



PO BOX 201706
Helena, MT 59620-1706
(406) 444-3064
FAX (406) 444-3036

Fire Suppression Interim Committee

60th Montana Legislature

SENATE MEMBERS

JOHN COBB
KEN HANSEN
RICK LAIBLE
DAVE LEWIS
GERALD PEASE
CAROL WILLIAMS

HOUSE MEMBERS

STEVE BOLSTAD
JIM KEANE
KRAYTON KERNS
RICK RIPLEY
CHAS VINCENT
BILL WILSON

COMMITTEE STAFF

LEANNE HEISEL, Lead Staff
TODD EVERTS, Staff Attorney
DAWN FIELD, Secretary
BARBARA SMITH, Fiscal Analyst

MINUTES

Little Theater,
June 20, 2008

Central Administrative Building,
724 Louisiana Ave.
Libby, MT

Please note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Services Division. **Exhibits for this meeting are available upon request. Legislative Council policy requires a charge of 15 cents a page for copies of the document.**

Please note: These minutes provide abbreviated information about committee discussion, public testimony, action taken, and other activities. The minutes are accompanied by an audio recording. For each action listed, the minutes indicate the approximate amount of time in hours, minutes, and seconds that has elapsed since the start of the meeting. This time may be used to locate the activity on the audio recording.

An electronic copy of these minutes and the audio recording may be accessed from the Legislative Branch home page at <http://leg.mt.gov>. On the left-side column of the home page, select *Committees*, then *Interim*, and then the appropriate committee.

To view the minutes, locate the meeting date and click on minutes. To hear the audio recording, click on the Real Player icon. Note: You must have Real Player to listen to the audio recording.

COMMITTEE MEMBERS PRESENT

SEN. JOHN COBB
SEN. DAVE LEWIS

REP. STEVE BOLSTAD
REP. JIM KEANE
REP. KRAYTON KERNS
REP. RICK RIPLEY
REP. CHAS VINCENT
REP. BILL WILSON

STAFF PRESENT

LEANNE HEISEL, Lead Staff
TODD EVERTS, Staff Attorney
Cj Johnson, Secretary
BARBARA SMITH, Fiscal Analyst

Visitors

Visitors' list, Attachment #1.
Agenda, Attachment #2

COMMITTEE ACTION

None.

CALL TO ORDER AND ROLL CALL

8:00 a.m. REP. VINCENT called the committee to order at 8:00 a.m. The secretary called the roll. Attachment #3. SEN. HANSEN, SEN. LAIBLE, SEN. PEASE, and SEN. WILLIAMS are absent.

8:05 a.m. REP. VINCENT introduced the panel members.

Panel members:

- Paul Bradford, Kootenai Forest Supervisor
- Steve Fry, Department of Natural Resources and Conservation (DNRC) representative
- Mike Herrin, Three Rivers District Ranger Station

REP. VINCENT thanked the agencies and the departments for their successes this last fire season on the 200 plus successful initial fire attacks. He said the Lincoln County residents and the tax payers of Montana appreciate the success of their efforts in maintaining those fires.

00:02:15 **Paul Bradford, Kootenai Forest Supervisor**, talked about the good snow pack, and feels this will be a good year to not fight fires. He said we have dealt with fire conditions that we have never dealt with before. He said in 1991 when he went to work at the National Forest Service Office in Washington, D.C., that George Leonard, Chief of the National Forest Service was concerned because his office had spent 20% of the agency's budget on fires. Mr. Bradford said now 18 years later, the agency is spending close to \$2 billion in fire related efforts. He said reasons for fire spending are: climate, regional, urban interface conditions, etc.

00:06:26 Mr. Bradford talked about the 2.2 million acres of natural forest in the Kootenai National Forest. He said the Forest Service had established revision plans in 1987. He said that the plan is being used as guidance for fire management. He talked about the first initial attack on a fire needs to be strong before it gets out

of hand. He distributed a handout on the Kootenai National Forest Fire stats from 2001-2007. (**See EXHIBIT 1**). He explained the handout that shows the number of fires and the years the fires took place. He said when there is a strong initial attack they are able to contain most of the fires to 3 or less acres.

00:13:05 **Steve Fry, Northwest Land Area for DNRC**, provided a hard copy of his talking points. (**See EXHIBIT 2**) Mr. Fry informed the committee that he has been a Type I Incident Commander for 10 years with the Libby National Forest with DNRC. He said they would not be able to handle the fires alone without the help of excellent partners, such as the local fire departments, local government, and private contractors. He said they are fully integrated with those partners -from dispatch, to initial attack groups on the ground and in the air. He talked about the response to fires is seamless because of the response from their partners who know their responsibilities and priorities. He stressed emphasis on the partnerships to fight fires.

00:19:39 Mr. Fry thanked the committee for releasing funds for resources, for example equipment that expands their capability to fight fires. He said when the crews are not engaged in fire operation they will be doing forest management, such as building trails and fire wise activity by taking care of under brush, etc.

00:22:02 Mr. Fry talked about fire prevention. He said that nationally over 75% of wildland fires are human caused. He said fires in the northwest region for DNRC is between 40% to 78% human caused. Mr. Fry talked about:

- Contractors are key the element in the firefighting workforce.
- Contractors as operators of heavy equipment are a force multiplier.
- Experienced personnel needed in the use of heavy equipment.

