

Testimony from Tim Josi

Tillamook County Commissioner
Chair of CFTLC and FTLAC

Council of Forest Trust Land Counties
Forest Trust Land Advisory Committee

Rural Counties are hurting due to SRS going away:

According to an OSU study:

- Counties will lose about 4,000 jobs
- \$400 million in business sales goes away
- We lose \$250 million in “value added” economic activity
- 33 counties will face \$215 million annually in combined revenue losses.
- At least 4 counties face insolvency and several more facing drastic General Fund cuts (see chart)
- At least 14 counties lose over 40% of their road funds (see chart)
- Many of us have low property tax values and low permanent tax rates. (see chart)

The Trust Counties and the BOF have been struggling with harvest levels for more than a decade.

- We have been struggling with how much to give up to wildlife concerns.
- We now know the Board’s decisions were made on top of a market cycle
- And we now know the management decisions were not financially stable.
- About three years ago the DOF reduced their staff by 30%
- Today they are facing an additional financial crisis (see chart)

And now for the difficult part – how do I feel about HB 4098?

- In 2006, after formal action by the Trust Counties, I wrote a letter to the BOF (see letter)
 - “FTLAC believes a responsible average annual harvest level, that meets the fiduciary responsibility of the State to the Trust Counties, should be no less than 90 percent of the Forest Practices Act as applied to maximum biological potential as determined in Step 1.”
- Note that the letter was written to the BOF – not the Legislature
- To date, the Trust Counties have not taken a position of HB 4097
- I believe forest management policies should reside with the BOF – not the legislature.
 - What one legislative body gives another can take away

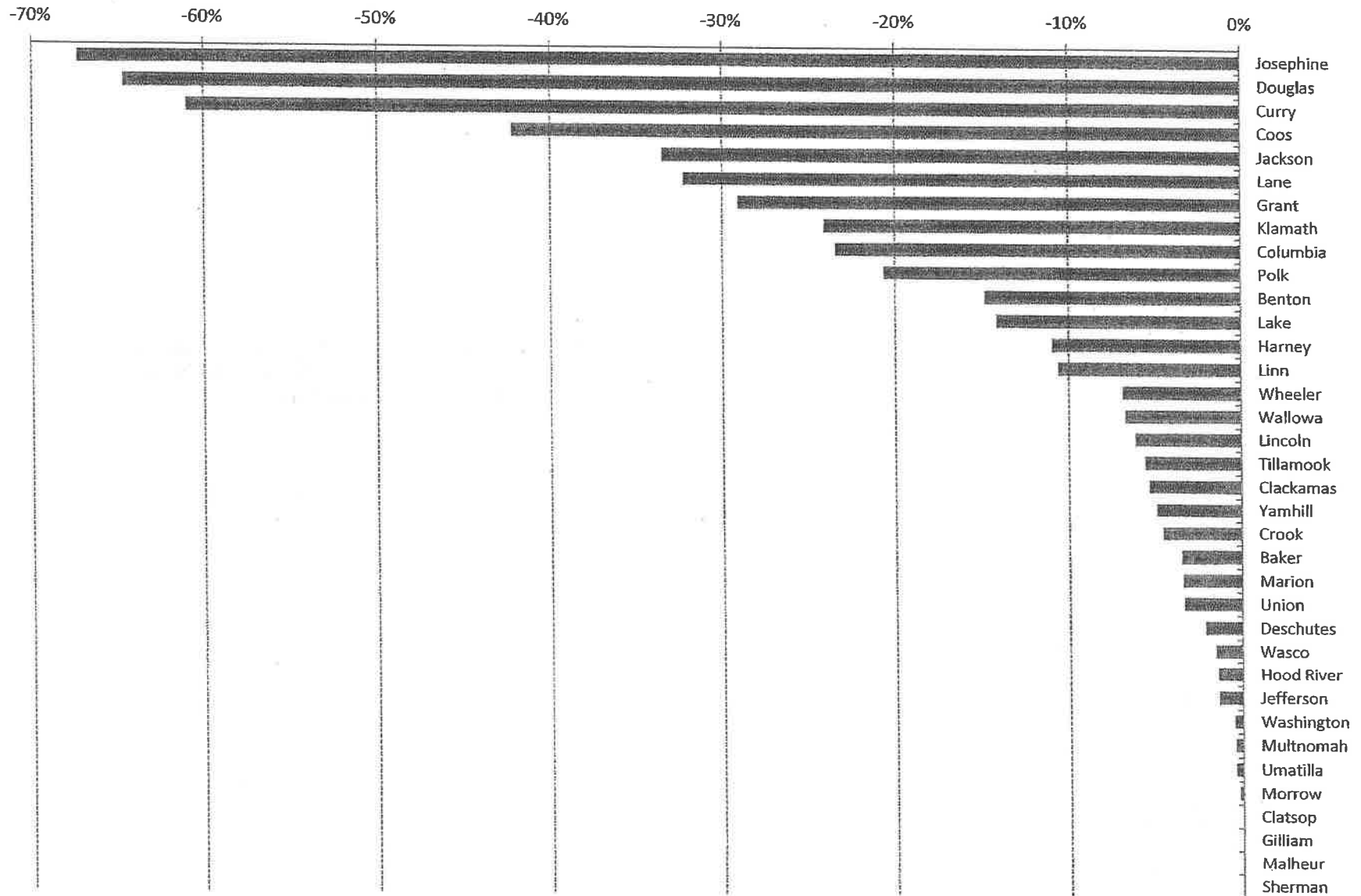
If you really want to help us, then pass legislation that establishes a formal trust where the Counties are designated as beneficiaries and BOF is established as Trustee with a strict fiduciary duty to the beneficiary.

