important, unique tool for communities to leverage multiple funding sources to manage important working forestlands according to local needs.

3. How will this program ensure that community forest projects to stay as actively managed working forestland?

A community forest is defined as a working forest owned and managed by the local community—it is therefore a core intent of this program to preserve working forests. To that end, the evaluation criteria takes into account the ability of the forest resources to provide economic benefits as well as the capacity of the applicant to support financially sustainable management operations on the parcel.

In addition, the program requires the community forest to be managed consistent with a Community Forest Plan, which is required to address (among other things) economic benefits such as timber and non-timber products and jobs, as well as lay out proposed forest management activities over the long term.

We believe that the public interest is served by community forests operated for the multiple benefits – including economic benefits from timber jobs and non-timber jobs, securing a clean drinking water source, providing educational opportunities, recreational and cultural activities such as hunting and fishing, to name a few. The strength of a community-operated forest is that it can serve any combination of these benefits. While it is the fundamental intent of this program to support working forests, we acknowledge that this will look different depending on local needs and is likely to shift over time. Accordingly, this program gives the community ample autonomy to determine how best to serve the communities interests by not imposing an affirmative working forest requirement according to a prescription definition.^[2]

4. Are projects self-sufficient, or will they require ongoing appropriations to support operating expenses? How do these projects ensure self-sufficiency at smaller scales or with management that is different than an industry model?

Just like any other public conservation acquisition or restoration program, entities owning community forests will need to meet ongoing stewardship and operating costs as part of their overall program. These projects are carefully selected by an advisory committee to help ensure that the property and the project applicant are able to achieve financial sustainability. In addition, it is a requirement of the program that, prior to project completion, the applicants develop a Community Forest Plan that demonstrates, among other things, how they intend to meet this expectation through forest management and other income streams.

In fact, one of the foundational benefits of community forests is their unique ability to support financially sustainable working forests at scales and under management regimes that might not otherwise be viable in an industrial model. This means community forests can serve as a vital tool to secure those lands that would otherwise be vulnerable to fragmentation and conversion. Community forests have the ability to access cost-share assistance, leverage private capital, recruit volunteer capacity, and collaborate with adjacent landowners. All of these tactics, and others, help to either reduce costs or develop new revenue streams. For example:

- The proposed Nason Ridge Community Forest has already raised over \$500,000 from the local community to support a stewardship endowment for Chelan County to draw from in their ongoing operations.
- The Mount Adams Community Forest has been able to work closely with the Conboy Lake National Wildlife Refuge to secure stewardship contracts and perform cross-boundary management that reduces up-front costs and provides additional revenue.

5. What type of accounting assurances do we have that the revenue generated by a community forest project will support community needs?

Because of the potential to generate revenue from forest resources, the Community Forest Program has increased reporting requirements of project sponsors relative to other funding programs in the agency's portfolio. Specifically, the sponsoring organization must maintain financial oversight of the community forest regardless of community engagement, governance and decision-making structure.

All project sponsors must follow and comply with generally accepted accounting principles, financial reporting and audit requirements for their organizational structure. Sponsors must ensure accounting practices for community forests allow for the tracking of revenues and disbursement to ensure funds will be used to further the public benefits identified in the community forest plan. For the first five years after establishment of a new community forest, and once every five years thereafter, sponsors must submit to RCO a copy of the annual financial report for the community forest which includes an accounting of all income, expenditures and transfers of revenue from the community forest during that reporting period.

[1] . Due to the seasonal and temporary nature of most forest management contracts, job and employment figures have been reported here as months of full-time equivalent (FTE) employment at the

median wage rate rather than as year-round FTE employment. Therefore, these activities should be seen as supplementing and complementing other earnings that local logging crews capture each year from other landowners in order to provide full-time, year-round work.

[2] While this community-based forestry is the heart of the community forest concept, it is also important to the constitutional analysis related to the gift of public funds. That doctrine requires that the State receive a public benefit in exchange for the funds appropriated. We believe the legislation is stronger if a community can pursue these multiple public benefits.