Mr. Fry said the Montana Logging Association should be involved, and addressed several issues why:

- Firefighting resources on fuels.
- Provide access to get to fires.
- Offer continued support for the rural and volunteer fire department which is critical to the success in fighting fires.

00:26:05 **Mike Herrin, Three Rivers District Ranger**, thanked the committee for recognizing the successes that the firefighters have had on the fires. He has been a firefighter in the wildlands and knows what it is like to use a pulaski to put a fire out. He asked that the committee also recognize the success of the firefighters safety. He closed by thanking the committee members for their interest in fire suppression.

QUESTIONS FROM COMMITTEE MEMBERS:

00:27:34 REP. KEANE asked Paul Bradford how he would describe what an initial attack means to him. Mr. Bradford said there would be people in the air for observation, and this would be listed as some sort of an initial attack and in line with the Forest Service fire management plan. He said the management plan

doesn't have a wildland fire use component in it, and is different from some of the other forest events.

- 00:30:54 Dan Rose said there is semantic how fires are reported. He explained how he monitors a controlled, confined, or a contained fire. REP. KEANE commented that DNRC's response is that the Forest Service needs to define better what an initial attack is and what is a contained fire.
- 00:34:22 SEN. LEWIS talked about the committee traveling around the state and being more aware of locations of homes. He noted when traveling from Thompson Falls to Libby that the homes along the river are surrounded by brush, and wanted to know how these structures are protected. Paul Bradford responded that structure is a difficult position, and said they look at other local agencies to see what they do. SEN. LEWIS talked about how the Forest Service handles structure fires.
- 00:39:50 Mike Herrin said that Type I teams are not trained to handle structure fires. He talked about bringing structural teams in from Missoula to assist with fires when structures are threatened.
- 00:40:48 Paul Bradford said the best way to get ahead of the fires is to keep it away from the WUI. He talked about:
- firefighters having limited capabilities in structure, and
 - density of the brush around structures.
- 00:41:54 Dan Rose stated there is a priority process with each fire. When there is an initial attack the firefighters know who fights what. He said the firefighters can go in and thin the brush, and have an engine there to protect the structures when threatened by a fire.
- 00:43:12 Steve Fry talked about putting firefighters at risk. He said it is a combination of effort with fire departments and volunteer firefighters. The key is to bring all elements together in a coordinated effort for the protection of those homes. Northwest residents are becoming more responsible in protecting and taking charge at what they need to do to protect their property.
- 00:45:40 REP. BOLSTAD asked Paul Bradford to explain to the committee how much time he spends in timber sales and how long does it take to remove slash. Mr. Bradford replied that the Kootenai National Forest has a timber management plan that targets them to harvest approximately 13 million board feet a year. He informed the committee that the Panhandle of Northern Idaho, which is part of Region I, harvests about 65 million board feet a year. He said there are approximately 400 million board feet of timber growing at this time in the Northwest.
- 00:47:52 Mike Herrin talked about the Healthy Forest Act and the healthy beetle plan that was put into place two years ago. He addressed the National Environmental Protection Act (NEPA), and how they are used to attack the beetles. He said

that now with the environmental impact takes longer from the study to the treatment. He responded to the second question on slash. He said that the slash is taken care of by the loggers who bring in the tops, which are ground and sold to Murfit or Stone. Mr. Herrin said they are hoping that slash could become a by-product some day -used to make electricity.

00:52:49 SEN. COBB talked about fuels. Mr. Bradford responded that his crew is actively working on the fuels, thinning, etc. SEN. COBB asked what can the state do to make this better to help prepare for the fires between state and private land. Mr. Bradford said there is an educational effort between communities, local and state government to inform people that are moving out into the WUI. SEN. COBB asked Mr. Bradford to get a copy of the contract agreement on how the costs are divided between the local communities, counties, and state. Mr. Bradford said he would.

00:58:18 REP. KEANE talked about the heavy equipment used on the Jocko Lakes fire, and wanted to know what went wrong with the fire. Mr. Fry said there will always be a learning curve for any team that comes from out side the state. He talked about the team from Arizona who was faced with the most difficult fire management challenges in this region. He said the Arizona team did have heavy equipment, fire teams and air tankers within 30 minutes of the fire, but they couldn't catch it they learned quickly about fire behavior. Mr. Fry talked about the cross incident management teams and the personnel issues that had taken place. He said that Bob Harrington and DNRC approached the Arizona management team regarding their response to the fire because they, Mr. Harrington and DNRC, felt it was beyond Arizona's capabilities, in the end they had the team replaced. REP. KEANE asked if the state had more oversight of the teams, could we have done away with the teams sooner than we did. Mr. Fry said they released that team as soon as they could and replaced them with a more capable and experienced team.

Break:

01:10:52 REP. VINCENT gave a brief explanation of the discussion that was taking place before the break.