- We have had two circuit court decisions that have determined that there is a true trust relationship between the counties and the state
- We have no Appeals, or Supreme Court decisions affirming these decisions, which have the effect of law.

Secondly, ask the Board of Forestry to reconsider the State Forest Management Plan

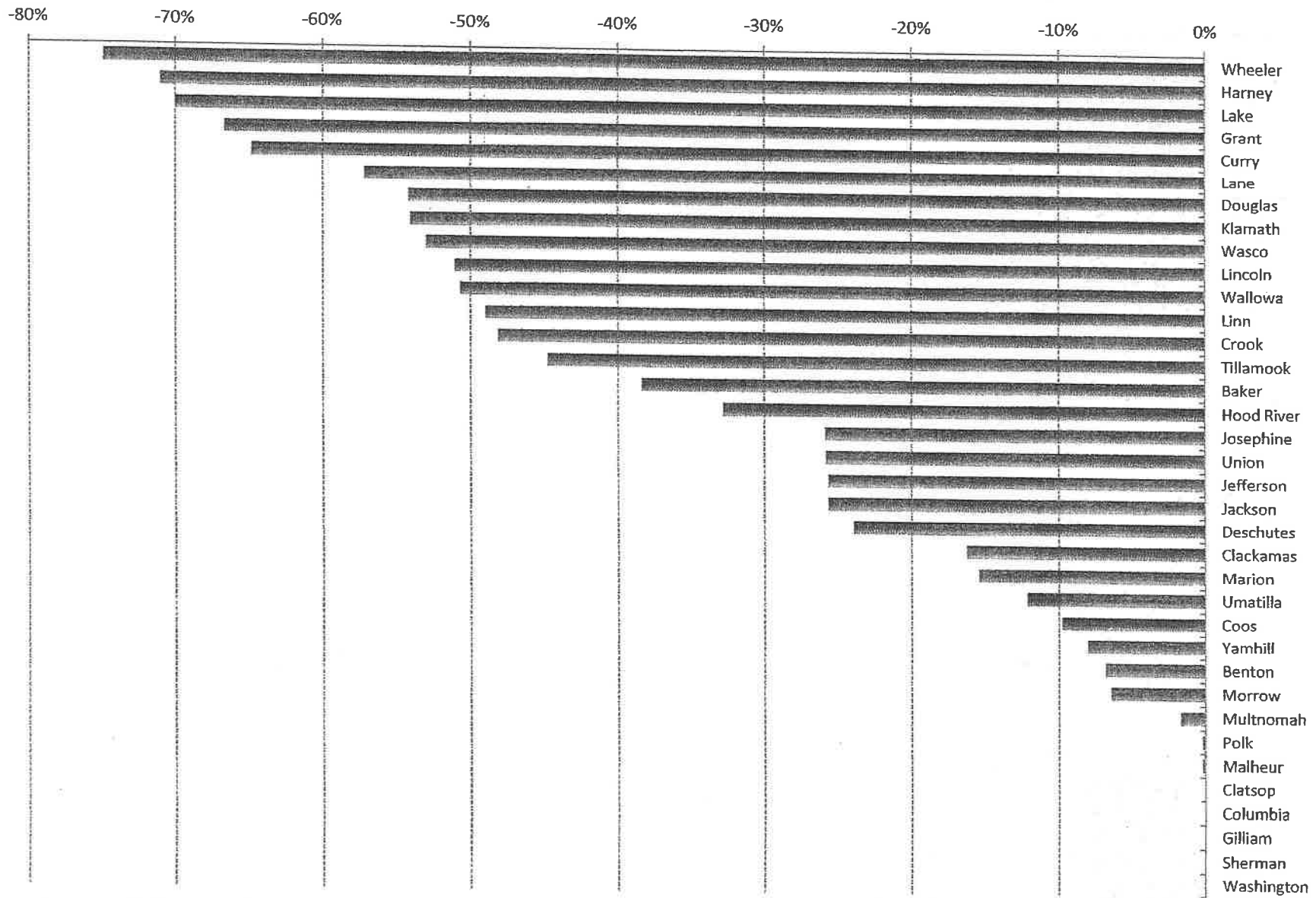
Impact to Oregon Counties from Loss of SRS Revenues

