

## **Downeast Lakes Forestry Partnership: One Community's Response to Landowner Transition**

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**Where:** Downeast Lakes region of Maine on New Brunswick border (*visual – small project map*)

**Concern:** 446,000 acres of former industrial forestlands sold to a Timber Investment Management Organization (TIMO). Subsequent intensive harvests raise community fears of development at detriment to the region's long-term, natural-resource-based economy.

**Solution:** Three-part conservation project including: 500-foot streamside and lakeshore buffers on 50-mile stretch along Spednic Lake and the St. Croix River; 312,000-acre conservation easement; 27,000-acre fee purchase; and public access easements held by the State.

### **Landowner transitions in the Northern Forest**

The forests of New England and New York have experienced an unprecedented rate of ownership change over the past fifteen years. In an area with 26 million acres of forests, 10 million acres changed hands between 1990 and 2003. Much of this ownership transition occurred in Maine as industrial forestland owners divested their holdings. Many of the new owners were TIMOs that were not familiar to local communities, and had different landowning objectives than the former owners (revenue generation rather than a pulp and timber supply for their mills). One of the ownership changes involved the sale of Georgia-Pacific's forestlands, 446,000 acres concentrated in an area known as the Downeast Lakes region, to a TIMO in 1999.

The Downeast Lakes region is characterized by wetlands, large blocks of undeveloped forestlands, and small communities whose way of life is intertwined with the natural resources around them. This region has the largest concentration of registered Maine guides and more than 15 sporting lodges. There is also a pulp and paper mill that provides 450 local jobs. Traditionally, Maine's large industrial landowners allowed public access for uses including trapping, hunting, fishing, snowmobiling, guiding, camping, boating, and hiking.

Ecologically, the Downeast Lakes region is exceptionally rich. The headwaters to three major river systems are found in this area, and it serves as a major flyway for migrating birds. More than 187 bird species have been identified here. There is critical habitat for white-tailed deer, moose, black bear, pine marten, bobcat and bald eagles. A fishery with world-class landlocked salmon as well as smallmouth bass is found here, and there is endangered Atlantic salmon habitat.

As the new owners of Georgia-Pacific's former forestlands began to intensively harvest their recent purchase, a tangible fear developed within the local communities that the owners would make changes to their public access policies or would substantially degrade the resources in their efforts to quickly produce as much value as possible from their investment. Another fear was that they might carve areas out for development that would detrimentally affect the aesthetic that had brought fishing and wilderness enthusiasts to this region for over a century. The guides had seen other communities lose pristine lakeshore and wild habitat to development and noticed the difference that brings in client experiences. Clients who experience open spaces and wildlife return; those whose experience is dominated by commentaries on docks and cabins do not. "I think the biggest concern was fear of change and uncertainty of the future," said Steve Keith, now director of the Downeast Lakes Land Trust, in an interview with *Downeast* magazine. "We didn't know who owned the land, but we knew it could be split up and developed, which would put both guiding and lodging out of business."

### **Crafting a viable conservation project**

Community fears and concerns brought people together to discuss and envision a future for the forests and resources that could continue to sustain their way of life. With the support of the regional Northern Forest Alliance, the Friends of the Downeast Lakes was formed to move the community's vision into a reality. The Friends of the Downeast Lakes (hereafter referred to as the Friends) began with no financial resources and ran on volunteer time, but had a passion for protecting the resources that sustained the region. The Wilderness Society funded a landscape analysis study for the area to identify the critical conservation values – the study prioritized 123,000 acres for protection.

Representatives from the Friends met with the forestland managers, acting on behalf of the landowners, to propose their purchase of 48,000 acres. The forestland managers suggested that the Friends find a partner experienced in conservation projects to work with them, and that they scale their purchase aspirations to a more achievable goal from a fundraising perspective. The Friends began to look for a partner experienced with conservation projects of this scale. While the group was not opposed to public funds helping to support the project, it specifically was not pursuing government ownership. The right partnership chemistry developed when the group spoke with the New England Forestry Foundation (NEFF). NEFF had recently completed a 762,000- acre conservation easement on the Pingree family lands in western and northern Maine, the largest forestland conservation easement in U.S. history at that time.

Ultimately, there would be three core project partners. NEFF brought its experience and reputation as a well-established, respected, accomplished player in regional conservation projects. The Friends supplied the local knowledge, contacts, and passion to drive the project within their community. The Woodie Wheaton Land Trust, another Downeast-area land trust dedicated to preserving natural habitat and areas for the benefit of the general public, would be important in building success along the St. Croix River and Spednic Lake corridor.