PUBLIC COMMENT:

9:00 a.m. **Jeff Gruber, Teacher/Historian on Lincoln County Logging history**, gave an overview of his power point program and stated it was started per request of the Montana Historical Society. His presentation is called "Log-Gone it, Libby!"
EXHIBIT 3

PANEL DISCUSSION:

9:30 a.m. **Panel Members:**

- Jim Hurst, Owens & Hurst Lumber
- Duane Vaagen, Vaagen Brothers Lumber
- Ed Levert, Chairman of Lincoln County Steering

- Committee/Kootenaiorest Stakeholder, Secretary/Treasurer
- Bruce Vincent, Communities for a Great Northwest
- Ron Hvisdak, Fire Specialist

01:52:34

Jim Hurst, Owner of Owens & Hurst Lumber, provided information on his background and how he started Owens and Hurst Lumber in 1980. He summarized the operation and how they have tried to survive. He discussed those in power, such as the Federal Forest Service who are in control. He talked about:

- if the Forest Service can't be abolished then the state should take over management,
- looking to neighbors in the North -Canada, and how they operate their forests,
- not wasting time on collaborative efforts - it takes too much time,
- if we choose a no-action alternative, gas prices will take care of it. He predicted \$5 to \$7 gas.
- the USDA made a "conscious decision" not to drill, not to mine, and not to log -now those decisions are coming home to roost.

Mr. Hurst applauded the committee for visiting these issues. He closed stating that Montana is suffering and its people are hurting.

02:07:26

Duane Vaagen, Vaagen Brothers Lumber, welcomed the committee and explained the information he had on some fire stats. **EXHIBIT 4** He provided background information on Vaagen Lumber and what they are doing today. His company makes trusses that are still in demand and the reason they are able to stay open. He discussed the problem with Libby and the surrounding forest, and stated there needs to be infrastructure in place to treat the forest to a healthy state which will increase community health. He addressed the Montana healthy forest issue, and asked:

- 1) Is Montana treating more acres per year?
- 2) Are more acres burning in Montana per year from wild fires or is there less acreage burning?
- 3) Is Montana adding or losing infrastructure such as milling capacity?
- 4) Is the forest in agreement of size and types of management?
- 5) Is the forest being managed for wilde fire, and is that where the money is?
- 6) Is the Forest Service budget and personnel adequate to get the job done, if so - why are the mills leaving Montana?
- 7) What affects will be suffered when the local pulp mill goes away?

Mr. Vaagen offered a solution to their problems by bringing a facility to Libby or the area to treat at-risk forests. Mr. Vaagen closed and commended the committee on their work and for being here today.

02:18:28

Ed Levert, Chairman of Lincoln County Steering Committee, Kootenai National Forest, said he is retired from the Forest Service. He distributed his testimony that provided information about his background when he worked for the Forest Service. **EXHIBIT 5**

- 02:22:07 Mr. Levert said he started the Lincoln County Steering Committee. The Steering Committee is an informal group, and the members come from various agencies, such as county, disaster and emergency services, DNRC, and the Forest Service. He talked about the Steering committee's accomplishments:
- fire assessments,
 - firewise assessments for the communities ,
 - Libby municipal watershed,
 - he has written grants, and the committee has received over \$360,000 in grants for fuel assessments. He said that the Resource Conservation & Development Program (RC&D) is administrating the grants. He talked about Lincoln County taking ownership on solving their own problems in fuel assessments,
 - the Committee is getting the Fish, Wildlife and Parks to take charge of management, and
 - the forest industry and the stakeholders coalition and how they have a process to address litigated problems. He explained the coalition by-laws, and the teams for each district.
- 02:31:55 Mr. Levert discussed a stewardship contract and an agreement made with the towns and recommendations that the towns adopt subdivision assessments prior to approval of building in the WUI. He talked about tax exemptions for people who have fire protected their home and property. He said these people should be rewarded for their firewise efforts and shouldn't be linked to those who don't do anything.
- 02:34:16 **Bruce Vincent, Communities for a Great Northwest**, gave an overview of Montana's past history from the ice age with no trees to the trees coming back. He talked about fires in 1889 that burned from Spokane, Washington, the Idaho Panhandle, and parts of Montana. He said the 1910 fire was the largest in North American history, and burned over 3 million acres in under 3 days. He stressed that NEPA is the way to go. It is a process the federal government follows that includes input from local citizens. Mr. Vincent said that NEPA is a way that we as citizens can assist the federal agency in doing the right thing to our forests. The citizens can petition the federal government to lead and educate people in the WUI interface. He thanked the committee for doing a good job.
- 02:56:52 **Ron Hvisdak, Fire Specialist**, gave a power point presentation on Managing Fire Behavior. Mr. Hvisdak said he worked for the Forest Service for over 30 years. The power point is his views and information he has gathered while working for the Forest Service. There is no hard copy for an exhibit.

QUESTIONS FROM COMMITTEE:

- 03:19:41 REP. BOLSTAD asked Bruce Vincent about an elected body as stated in NEPA and what can they (the legislature) do. Mr. Vincent talked about programs that have been put together by local communities and other groups. He doesn't know what the Forest Service has done.

03:22:39 **SEN. LEWIS** asked about fuel buildup on federal lands being a danger to private lands and state lands. He said that the state of Colorado is doing a study of the beetle blight forest. **Bruce Vincent** responded stating they are working with the federal Forest Service management.

03:24:40 **Duane Vaagen** commented that Scandinavia countries don't have forest fires.

03:26:16 **Bruce Vincent** thanked the committee for paying attention and giving hope to the communities and the fire responders. He talked to the committee members stating that they are the first people that have dived in and paid attention to this issue.

Break

PUBLIC COMMENT

The Audio isn't very good to start with for Mr. Hodge.