General Fund Discretionary Revenues (FY 2008)



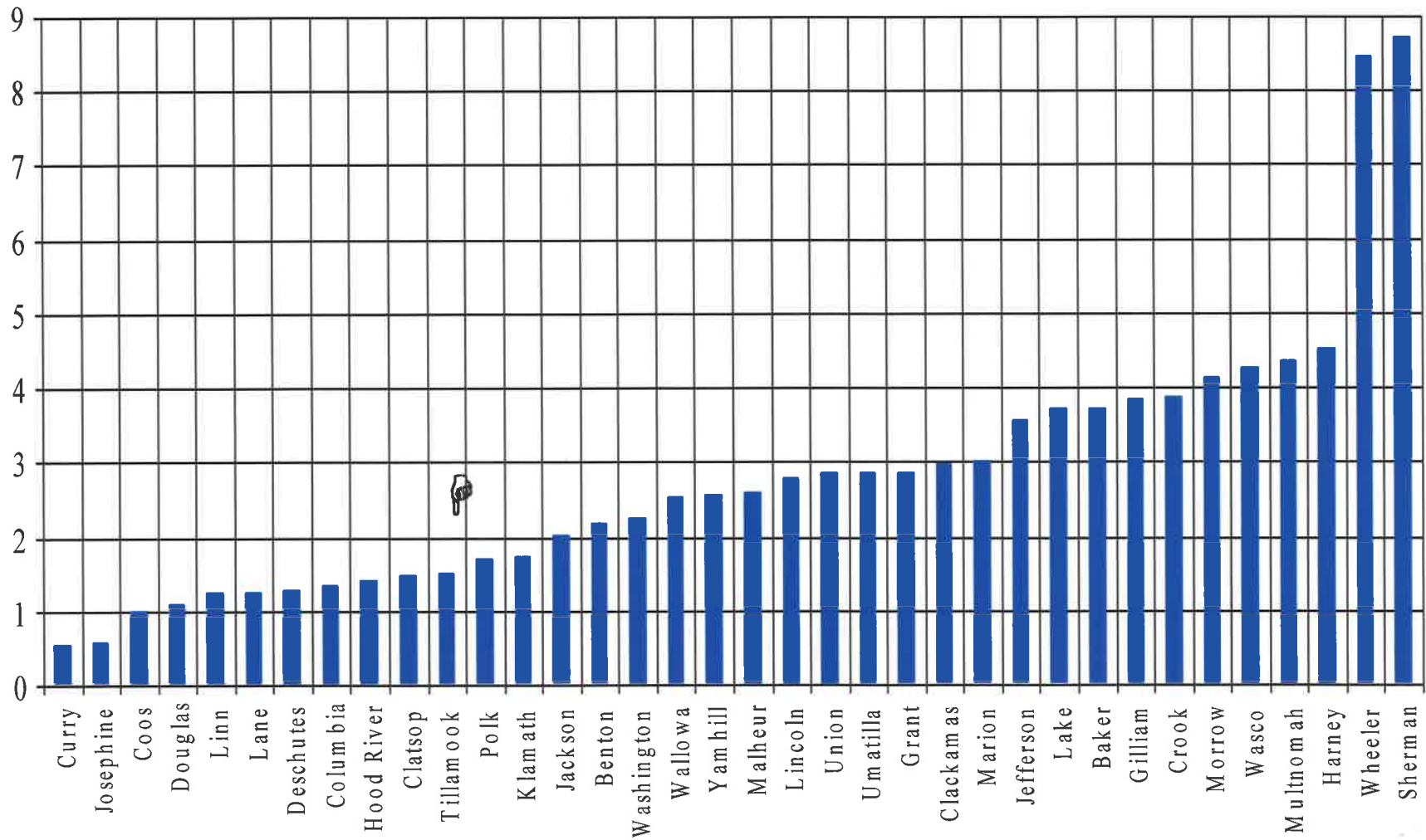
Source: 2009 Governors' Task Force on Federal Forest Payments and County Services

