

April 18, 2017

Dear Members of Joint Sub-Committee on Natural Resources –

Good afternoon. My name is Kenneth Cummings and I am here as Chair of the Emergency Fire Cost Committee (EFCC). I appreciate this opportunity to be here and testify before the committee. As you may recall, the EFCC is defined in statute and appointed by the Board of Forestry to oversee the Oregon Forest Land Protection Fund (OFLPF). As fiduciaries of the fund we are charged with supervision and control of the distribution of funds from the OFLPF to equalize costs across districts in Oregon when large fire costs exceed local district capacity and resources.

I would like to express my appreciation for all that you do and in the wake of the last several fire seasons I know strategies around fire funding have been rigorously tested. As Chair of the EFCC I have been privileged to work side by side with Oregon Department of Forestry (ODF) staff and our State Forester to insure we are getting the most we can by being efficient and effective in the deployment of resources and use of precious capital when we are engaged in large, extra protection cost fires.

At times like this I need to remind myself and would take the opportunity to remind all of us what public policy says about fire and fire suppression in the State of Oregon:

Oregon Revised Statute 477.005 - Policy:

1 – “...preservation of forests” – is the public policy of the State

(2)(a) “...need for a complete and coordinated forest protection system is acknowledged and the primary mission of ODF...”

The State Forester’s No 1. Mission is to put out wildfires. Due to our unique history of building and maintaining close working relationships between landowners and ODF the State of Oregon enjoys one of the most efficient and effective firefighting organizations in the United States , if not the world.

One of the foundational pieces of the complete and coordinated system we have in Oregon between ODF and landowners are relationships that go back close to 100 years in some districts. More recently the implementation of the Wildfire Protection Act (WPA) in 2012 was a landmark piece of legislation, which recognized almost \$13MM per year of in-kind-contribution to fire suppression efforts, which underscores that commitment to ODF. Additionally the WPA authorized the EFCC to put money into pre-positioning resources ahead of fire starts in an effort to minimize loss. Landowners agreed that putting more money from the fund (OFLPF) up front made sense. The other piece of that legislation was intended to bring equity into the payment

structure so that by 2018 the General Fund and the OFLPF would be at a true 50/50 split covering the first \$20 MM in extra suppression fire costs. Lastly, \$1MM a year was earmarked to offset costs for eastern Oregon landowners in high fire districts supported by lower productivity lands. I review these points to illustrate that landowners have always been and continue to be a willing partner in solving problems collaboratively.

The OFLPF represents members from Oregon forest Industries Council, Oregon Small Woodlands owners and many other independent landowners that all assume ODF is operating at the most efficient level possible every fire season. From my understanding the ODF budget being proposed would leave ODF at a deficit of 33 seasonal positions and 19 permanent positions within the private forest division. This does not address the reductions related to the potential sale of the Elliot State Forest. Overall this is a very concerning and troublesome situation to be faced with going into fire season. As you know the fire suppression system is based on the militia concept where seasonally ODF ramps up to meet the need and then can be downsized accordingly through the rest of the year to minimize costs. One of the other integral components of the system is highly skilled, permanent staff that fit into various roles within one of three teams organized around the incident command system to help run large fires. Their goal is to get in and get out and keep the costs related to large fires as low as possible. Due to the aging of America, we are already experiencing the loss of top tier managers with deep fire experience, which will only be addressed through succession planning and training over time. To experience more [potential] loss due to the 19 positions in private forests because there are less people to rotate through the various teams in times of high stress is not a healthy direction.

One of our responsibilities on the OFLPF has been to insure a continued successful relationship with underwriters at Lloyds of London. As you are aware we enjoy the ability to have a “one of a kind in the world” insurance policy. We are rightly related to arguably one of the most powerful financial institutions in the world. I personally have been to London for three years in a row [2014,15,16] to visit with underwriters at Lloyds of London about our insurance policy to express our appreciation for a partnership that goes back over 30 years and their willingness to continue that relationship. Additionally, our visits have been laser focused on telling our story of why we are still a “good risk” and that they should continue with the program. This policy essentially protects the General Fund and could easily have disappeared if not for the tireless efforts of our committee and ODF staff. As a reminder, during the 2013 and 2014 fire seasons we collectively [GF and OFLPF] paid approximately \$7.5MM in premiums and underwriters paid out \$50MM in claims that would have all been General Fund liability.

If we were to have another bad year that resulted in even small claims it would be very damaging to report to underwriters that even a small part of our story was due to reduced manpower, readiness, etc. If we are ever perceived as a “bad risk” due to our own short comings in terms of funding, manpower, etc. I believe it would be the beginning of a very damaging and irreversible image of Oregon in the insurance markets.

Taking lottery funds and shifting them toward non-essential ODF programs may sound “good”. Sometimes good can be the enemy of “better”. In today’s very difficult financial climate the better choice would be to insure core capability within ODF is met so the “fire department” is well

positioned to keep fires small, protect Oregon's timberlands and the General Fund from potentially large losses.

In closing I would like to relay this anecdotal observation. I was fortunate to be part of a Sustainability Teacher Tour here in southern Oregon last summer directed by Oregon Forest Resources Institute and Southern Oregon Timber Industries Association. I had the chance to share with them some of the background related to how we fight fire, how we pay for fire and how we think about our common interests "protection of the forest from fire" as private landowners, public agency land managers and ODF. These were teachers from all over Oregon and they were amazed to learn about the intricacies involved, the fact that an insurance policy is even possible and above all the rich history and comradery that exists across property lines. One of the participants commented that *"How come more people don't know all this? This complete and coordinated system should be promoted more and recognized for what an outstanding program it is."* All of her colleagues in the room agreed and applauded.

This was an observation by teachers who are in the trenches every day teaching about a variety of subjects so it stands to reason they are very astute and on top of their game. My hope is that as legislators by definition you are as well. You have even more knowledge relating to budget and funding issues and I trust you will consider the importance of providing appropriate budgets for ODF core programs like fire suppression. Long term collaborative solutions are by definition harder to work out but will also stand the test of time and best serve Oregonians.

Thank you for listening and if there is anything I can do to help further inform the situation on your behalf, feel free to let me know. I have attached my contact information below to be part of the written record.

Kenneth Cummings



Chair - Emergency Fire Cost Committee

Kenneth Cummings  
Southern Oregon Region Manager  
Hancock Forest Management  
572 Parsons Drive | Suite 124  
Medford, Oregon 97501  
541.494.4400 xt.102 (Office)  
541.821.5637 (Mobile)  
541.494.4401 (Fax)  
[kcummings@hnrq.com](mailto:kcummings@hnrq.com)