03:37:20 **Fred Hodge, retired forester**, directed the committee to a satellite map he had on the wall. The map shows existing situations, wind, etc. He had an overlay that shows where fires have taken place in the last 6 years. **EXHIBIT 6** He had another map that shows all the road closures around the Flathead Lake. He said these road closures also closed off access for firefighters to fight fires. He suggested that with the DNRC having direct suppression costs, that they should be given fiduciary on all state trust lands, and to find a way to protect trust lands, such as thinning out the forests and underbrush. He wanted to know why the state of Montana can't develop and coordinate with the Forest Service to make sure these fires don't come down into the WUI, he said it is a federal threat.

03:48:11 **Mary Ann Roe, County Commissioner**, thanked the panel and the committee for being here today.

03:49:21 **Lincoln Chute, OES, and a volunteer fireman**, said the biggest change that took place last year when working with DNRC is they paid the volunteers to be on stand-by at the hall. By doing this they were able to keep most of the fires small. He addressed firewise, stating it is something that needs to be addressed by the owner of the subdivision before a house is built. He talked about the problem that Flathead valley has, which is a "let burn" area. He talked about a working relationship with DNRC, and trying to have a relationship with the Forest Service. He informed the committee that he is working on a BFA grant to purchase firefighting equipment.

03:55:10 **Russell Hudson, worked for J. Neils Hudson**, said that he would like to see some kind of incentive for the people that do fire protection on their land. He offered several proposals.

03:58:30 **Commissioner Windham** talked about facing a crisis on road systems because they don't have the maintenance dollars to keep them upgraded. She asked the legislators to go back and get the federal government to give the state the \$14

million that Montana had been promised.

- 04:01:24 **Mark Schiltz, Western Manager for Montana Land Reliance (MLR)**, informed the committee that he works on conservation easements and manages land trusts. He talked about being a geologists and working placer mines. **EXHIBIT 7** He said that MLR is the largest state based land trust in the United States and that MLR holds more land under easements than any other land trust in Montana, including both federal and state agencies. He talked about the greatest risks to fighting fire is residential development in the WUI, which places both professional and volunteer firefighters at risk when they are attempting to protect residences in harms way. He told how conservation easements work. Mr. Schiltz assured the committee that MLR is committed to reducing subdivision and development in the wild land urban interface, and how they work with private landowners who have the same goal. He closed by giving an example of the benefits of conservation easement and how it worked on his families property at Big Fork - the land will never be subdivided nor have more than one residence on it.
- 04:06:55 **Dave Skinner, Kalispell**, said he is a plain old citizen. He is a member of Montanans for Multiple Use. He distributed written testimony. **EXHIBIT 8** He talked about Headwaters Economics who had stated in a previous presentation that "where housing borders undeveloped public lands it is becoming increasingly expensive to fight the inevitable wildfires that are a part of life in the west". Mr. Skinner said he differs with that comment and said the real problem is unmanaged public lands, especially federal lands. He talked about the federal government using the argument that development in the woods causes fires, when there is no management of federal lands where fires start and will never see development.
- 04:11:05 **Larry Kelly, a logger and a wildland firefighter contractor**, talked about mechanized equipment and how it has amazingly changed in the last 8 years. He discussed the need for experienced people to operate this equipment during fires.
- 04:22:13 REP. VINCENT thanked the public for the information they provided, their views, ideas, and comments.
- 04:23:01 SEN. COBB said he would like to hear from the other side, such as view points, recommendations, etc. from the Forest Service.
- 04:23:53 REP. VINCENT informed the committee that the bus will be leaving at 1:15 p.m. for any of the members that want to stay and tour a couple of the lumber mills. Rep. Vincent said the committee will be considered adjourned at the end of the lumber mill tour.

BREAK FOR LUNCH:

- 12:30 Lunch was provided for the committee members and staff.

1:15 The committee members boarded a bus to tour the lumber mills.

3:30 Adjourned.

Attachments:

EXHIBIT 9 - Handout on the Northwest Regional Resource and Conservation Development.

EXHIBIT 10 - Letter sent from Rick Liabe regarding assistance to Volunteer Fire Fighters.

EXHIBIT 11 - Contracting Subcommittee recommendations.

EXHIBIT 12 - Letter from John & Margaret Smith on the dangers and restrictions to fire fighting near electric transmission lines.

EXHIBIT 13 - Letter to Matt Hedrick from Mark Haggerty and Patty Gude, Headwaters Economics.

VISITOR'S LIST

Committee Fire Suppression Date 6/20/08

| NAME | REPRESENTING |
|-------------------|------------------------------|
| John Sholtzberger | DNRC |
| Doug Turman | DNRC |
| Russ Hudson | Tree Farmers |
| Lincoln Chute | Flathead OES |
| Keith Kennedy | DNRC |
| Ron Huizdak | SELF |
| STEVE FRYE | MT DNRC |
| MARC MCGILL | LINCOLN County |
| Sarah Canepa | Vital Ground |
| JERRY OKONSKI | SELF |
| TIM HURST | SELF |
| DAVE SKINNER | MT FMU |
| Fred Hodgeboom | Montanans For Multiple Use |
| Mark Roney | Self/ Lincoln Conserv. Dist. |
| Tim Linchan | SELF |
| Malcolm R Edwards | F.S. |
| ART EATON | SELF |
| Jeff Stevenson | F.S. |
| Lisa Oedewaldt | County Planner |
| John Konzen | |
| Jeff Gruber | Self |
| Cami Winslow | F.S. |

