

TESTIMONY OF STEVE ZIKA TO THE OREGON BOARD OF FORESTRY

JANUARY 3, 2018

Chairman Imeson and members of the Board of Forestry, thank you for giving me the opportunity to provide testimony today. My name is Steve Zika and I serve as CEO for Hampton Lumber, a family-owned, Oregon-based wood manufacturing company. While our company has managed to stay in business for 75 years, many sawmills have closed throughout Oregon due to policy changes and seemingly endless litigation surrounding what are arguably already some of the healthiest, most productive, and most sustainably managed forests in the world. I do not regularly testify before this Board but felt the need to do so today in the hopes that I could convey the extreme sense of urgency felt by those in the wood products community and our disappointment in being presented with more delays. By introducing yet another FMP review to this already decades-long process, I believe this Board will only succeed in leading us toward another tragic Elliott State Forest saga and do a disservice to Oregon taxpayers and all those who depend on stability and certainty in how these forests are managed.

Hampton operates four sawmills in Oregon and employs more than 700 people in family wage jobs with full health insurance and a very good retirement plan. The average wage at our Oregon sawmills is \$24/hour or \$50,000 a year, which is far above the average wage in Oregon's rural communities and double that of the average recreation and tourism sector job. Wood manufacturing also creates opportunities for career development in the trades through in-house electrical, millwright, mechanical, and leadership training. These jobs are still incredibly important to rural counties. To use Clatsop County as an example, an area where we operate a mill and own timberland, the forest industry accounts for 30 percent of the economic base in the county, and 12 percent of the employment, all while providing for a multitude of recreation activities and excellent water quality and wildlife habitat.

Yet Oregon and Washington wood products manufacturers have the highest log costs in the world due in large part to declining public timber harvests. Each of Hampton's Oregon sawmills rely on state forests for at least 20% of their annual log supply. The fate of current and future wood products manufacturing in northwest Oregon is directly linked to state timber harvests since the majority of federal lands are closed to timber harvesting.

That said, I believe this Board is fully aware of the importance of timber harvests to state and rural economies and to the solvency of the Department of Forestry. I also understand the challenges this Board must navigate through with a myriad of voices, some louder and more uncompromising than others, and each with special interests, agendas, and needs. Foresters, rural leaders, environmental activists, lumber manufacturers—we all have good intentions though perhaps differing ideas about how we can best achieve healthy public forests and communities. No one in this room has all the answers. Nor can they claim to know exactly how policies will play out. There are always more questions to ask. That is the complex nature of forest management and environmental science. This Board will find no perfect solution, no precise answers to each and every question presented. However, you can and should make the best use of the information you have, respect earnest needs, and take urgent informed action.

I hope this Board will learn from the Elliott State Forest situation and take action to keep the remaining state forests from insolvency and potential sale. Again using Clatsop County as an example, the county taxing districts have recently received \$20 million in annual direct revenue from the Clatsop State Forest. If harvest levels drop consistent with those that preceded the Elliott's insolvency, rural

education, health services, and public safety will be greatly diminished along with overall economic resilience in the county. The longer this Board delays, the fewer options it will have available.

If you want to sustain a multi-use forest over the long-term, you have to know its condition and plan for its future. The Board needs to take advantage of the decades of information derived from stakeholder reviews, modelling and timberland data maintained by the ODF. I find it deeply concerning that this Board is not aware of the long-term value and capacity of the forests for which it has oversight. I fear you are putting the state in a situation where these forests will become financially unviable. And then what? Is this Board counting on the General Fund to subsidize what should and could be a model working forest?

Economics certainly isn't the only factor this Board must grapple with but you cannot ignore that it is major consideration for the sustainability of public forests and rural communities. I believe most everyone in this room, myself included, would like this Board to do everything possible to keep public forests public. In developing the Board Work Plans for 2018-2019 please prioritize the finalization of a new state forest management plan.

In the latest CFTLC Annual Report the ODF forecasts that the county share of state forest revenues will drop by \$10 million by 2023. What happens after that? I urge you to require the ODF to provide a forecast of the timber harvest levels by county and resulting revenue estimates for each of the next ten years to truly understand what we are facing in terms of harvest reduction. This analysis can easily be done prior to your next meeting.

I also request that the Board not approve a new incremental process and throw out years of data and public involvement. I urge you to go back to the Stakeholder Group alternatives that were developed in 2014 and ask ODF to apply their expertise to modify the potential alternatives and recommend an alternative to the Board that meets the agency's financial obligations. The Board can then determine whether the recommendation meets its fiduciary objectives. There is no reason to start from scratch, every year you delay takes us closer to 'Elliott North'.

There are certainly challenges in forest policy but there are also opportunities. I believe this Board can quickly enact reasonable, informed policies that not only maintain existing wood manufacturing and rural communities but support development of new wood technologies and markets for products like cross-laminated timber. At the same time, this Board can continue Oregon's legacy of maintaining some of the best-managed forests in the world with some of the best water quality and habitat in the state. This Board will never have all the answers to all the potential questions raised about forest management but you have at your fingertips the information and resources you need to move forward in an informed, timely, and proactive way. Please do so.

Thank you.