Impact to Oregon Counties from Loss of SRS Revenues Road Fund Revenues (FY 2008)



Source: 2009 Governors' Task Force on Federal Forest Payments and County Services

■ Measure 47/50 Permanent Property Tax Rate Used



ODF Share Revenue Projection

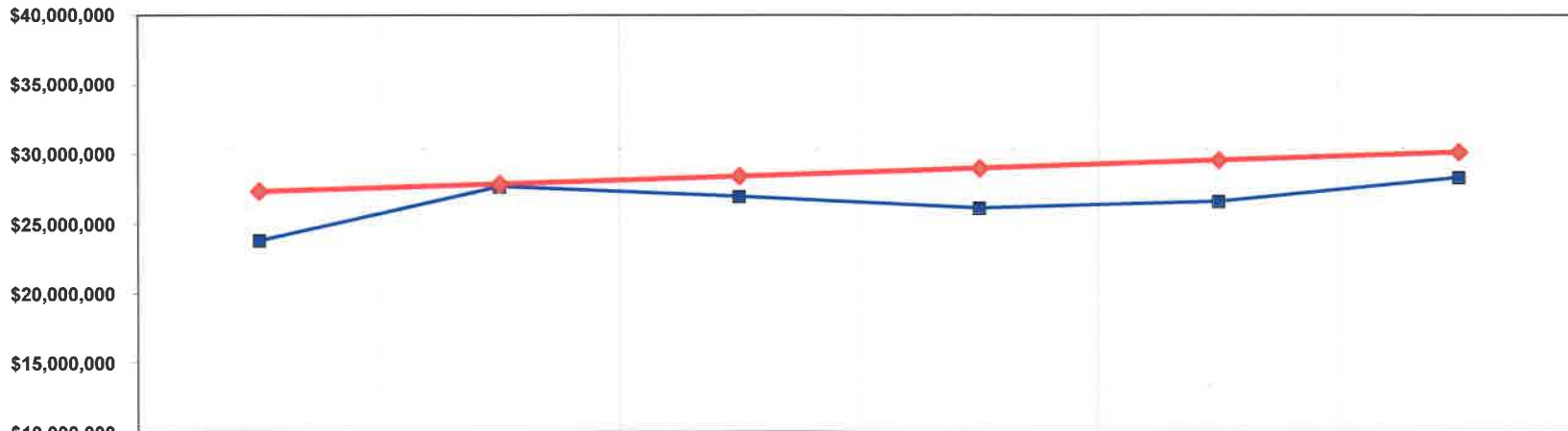
FDF Balance Projection

FDF Balance Projection using Board of Forestry projected FY budget plus net revenue transfers as future expenditures. Future revenue is calculated using a total volume of 218 mmbf effective FY14 and Global Insights housing start data.