VISITOR'S LIST

Committee Fire Suppression

Date 6/20/08

[illegible]



Fire Suppression Interim Committee

60th Montana Legislature

PO BOX 201706
Helena, MT 59620-1706

(4)
FAX (4)

Fire Suppression Interim Committee
Libby, MT
June 20, 2008
Attachment #2

SENATE MEMBERS
JOHN COBB
KEN HANSEN
RICK LAIBLE
DAVE LEWIS
GERALD PEASE
CAROL WILLIAMS

HOUSE MEMBERS
STEVE BOLSTAD
JIM KEANE
KRAYTON KERNS
RICK RIPLEY
CHAS VINCENT
BILL WILSON

COMMITTEE STAFF
LEANNE HEISEL, Lead Staff
TODD EVERTS, Staff Attorney
DAWN FIELD, Secretary
BARBARA SMITH, Fiscal Analyst

AGENDA

Libby

June 20, 2008

Little Theater, Central Administrative Building, 724 Louisiana Ave.

- 8:00 **Call to order, roll call** - Rep. Vincent, chair
- 8:05 **Panel discussion**
- ▶ Paul Bradford, Kootenai Forest Supervisor
 - ▶ DNRC representative
 - ▶ Mike Herrin, Three Rivers District Ranger
- 9:00 **Lincoln County logging history**
- ▶ Jeff Gruber, Teacher/Historian
- 9:30 **Panel discussion**
- ▶ Jim Hurst, Owens & Hurst Lumber
 - ▶ Duane Vaagen, Vaagen Brothers Lumber
 - ▶ Ed Levert, Chairman of Lincoln County Steering Committee/
Kootenai
Forest Stakeholder Secretary/Treasurer
 - ▶ Bruce Vincent, Communities for a Great Northwest
 - ▶ Ron Hvisdak, Fire Specialist
- 11:30 **Public comment**
- 12:30 **Lunch** (to be provided for Committee members and staff)
- 1:15 **Field trip**
- 3:00 **Reconvene and directions to staff**
- 3:30 **Adjourn**

**** Please note: Times are approximate. The public comment period may be extended if participation warrants extension.**

FIRE SUPPRESSION INTERIM COMMITTEE ROLL CALL

MEETING DATE: 6.21.08

| NAME | PRESENT | ABSENT/EXCUSED |
|------------------------------|---------|----------------|
| SEN. HANSEN | | ✓ |
| SEN. HABLE Laible | | ✓ |
| SEN. LEWIS | ✓ | |
| SEN. PEASE | ✓ | bx |
| SEN. WILLIAMS | | ✓ |
| REP. BOLSTAD | ✓ | |
| REP. KEANE | ✓ | |
| REP. KERNS | ✓ | |
| REP. RIPLEY | | ✓ |
| REP. VINCENT | ✓ | |
| REP. WILSON | | ✓ |
| SEN. COBB | ✓ | |

Kootenai National Forest
Fire Stats 2001-2007

| <u>Number of Fires</u> | <u>Acres Burned</u> | <u>Fires 10+ Acres</u> | <u>Fires 100+ Ac</u> |
|------------------------|---------------------|------------------------|----------------------|
| 1150 | 3183 | 29 | 4 |

| <u>Average Fires/Year</u> | <u>High Year</u> | <u>Low Year</u> |
|---------------------------|-------------------|-------------------|
| 164 | 254 (2006) | 100 (2004) |

| <u>Average Acs/Year</u> | <u>High Year</u> | <u>Low Year</u> |
|-------------------------|--------------------|------------------|
| 454 | 1179 (2006) | 49 (2004) |

Largest Fires

800 Acres

Camp 32 8/7/2005 Full Perimeter control Type I Team

Ross Complex 9/7/2006 Confine/Contain Type 4 IC

Number of Teams Used

Type I **1** (Camp 32)

Type II **3** (2 Ross Creek, Libby Creek)

Type III **9**

20 Year Averages 1988-2007

| <u>Fires/Year</u> | <u>Acs/Year</u> |
|-------------------|-----------------|
| 167 | 6791 |

Our two biggest years in the last 20, 1994 and 2000, account for 23% of the total number of fires and 74% of the acres burned.

| | <u>1994</u> | <u>2000</u> |
|-------|---------------|---------------|
| Fires | 522 | 258 |
| Acres | 54,642 | 45,295 |

COMMENTS PRESENTED TO THE FIRE SUPPRESSION INTERIM COMMITTEE
LIBBY, MONTANA
June 20, 2008

Mr. Chairman and Members of the Committee thank you for the opportunity to meet with your committee today and to provide information and perspective on wildland fire operations in the Libby Unit of the DNRC. My comments will also include reference to fire operations in Northwest Land Area of the DNRC

Additional DNRC personnel with us today are Libby Unit Manager, John Shotzberger, Libby Unit Fire Program Supervisor, Doug Turman, others as they are present will be introduced.

The Libby Unit is one of 6 field offices in the NW Area, the other five; Kalispell, Stillwater, Plains, and Swan Units, and we have a service forester stationed in Polson.

The NW Area provides direct fire protection to 1.85 million acres

The Libby Unit provides direct fire protection to 355,000 acres of State, Federal private, and industrial lands as part of that 1.85 million acres.

