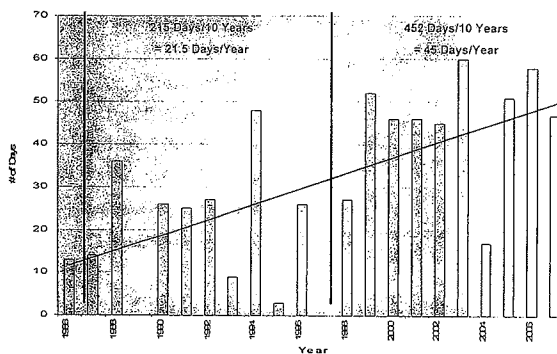


## Background

- District's develop next year's FY budget
- Inputs/Changes from Associations/Boards
- Reviewed/Approved by the BOF
- Establishes the "Level of Protection"

### Days Above ERC 72 (1986-2007)

John Day Unit, (ERC 72 is the large fire threshold for JD Unit)



## Limiting Factors

- Some Forestlands ability to support costs
  - Economic viability of the lands
  - Reduced mill infrastructure (especially eastside)
  - Suppressed Economies

## Defining the Issues

- **Expensive fire seasons (2006 & 2007)**
  - Increased expenditures
  - Expended deductibles
  - District severity funds drained
  - Limited carry over
  - Predictive budgeting
- **Changing Conditions**
  - Fire Season severity and duration increasing

## Other Factors

- **Rising Cost of Fire Protection**
  - Contract Cost
  - Fuel Costs
  - Equipment Rental Costs
  - Other Budget Units (HQ)

## Recommendation

The department recommends to the board that all budgets be approved to maintain an adequate level of protection as part of the complete and coordinated fire protection system.



Oregon Board of Forestry  
Salem, Oregon  
June 4, 2008

First of all I want to thank you for the privilege to be here and speak to you about fire protection and it's affects on working forests and ranches in Oregon. My name is John Warness and I am here wearing two hats this morning. One hat is of a private industrial landowner (Forest Capital Partners) and the other is of the President of the Eastern Oregon Fire Protection Association (EOFPA). As you know the association represents most of the private landowners in the Central Oregon District (COD) and the Northeast Oregon District (NEO) protected by the Oregon Department of Forestry.

This year private landowners in Eastern Oregon are facing 20 - 31% increases in fire protection assessments due to very active and long fire seasons. This resulted in the Northeast Oregon Budget Committee rejecting the proposed budget of the NEO District. Central Oregon District passed their budget but only after a lengthy discussion and implications associated with not passing it. This resulted in a very lively annual EOFPA meeting. As landowners we have never been down this path regarding the fire protection budgets. The EOFPA membership decided to agree with the budget committee's recommendation so you received an approved budget for the COD and a rejected budget for the NEO. I have attached letters from each of the budget committees and a letter from the EOFPA which cover in detail the reasons for the unrest.

I do want to make the point that ODF personnel, their expertise at containing fires and controlling costs are very highly regarded and respected by EOFPA landowners. Our relationship with ODF is one of mutual respect and support. The rejection of the budget is solely based on the increase uncontrollable costs that are being passed on to the landowners.

As the industrial owner I can produce a pile of data to how increased costs affect my operation and the fact that an overall 20% increase in fire protection cost does cost me a significant amount of money. However, it is the nature of these costs that have far reaching affects on all Oregonians. At stake is the quality of life that Oregonians desire and expect. Those values include: clean water, clean air, wildlife and habitat, sustainable environment, sustainable forests, and the ability to recreate. Uncontrollable and costly wildfires are a major threat to this quality of life across all of Oregon. Unfortunately for the private landowners in Oregon, who are paying 75-80% of the fighting costs, everything mentioned above is threatened, but the largest affect is on the livelihood of the working forests and ranches they own. Lightning and non-rate payers are the cause of 66% of the wildfires in eastern Oregon. Basically these causes are not controlled by the landowners but forest landowners last year borne 75-80% of the costs. The major direct affect potential from these costs is placed squarely on our working forests and ranches,



one of fragmentation or development reaction. We are not making anymore land in this country and as the nation's population and wealth grow these lands become more valuable for Higher and Better Use (HBU). The resources from working forests and ranches become less valuable so they get sold as HBU because of increasing costs. As this happens "No Trespassing" signs show up and these lands are lost to the public for hunting/fishing and recreating. A down-stream affect occurs with the Oregon Department of Fish and Wildlife (ODF&W) and the reduced purchase of hunting licenses and tags.

So where do we go from here? First of all the proposed budgets before you now, do provide adequate protection, given the current frequency and intensity of wildfires. It is the cost, cost equity and causes of these fires that have increased and that are out of landowner control. We fully expect the board to approve the budgets as submitted, including the NEO budget but we hope and trust with a commitment to pursue solving the dilemma of lower values, increasing costs, and fragmentation or development. We would like your support for the Wildfire Reduction Act concept that would move the General Fund sharing of total fire programs costs closer to a 50/50 match. This would also contribute to fire fighting capacity that would enhance the ability to keep fires small and costs reasonable.

As a summary EOFPA landowners have a wide variety of production capabilities on their lands. In the current economic climate and trends, many are struggling to support (pay for) an adequate level of protection based on the capability of their lands to produce revenues. If landowners can't make ends meet, HBU alternatives come into play. That is inconsistent with the Forestry Program for Oregon which states: "keep working forests working" as some forests will be sold and utilized for non-resource uses. As lands go out of production, a downward spiral of the industrial infrastructure follows. Other states recognize this and do support fire protection levels well above the levels that Oregon does.

The EOFPA landowners recommend the Board of Forestry support:

1. Wildfire Reduction Act, as investments in high fire districts will be money well spent and will help support the entire statewide protection system. Include assessment rate reduction measures as part of the Act for EOFPA Districts.
2. Approve and support both the COD and NEO fire protection budgets for FY 2009 and work with landowners and the political process to create changes to the funding formulas.



Regards, Thank you again for the opportunity to sit before this distinguished board and I hope we can move forward together to keep our working forests and ranches a valuable part of Oregon.

John W. Warness  
NEO Region Manager, Forest Capital Partners LLC  
President of the Eastern Oregon Forest Protection Association