

## Principles for moving forward

By Tim Josi speaking as a Tillamook County Commissioner:

- ODF has an annual financial viability gap of \$5.7 million. Filling this gap would increase county revenues by about \$10 million annually. This annual \$15.7 million gap should be filled primarily through increased timber harvests. Filling a portion of this gap with state general fund dollars is not supported for these reasons:
  - Doing so would likely shift the focus of these State Forests even further from their historical and intended purposes.
  - State General Fund dollars will likely come with conditions. The BOF may lose some control over how these lands are managed.
  - One legislative body cannot bind a future legislative body. There would be no future funding certainty coming from the state general fund.
- Filling the financial viability gap should start with the elimination of Structure Based Management. We have known since shortly after the adoption of the Plan in 2001 that SBM would not produce the volumes promised. We now know why. A substantial portion of the forests must be managed in a manner to reach the desired future condition of layered and older forest stand structures. This means most of our state forests are intensively thinned, which reduces the fiber growing potential.

In addition, it costs more to thin than it does to clearcut. Timber purchasers reduce their bids to account for those additional costs, which mean that we get less for the timber that is sold.

Furthermore, meeting harvest targets through thinning means we have to treat more acres than if we were clearcutting. This increase's ODF's timber sale preparation costs, and in some cases increases the need for roads, which also reduces revenue.

At this point, we don't know much about which is more disruptive to conservation values – clearcutting on a reduced number of acres, or thinning and road building over a larger number of acres. We suspect the answer is not simple.

- Every effort should be made to enhance environmental or conservation values but not at the expense of meeting the \$5.7 ODF financial viability gap as referenced above.
- Changing the county revenue distribution formula can only happen if:
  1. All fifteen CFTLC member counties concur
  2. Schools and special districts are protected and treated fairly.
  3. The Governor must give us his guarantee to not sign a bill amending ORS Chapter 530 without concurrence from all fifteen member counties of CFTLC.
- I'm open to the idea of a conservation fund. However, creating such a fund would likely require a change in the distribution formula, and therefore be subject to the Counties' approval.

I would consider a conservation fund so long as it:

- Was funded from some percentage of revenue on harvest above some minimum threshold, which meets the financial viability gap discussed above

- Was spent in the FTLAC counties.
- Was agreed to by a panel that includes representatives of the Counties
- Projects are shown to be in addition to, not instead of OWEB sponsored projects.
- Cost of conservation management:
  - For land dedicated to conservation, management costs could come from the General Fund – not timber revenue. This would isolate the liabilities, detailed above, to only those lands dedicated for conservation.
- General Fund dollars should also be considered for ODF's current obligations for recreation.