The Libby Unit averages between 30 and 40 fires a year. Our goal in the Libby Unit as it is throughout the DNRC is to control 95% of new fire starts at 10 acres or less and we have been consistently successful in accomplishing that goal...but that is only part of the story, the what, if you will. How this success is accomplished is the focus of my comments today.

First and most important is the clear message that we could not achieve this level of success alone. We are fortunate to have excellent partners in the Kootenai N.F., local volunteer and rural fire departments, local government, and private contractors who share our objective of timely, aggressive, initial attack. We are fully integrated with those partners from the Kootenai Interagency dispatch center to our initial attack crews in the field and in the air. In addition we receive excellent support and assistance from the adjoining Units of the DNRC, National Forests, and the neighboring Interagency Dispatch centers. None of the Agencies or entities with wildland fire responsibilities can meet those responsibilities alone. We train jointly and we fight fire jointly.

That cooperation is also reflected in our zone multi agency coordinating group that based on my experience across the state and throughout the US works as well or better than any zone MAC groups I have worked with or for. In addition to the Agency representatives on the MAC group Mark Magill, the Lincoln Co. DES Coordinator has been a key player in that organization.

Severity resources are a critical component of our success, as fire danger increases the ability to augment our fire fighting resources with critical pieces of equipment and

apparatus are vital to our operations. We also cooperate in this arena, for example the DNRC may obtain a dozer and the USFS may provide the dozer boss or vice versa. Through the efforts of your committee we have added 10 additional engine crew personnel to our initial attack forces allowing every Unit in the NW Area to assure 7 day a week engine response capability thus enhancing our initial attack response. This is an investment that will clearly pay valuable dividends. When these crews aren't engaged in ongoing fire operations they will be involved in a variety of fuels related projects and prevention efforts. In addition, through your committee's efforts we have added a helicopter manager and an additional helitack crew member to our aviation operation that will provide support when needed to the statewide helicopter, expanding fire response capability locally as well as statewide.

Another critical aspect of our fire program is prevention, an area that is of ever increasing importance as we experience continued, even accelerated development in the WUI. Nationally over 75% of all wildfires are human caused and in the NW area between 40 and 78% of our wildland fires are human caused emphasizing the importance of an effective prevention program. Firewise and Fire Safe Montana are two very effective programs that are available to homeowners, in addition our fire crews and service foresters meet one on one with homeowners to provide advice on steps those homeowners can take to enhance the defensibility of their homes and property.

Other Key Points:

- Contractors are a key part of our fire fighting work force
- Contractors with heavy equipment and experienced operators are force multipliers
- Personnel who are experienced in the use of heavy equipment in fire suppression operations are in short supply and becoming ever more difficult to find. MLA may be a source for this skill.
- Fuel treatment is a critical component of the fire fighting equation as we will never have all of the resources we need
- Access is another critical element in successful fire suppression operations.
- Continued support for rural and volunteer fire departments is critical.

In summary, it is through the hard work and integration of a wide variety of State, Federal, and Private resources, from a variety of sources, involved in every aspect of wildland fire management from funding, to training, to prevention, to detection, to dispatching, to initial attack and large fire management that we are able to safely and efficiently achieve our individual and collective fire operations objectives and provide the high quality customer service that our citizens have come to expect and deserve.

(Mineral Ave.) A postcard of Libby from 1950 shows a town that looks very similar to today's community. But read the caption and it describes a community very different from the situation existing today. (Caption) How this community grew up around the logging and milling industry is a fascinating story. ~~Over~~ Several generations Libby residents came to view their industry as something more than a job. It was a way of life both for the town and the people that lived there. But over the past twenty years changes have taken place that have destroyed this town's identity and its view of future prosperity.

(Mine) The universal search for gold brought the first white men to Libby in the 1860's. When the Great Northern Railroad was built through its valley in 1892, (Early Libby) Libby grew to a mining town catering to a few glory holes and the optimism of the next ten years.

In 1906, Wisconsin interests opened a large sawmill (Dawson mill) and shipped to points east via the Great Northern Railroad. The Dawson Lumber Company operated in Libby from 1906 until 1911 when Julius Neils of the (Julius) J. Neils Lumber Company purchased the timberlands and mill. The J. Neils Lumber Company, incorporated in the state of Minnesota in 1895, operated a large mill in Cass Lake, Minnesota. (Cass Lake mill) The Neil's mill was like many other lumber operations at this time in the upper Midwest as they were seeing the finality of the timber supply rapidly approaching. And like the Weyerhaeuser's, Shevlins, and other timber companies of the area, they looked west for new lands and opportunities.

Having learned from the resource exhaustion in Cass Lake, the J. Neils Lumber Company made plans for a more permanent family-owned enterprise. (Neils boys) Paul,

the eldest son, became president of the family corporation following Julius' retirement and moved the company offices from Cass Lake to Portland, Oregon in 1924. Walter, the next oldest, became (Mill) general manager of the Libby plant. George was logging manager in Libby. This business organization of the company would remain unchanged for the next thirty-five years - a testament of the leadership quality the family corporation possessed.

The Libby mill was managed with a goal of permanency in the Libby community. Part of its plans for permanency in Libby included a waste-wood powered (turbine) generating plant for making electricity – something no other sawmill in Montana did. The mill's generating facilities operated as a utility named (steam from mill) The Montana Light and Power Company, providing electricity and steam for the mill operations as well as the towns of Libby and Troy. Generations of Libby families managed time not by clocks, but by "mill time" when the powerhouse whistle blew at 6:00 AM, 12:00 PM and again at 5:00 PM.

