



June 4, 2008

Oregon Board of Forestry

To Whom It May Concern:

Roseburg Forest Products is a family owned forest management and manufacturing company. We own and manage over 465,000 acres in Southwest Oregon, with lands in 5 of the 12 Forest Protective Districts in the State and active participation on the CFPA, DFPA and Western Lane boards.

We are committed to ensuring the long term success of our "Complete and Coordinated" system of firefighting here in Oregon and being part of the process of continually improving the system. Although there are serious concerns, the principles outlined in our system are still in our opinion the best way for private landowners and the State to effectively fund and fight wildfire threatening our lands and valuable timber resources.

As demonstrated by today's open discussion, we collectively as a group honor our predecessors and keep the system intact by engaging together in open dialogue voicing our opinions, observations and concerns. I appreciate the Board dedicating the time for this review, and will focus my input on 3 principles of the system and the current issues associated with them.

Principle #1- Defined District Adequate Level of Protection for Initial Attack is

Paramount- district budgets must reflect a true assessment of an ability to execute effective, efficient initial attack meeting a predetermined standard.

Some folks call this concept MEL or Most Effective Level and that's a term I'm both familiar with and advocating we consistently use in our system.

The Associations base our district budget strategy on our ability to catch and control 94% of our initial attack fires below 10 acres. We constantly review and update our Level of Protection Studies as living documents then develop our annual budgets around them. This process works! My observation is it provides both the District Manager and the Board the necessary baseline, guidance and most importantly in my mind, the culture to both budget and execute on.

It's my developing opinion that the Department has lost some oversight and control on what constitutes a districts "adequate" level of protection. My observation and discussions with Department leadership and landowners in other districts lead me to believe there is currently no formal structure in place to consistently evaluate a districts MEL, demand minimum components or provide corrective actions.

I strongly encourage the Board to work directly with the Department seeking a consistent method of establishing and evaluating MEL on all our districts.

Principle #2- Management of "Current Services" Costs Ensures Adequate Levels of

Protection- "current services" costs on the State side must be managed prudently to avoid potential loss of capacity and burden shifting at the district level.

P.O. Box 1088
Roseburg, OR 97470
PH 541.679.3311
TF 800.548.5275
FX 541.679.2540

It's a brutal reality for landowners that the combination of State Government Service charges, Attorney General Fees, OPE, Personnel Costs, Headquarters Services, Cost Allocations as well as certain Department management practices and policies are all additive costs to maintain "current services" over and above what it takes to put boots on the ground. Coupled with the escalating costs of actual firefighting, it is becoming a deadly 1-2 punch forcing the district Boards to make choices.

The system cannot tolerate the extreme increases in these costs (by as much as 8-12% per annum) as seen in our last round of budgeting without some kind of reaction. Because this 1-2 punch potentially hits the high fire districts hardest, my fear is some boards are making the choice to use the OFLPF as part of their district budget rather than bear these costs. This trend will continue unless we can proactively address the formulas and allocations along with educating our Governor and legislature on the implications.

I strongly encourage the Board to work directly with the Department and landowners to make recommendations to the Governor and legislature for improvement.

Principle #3- Equity of Extra Costs between OFLPF and General Fund Provides Stability- we've done a great job of establishing the rationale for 50/50 GF and landowner cost splits for extra fire costs. It makes sense, and the legislators we talk to fully support the concept. However, the current approach is completely broken and must be fixed immediately!

The current system of horizontally layered extra cost deductibles first to the OFLPF for \$15 million and then to the GF for \$10 million does not work! The 5 year trend of 86% landowner payout for all extra costs is breaking the OFLPF "bank" and threatening viability of the system. By next year when new assessments and harvest fees effectively double our rates, the full effect of this pay as you go burden will be heard and felt!

While I'm not fully in support of the Wildfire Reduction Act legislative concept in its current form, I do applaud the Department for proposing the extra cost equity piece of the concept. It's now clear that vertical layering of the extra costs for a true 50/50 split is absolutely necessary and we need it ASAP.

I encourage the Board to allow the Department and landowner's time to vet through a process and put forth a legislative concept we can all buy into that primarily addresses this issue.

I appreciate this opportunity to provide a perspective on a few of the principles and issues and look forward to playing an active role working with the Department as we go forward.

Sincerely,

Roseburg Forest Products



Phil Adams
Manager, Land & Timber