The conservation project now known as the Downeast Lakes Forestry Partnership (DLFP) ultimately would have three components.

- 1) The 27,080-acre fee ownership purchase of an area that would be known as the Farm Cove Community Forest. This forest is managed to promote recreation, wildlife habitat, economic development, biodiversity conservation, and sustainable resource management. The Farm Cove Community Forest includes a 3,560-acre ecological reserve which abuts a State-of-Maine-owned 3,870-acre ecological reserve, as well as a 3,751-acre late-successional management area.
- 2) A 311,684-acre easement purchase prohibiting development and requiring sustainable forestry. In addition, the landowner gave an easement to NEFF that provided for public access to these forestlands for programs and policies of the easement holder. The public access easement was transferred to the State of Maine which, having programs and policies related to public access, is better situated to manage the recreational needs.
- 3) A 3,019-acre fee purchase of a 500-foot corridor, which is 50 miles long, along the St. Croix River and Spednic Lake, transferred to the State of Maine.

The project changed significantly from the Friends original vision, but was well-rounded to meet community needs and to provide components desired by all the project partners. NEFF's executive director Amos Eno remarked on the unique nature of the project "There have been lots of land conservation projects in the Northern Forest. But this is the first of this scale that is community based, community driven and designed for a sustainable, rural economy."

### **Early investments toward project success**

A successful project would come at a price tag of \$31.5 million dollars, which included the cost of the capital campaign and endowments for monitoring the easement and stewardship on Farm Cove. The Friends hired analysts to perform a feasibility study to determine the probability of successfully meeting that goal in the three years available. The study feasibility team determined that project would not easily succeed: competition for funding conservation projects was enormous and sources were limited. However, the project partners were optimistic, and certainly driven by the urgency of this project within the Downeast community, they chose to proceed.

With an ambitious goal to achieve, the Friends incorporated themselves as the Downeast Lakes Land Trust (DLLT) and hired staff to spearhead their efforts. DLLT's stated mission is "to ensure the long-term economic and environmental well-being of the Downeast Lakes region through the conservation and exemplary management of its forests and waters." Early on, DLLT saw the importance of investing in studies to inventory the natural resources in the project area, looking at different stewardship options, and quantifying the regional economic impact of the sustainable management of area resources. They commissioned an ecological resource study, a forest management study, and an economic impact study. While there were some discussions over the wisdom of spending money on studies before owning the land, Steve Keith feels that the studies have helped greatly to raise money and demonstrated DLLT's commitment to forest stewardship.

### **Overcoming project opposition**

The DLFP took great care to engage the select boards of the nine communities directly affected by the forestlands, as well as to establish direct communications with project opponents. Opposition to the project came from property rights activists, and from concerns that the project might lead to a loss of community tax revenues or government ownership over at least portions of the forestlands. The facts that the deal involved a willing seller and a willing buyer of these forestlands, and that continued public access was part of the package, made property rights an unsuccessful argument to many community members. The project did involve cost-share funding by the State and federal governments for loon habitat and wetlands, but no government ownership. The communities didn't lose tax revenue through the project because the forestlands would continue to be taxed under Maine's Tree Growth Tax Law. There was some opposition to the project by those who felt loyalty to Georgia-Pacific, which initially retained ownership in an area mill. However, when Georgia Pacific sold the mill, the new owner, Domtar Industries, voiced public support for the project noting that it was the best way to ensure a wood supply into the future.

### **Conservation costs and benefits**

As suggested by the feasibility study, raising the \$31.5 million cost for the project components would occur in a competitive and challenging environment. Although the deal officially closed in May 2005, \$6 million dollars still needs to be raised to finish funding the project costs as of December 2006. To close the deal, NEFF obtained bridge financing by using one of their Massachusetts forestlands as collateral. Project partners are hoping to raise the remaining funds by May 2007. The ongoing operational costs of owning the Farm Cove Forest will be met through endowment, annual fundraising, and timber-harvest revenues.

The financial and organizational resources needed to support this project have been considerable, but so are the very tangible benefits gained by local communities and protected within the natural resources. Within the DLFP project area, 78,000 surface acres on 60 lakes, 445 miles of lake shoreline, 54,000 acres of wetlands, and 1,500 miles of stream and river frontage are permanently protected. More than 1 million acres of conserved land has been connected through DLFP project lands, publicly owned forestlands in Maine and New Brunswick, and forestlands owned by the Passamaquoddy tribe. The DLLT works with the abutting landowners to consider cross-boundary management opportunities and influences.