During the Great Depression of the 1930's, all Lincoln County mills shut down – except the Libby mill. (sawmill) The dedicated and thorough management of the Neils brothers plus the skill and loyalty of their employees enabled the company to survive the lean years of the Depression. Company policy kept employees on the payroll, but at reduced hours. (tail sawyer) Thus, Libby workers weathered slow times until the 1940's when the J. Neils Company emerged as the only surviving large mill in Lincoln County.

Another reason for its success was the company's entering a secondary manufacturing process and capturing value from poor quality pine lumber. (Box factory) In the box factory, boards were cut around knots or imperfections to make high quality

wood used for making fruit boxes, window sashes and doors, beehive components, Fisher-Price toys, (Lincoln logs) and even Lincoln Logs.

In 1937, sustained yield forestry plans (Pine forest) were developed to ensure a continuous supply of timber in perpetuity for the Libby mill from its 100,000 acres of timberland. But Libby needed more timberland to make the plan work and acquired it in 1942 when the Anaconda Copper Company sold 100,000 acres of virgin timberland in the Fisher River valley, near Libby. (Map) The combined 200,000 acres enabled the J. Neils Lumber Co. to practice sustained yield forestry instead of the usual high grade logging other western timber companies practiced.

Following logging manager George Neils' vision, the J. Neils Lumber Company pioneered the wholesale use of selective cutting. Dr. Walter Meyer, professor of Forestry at Yale University (Headline) helped the company over many years establish a selective cutting policy on its lands. For the first time, logged company lands were not traded for unlogged Forest Service lands. The Company logging department developed a road system on its land as quickly as possible to harvest trees according to timber stand condition. (Marked trees) Trees were individually marked for cutting, removing about 50% of the timber volume on the initial entry. Trees removed were diseased and (Selective logging) dying trees leaving healthy and vigorous trees to add incremental volume. For many years, timber going to the sawmill originated almost exclusively from road right of way construction and salvage cutting. Studies on remaining trees showed a dramatic increase in growth. The family-owned corporation began to manage for perpetual operation by managing the company's (Crosscut saw) timberlands with an eye for a stable supply of timber for the Libby mill.

World War II brought a return to full (Savings bonds) employment with the mill playing a vital role in the war effort. Lumber production reached a capacity of 100,000,000 feet and not exactly Rosie the Riveter, but perhaps Lucy the Logger began as women were added to the payroll. (Poster) The mill produced lumber for crates and boxes to ship war materials and even participated in war bond drives. Additionally, the mill began making Presto Logs, (Presto logs) a wood stove fuel made from planer shavings

The post war era brings changes for the Libby mill. From a simple lumber producer to maker of different products, the company responded to expanding markets and emerging technology. The Rural Electrification Agency required tremendous numbers of power poles (Pole yard) following the war in its drive to electrify rural America. In 1948, a treating plant began making treated poles for the power industry, for bridges, and prefabricating components in larger buildings. (Pole yard) It became one of the largest treating plants in operation until closing in 1974 when the REA's job was nearing completion. Sadly, 1983 saw the pole yard designated as the first of Libby's superfund cleanup sites because of creosote and PCP contamination of the Libby aquifer.

These recent problems with contamination were far removed from the original Neils' family management philosophy, namely to be stewards of land and community. (end stamp) The effectiveness and longevity of the family officers had allowed for a well run company. In 1956, it had sales of over \$19,000,000 and profits throughout the 1950's were substantial. But as the family aged, two considerations for future plans arose: one, to continue as an independent company and appoint new directors from the

next generation of family; or two, to sell out to another corporation and operate as a subsidiary.

According to the “Prussian Hierarchy” followed by old German families, the eldest son ran the show. Paul, the oldest, always served as president. (George & Walter) Therefore it was his oldest son, Art that was to be the next in line to assume control. But Art, plant engineer at Libby, had no desire to assume the presidency. Another determining factor was the lack of liquidity in the company’s stock. J.Neils Lumber Co. was a private company with a large majority of the stock owned by Neils family members. When stockholders wanted to sell stock, they had to find a buyer willing to purchase their stock – usually another family member. This situation undervalued the stock’s price and limited investment opportunities for family members not directly involved in company operation. (lumber yard) So, as the 2nd generation family members aged, retirement options were limited unless they could divest of their holdings in the open market. Therefore, alternate plans were discussed and in the end it was decided to sell to an outside company.

Several companies inquired including Crown Zellerbach, Kimberly Clark, and ironically, W.R. Grace, but finally St. Regis Paper Company’s (stockholders) offer was accepted. J. Neils stockholders were paid \$36,468,750 with a condition that the mills act as a subsidiary of St. Regis Paper Co. that would preserve the family name. (J N L Co. logo) Also, St. Regis made plans to build a pulp and paper mill in the Libby area. The deal became final in January, 1957.

Following the deal, the first generation family members retired and younger family members assumed various management positions and things continued very much

as before. In the words of one long time employee, St. Regis “bought us and forgot us.” A paper mill was not constructed at Libby but St. Regis did build a plywood plant (Plywood mill) in 1960 to utilize large stands of Western Larch, a species unappreciated and underutilized in the lumber industry at the time. In 1959, a (stud mill) small log mill producing 2x4’s and 2x6’s from small diameter timber was built. The stud mill, as it became known, expanded in 1965 doubling its capacity to 120 million board feet a year.

