

Testimony to the Oregon Board of Forestry

By Michael S. Hicks

June 3, 2009.

Good Morning. My name is Mike Hicks. I am the manager of Log Procurement for Boise Cascade, LLC in Northwest Oregon. I have worked in Oregon, Washington, and California for over 35 years primarily in log procurement, contract administration, and fee land management. I have a degree in Forest Management from Oregon State University and a MBA from OSU as well. I have been responsible for procuring logs or stumpage from the Kenai Peninsula in Alaska to the Sierras of Central California.

I am representing Boise Cascade in Oregon where we are operating 7 manufacturing facilities that employ over 1300 people, with an annual payroll projected for 2009 to be over of \$39 million. In NW Oregon alone, we have 4 ODF sales under contract and are operating on 3 of them as we speak.

I am here today to encourage the board to pursue an increased harvest level from state of Oregon lands as the trust mandate dictates. A quick and dirty allowable cut calculation for western Oregon lands using 500 board feet of growth per acre per year would indicate a cut of 350 million board feet off 700,000 acres of ODF managed land. We are encouraging a modest increase in harvest levels to a minimum of 195 million board feet per year. State forest growth rates will still far exceed forest harvest rates.

Land is a valuable asset that needs to be actively managed to derive sustainable revenue. If Oregon were to pursue a strategy similar to the federal model, such as old growth habitat with extremely limited harvest, the land becomes a liability; that is, costs exceed revenue. From a fiducial point of view, the best course would be to sell the asset. The state of Oregon has opted to manage its lands,

produce revenue and we think that is a good long term sustainable option. It is good for the tax payers and it is essential for the wood products industry. Without a robust primary wood products manufacturing base, the timberland asset is much reduced in value. The state should be doing all they can to promote and provide a renewable raw material to sustain a vibrant wood products sector all within the context of social and environmental acceptability. We all hope wood products demand improves, and it will. The state could better position itself to take advantage of increased demand when our economy turns around by supporting increased harvest levels.

The federal government owns and manages roughly 50% of Oregon. The state lands do not need to have similar goals as the federal lands. Producing big trees is nice if you can afford it, but we question whether the state of Oregon can afford to produce big trees with their structure based management strategy. We have been, and remain concerned with the plan to create big trees and move them around the landscape because of the impact on long term harvest levels. In addition most mills have retooled to efficiently handle smaller logs when the federal harvest levels dried up with the implementation of the NW Forest Plan. We question the strategy to invest so much to produce a product that most customers did not want or could not use.

To conclude, the state can not afford to manage for big trees, the state is capable of a substantially increased harvest in a sustainable and environmentally sound manner, and finally the state should do all it can to encourage a strong primary wood products manufacturing infrastructure with increased harvest levels.

Thank you for the opportunity to address the board and thank you for your efforts serving on this board.