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
6mo est opr costs	13,679,500	13,946,500	14,220,000	14,499,500	14,786,000	15,079,500
FUND BAL	\$16,921,000	\$13,150,000	\$12,719,000	\$11,298,000	\$8,482,000	\$5,580,000

ODF Share Revenue vs. Expenditures including Transfers



	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
ODF Revenue	23,838,000	27,712,000	27,019,000	26,183,000	26,670,000	28,366,000
Est. Total Costs	27,359,000	27,893,000	28,440,000	28,999,000	29,572,000	30,159,000



Council of Forest Trust Land Counties

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Date: May 8, 2006

To: Oregon Board of Forestry (Chair Steve Hobbs, Barbara Craig, Larry Giustina, Chris Heffernan, Bill Hutchison, Jennifer Phillippi, and Diane Snyder).
State Forester Marvin Brown

From: Commissioner Tim Josi, Chair *Tim Josi*
Council of Forest Trust Land Counties and Forest Trust Land Advisory Committee

Subject: H&H Workshop – further evaluation of Forest Management Plans.

The Forest Trust Lands Advisory Committee appreciates the thoughtful work that the Board of Forestry has put into evaluating the Forest Management Plans. The April 27, 2006, Workshop demonstrated the Board's commitment to ensuring that the State Forest Trust Lands are managed in a way that strikes the right balance between social, economic, and environmental benefits.

FTLAC agrees with the Board's assessment – the H&H Model results demonstrate a need to more fully evaluate the FMP.

ODF has invested considerable time and resources to building the H&H model, as has FTLAC. We believe that the H&H Model offers credible results and can and should be used to provide information that will help the Board fully evaluate the FMP.

Based on the Workshop, FTLAC suggests the Board of Forestry utilize the following steps:

1. Establish the maximum biological potential of the State Forests as a benchmark.

The Board discussed this several times during the April 27-28 meeting. We agree that understanding the biologic potential is a necessary first step in understanding exactly what is being given up for other objectives.

While the notion of "biological potential" seems like a straightforward concept, we realize that it requires a number of assumptions (e.g. rotation age, average annual harvest volume over 150 years, investment level, available acres, FPA and ESA compliance, etc.), and we are ready to help work through this process.

2. Agree on an appropriate average annual harvest level for the State Forest Trust Lands.

FTLAC believes a responsible average annual harvest level, that meets the fiduciary

responsibility of the State to the Trust Counties, should be no less than 90 percent of the Forest Practices Act as applied to maximum biological potential as determined in Step 1.

3. Evaluate and agree on management approaches that meet the established balance between social, economic, and environmental objectives agreed upon in Step 2.

To date, the H&H model has been used to evaluate what we see as a rather narrow portion of the decision space. We believe that there are several other approaches to managing the forest that will come closer to the right balance between the elements of Greatest Permanent Value.

Moreover, we believe that determining the viability of a Habitat Conservation Plan should not be the Board of Forestry's next decision. An HCP vs. Take Avoidance should be the first determination in Step 3.

My presentation briefly touched on additional management approaches for the Board to consider. We have started to map out these and other alternatives. We look forward to collaborating with the Board and the Department in developing a set of planning criteria that more completely describe the benefits and costs of different forest management plan alternatives.

At the Workshop, we observed that there may have been some confusion about the Department's recent efforts to define annual "performance measures." As we understand it, the performance measures are designed primarily to determine whether the Department is implementing the FMP as written, and whether the FMP is having the anticipated outcome as defined in the Implementation Plan.

Not surprisingly, the Department has been given good reviews for successfully implementing the adopted FMP. However, performance measures are not designed to evaluate the FMP as an appropriate management tool.

Role of the Board of Forestry:

The Board of Forestry cannot set harvest levels. However, it is incumbent upon the Board to fully understand what impacts various management approaches will have on harvest levels. The Board can then recommend changes to the FMP deemed appropriate. This was the approach taken by the Board of Forestry when adopting the 2001 FMP.

FTLAC stands ready to assist the Board's efforts to fully evaluate the FMP decisions. We will provide focused input in a timely manner. We offer the Board the services of our consultant, Mason, Bruce & Girard, to use in whatever way deemed helpful. We will continue to advocate for sound and sustainable active forest management before the Legislature and the public.

We look forward to working with you on this important project.