Different pieces of the project had substantially different costs, and this has caused discussion about the need for, and advantages of, fee purchase versus easement purchase. The fee purchase price was approximately \$463/acre (\$12,500,000/27,000) while the easement purchase was \$39/acre (\$12,300,000/312,000). Assuming that the landowner would have been willing to make a deal that involved an easement including the Farm Cove Community Forest, was the extra cost to own the land outright worthwhile? Purchase of an easement alone may have protected the forestland from development. As DLLT's Assistant Director Mark Berry explains "The easement provides the certainty of no development, while the acquisition provides the opportunity to manage to a higher

standard.” The forestlands around the eased property are being intensively harvested and stocking levels are dramatically less than within the DLFP area. Land valuation in the area has increased tremendously since the project pieces were negotiated, with land prices quadrupling over the three-year option period.

Could regulatory tools have provided the protection that the project sought? DLLT staff feel strongly that the opportunity to proactively manage for wildlife habitat and recreational values make the fee acquisition worthwhile. Existing regulations do provide some protection for water quality, wildlife habitat, and the landscape, but conservation management enables a higher level of achievement and protection of community benefits. Relying on state and federal regulatory and zoning methods involves a level of uncertainty due to future political and regulatory changes. It also requires that the agency responsible for enforcement be adequately staffed and funded.

### **Creating added value for the communities**

The communities in the Downeast Lakes region have protected the forestland and lakeshores on which their lifestyles are most dependent, and have assured continued public access to the areas. In the case of the Farm Cove Community Forest, the ownership will be stable and decisions regarding forest use will be in the community’s hands. DLLT is developing enhanced public programs involving forest management demonstration sites, recreational access, and educational opportunities in the following areas:

- The Farm Cove Community Forest is providing an on-the-ground model of responsible forest management for other landowners in the region. DLLT is working to obtain Forest Stewardship Council (FSC) certification and integrating wildlife habitat protection and enhancement into silvicultural decisions using a program called Focus Species Forestry.
- Continued public access for traditional uses is not only guaranteed on the DLFP lands, but on the Farm Cove Community Forest work is being done to enhance public access through a new hiking trail and the creation of a water trail supported by campsites.
- Over the past four years DLLT has offered a variety of education programs in nature and the creative arts including internships for college students, a summer children’s program offering arts and crafts and recreational activities, readings by area authors, and a speaker series with local ecologists and foresters.

### **Lessons Learned**

Not every change in major land ownership will create the opportunity for a project such as the Downeast Lakes Forestry Partnership. For organizations and communities interested in creating projects with some of the characteristics of this one, DLLT and NEFF staff suggest some ideas for consideration.

- **Invest in studies examining the natural resource base, stewardship options, and economic impact of different ownership and management options early in the project.** Demonstrates commitment and strength of project proposition for potential supporters.
- **Be flexible as project is designed, and create a well-rounded project that provides something everyone can support.**

- **Consider who is buying forestland and why.** Different types of landowners (for example, TIMOS and industrial landowners) have different objectives, and will find value in different project structures.
  - **Consider all conservation options to achieve your goals.** Easements, fee purchases, different financing mechanisms, regulatory or zoning applications – including combinations of these options.
  - **Keep project as close to the affected community as possible.** Ideally, project representatives are part of the local community or live in the community.
  - **Try to engage community members with diverse professional skills in the conservation project.** Legal, financial, administrative, creative, communications, marketing, and so forth .
  - **Engage people opposed to the project in direct communication.** Walk through the woods with them, or take a boat ride, and talk face-to-face about your vision and their concerns.
  - **Offer community members the opportunity for input, but don't make every decision a community decision.**
  - **Have a very good idea how a project will be funded before it is officially under way.** There is a tremendous cost to stopping midway through a project to reassess.
  - **Be creative in identifying cost-share opportunities from public sources.** Government funding does not need to mean government ownership.
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Note: Images can be made available to accompany text.

Sources: Interview with Frank Reed of New England Forestry Foundation; Interview with Steve Keith, Downeast Lakes Land Trust; Interview with Mark Berry, Downeast Lakes Land Trust; “Grand Lake Dream: A million acres along the New Brunswick border have been protected for posterity. So how come no one noticed?” in *Downeast Magazine*, May 2006 ; “Seeing the Future through the Trees” in *National Wildlife*, April/May 2004 ; Downeast Lakes Land Trust web-site <http://www.downeastlakes.org/>; New England Forestry Foundation website <http://www.newenglandforestry.org/>