Another newer idea was a plant that removed wood sugar from ground up chips of western larch turning it into an industrial gum. (STRactan) This process, developed at Libby by company researcher Melvin Knudsen, was patented by St. Regis and named STRactan. Its markets were the food and pharmaceutical industries.

Finally, Libby was (Fingerjoint board) one of the first plants in the Northwest to use the finger joint manufacturing process. Built in 1974, the fingerjoint plant glued short pieces of lumber and joined them making commercial length studs. (Commercial) When St. Regis was a primary sponsor of the 1975 Rose Bowl, a commercial was made in Libby highlighting the fingerjointed lumber. (Commercial) A 400 foot board, 79 feet longer than the world’s tallest tree demonstrated the new technology. The Libby mill provided state of the art operations with quality products for national and international markets.

From lumber to plywood to Lincoln logs, the mill at Libby was all about full utilization of wood fiber. Not another plant in the United States produced such a wide range of products. (Quitting time) This horizontal integration made the operation one of the largest industrial concerns in Montana with a total of 1,363 employees plus several

hundred independent, or gyppo loggers working in 1966. To borrow a phrase from the forestry trade, "They used every part of the tree, except the shade."

When the capacity of the Libby operation exceeded the volume of timber produced on company lands, Forest Service purchases made up the difference, providing 60% of the needed timber. (Logging truck) Company management dictated that the allowable cut not exceed sustained yield plans. Another management rule required that timberland was never sold without new timberland being acquired to take its place. Management for the future meant that the land base was never broken up and sold.

In 1975, Chief Forester Russ Hudson instituted a 50-year forestry program to get company timberland into fast growing regeneration. Studies used in making the plan showed that following the harvest of old growth timber over fifty years, new timber stands would produce more timber yearly (Griffith plantation) than the stands they had replaced. Once again, management plans were aligned with long-term timber management goals.

But significant changes began affecting lumber companies in the early 1970's. Some companies, including (log deck) Champion International in Montana, began wholesale liquidation of timberland for quick monetizing of timber and replanting cutover lands in faster growing stock. Old growth timber adds volume (Old growth) slowly, and sometimes over time it can actually realize a decrease in volume per acre due to mortality. But old growth timber is valuable; therefore many timber companies rationalized that they could get their lands into a faster-growing condition and realize tremendous cash flow at the same time. St. Regis did not delve into the idea at all. They continued to let local knowledge and practice developed over time, set policy.

Other forces, however, were at work. Corporate raiders on Wall Street were interested in timber companies like St. Regis for several reasons: they had stock prices below their appraised value because (Fisher River sign) timberlands were usually entered below market value on company balance sheets. Second, institutional investors owned large blocks of stock and their jobs depended on quick profits. Third, utilization of junk bonds to raise capital allowed for reckless investment by Wall Street magnates. St. Regis, a conservatively run company, began to get noticed by some of the high-flying deal makers of the time. British financier, Sir James Goldsmith, made the first run but was fended off by St. Regis after paying him a high premium on the stock he purchased – a practice known as greenmail. (Murdoch clipping) This only opened the flood gates and raider Rupert Murdoch began eyeing the company. No longer strong enough to fend off another attack, St. Regis looked to Champion International as its white knight and the two merged in September, 1984.

Immediately, things changed at Libby. (Champion logo) By corporate directive, the fifty-year forestry plan was scrapped, and accelerated harvesting of local timber holdings began as the Libby timberlands were melded into Champion's Montana holdings. (Old growth timber) The remaining old growth timber was rapidly cut over the next eight years. Reading the 1985 Forestry Report from Champion International's Libby Timberlands, I quote: The forestry department goal, starting in 1975 was to double the growth of timber on fee lands at Libby by the year 2000. A forestry program was developed with yearly goals to reach the growth goal. With time, there is always change. Different business and economic trends and goals have altered the original path toward

the growth goal in the year 2000. The M.E.O. portion of this report will no longer be tracked. This is where it started folks.

Adding insult was the fact that the timber was cut around Libby faster than it could be milled locally (**loaded truck**) and hundreds of truckloads of valuable Ponderosa Pine were trucked to Champion's Bonner mill to be processed. Few Forest Service sales were purchased as Champion focused on rapid harvesting of its timber base. Company policy stated that once the fee timber was gone, Forest Service timber would be available to run the mills until the second growth timber matured. And, at the time, it appeared that plan would work. There was a tremendous cut going on in the Kootenai National Forest (**Bug tree**) as they were "chasing bugs" and rapidly harvesting beetle infested trees on Forest Service lands. It is ironic that where the Libby mill was using the least Forest Service timber, the cut was actually the highest it would ever be. In 1987, the (**KN Forest**) Kootenai National Forest sold 264,000,000 board feet and logged 248,000,000 board feet – the highest totals ever seen on the Kootenai. Where once George Neils drew a line around Libby and Lincoln County and bought most every sale offered, the Kootenai National Forest became the "breadbasket" for mills in Idaho, Flathead County, and Sanders County.

Operations in Libby began to change as well. The company logging department was eliminated with contracts going to "gyppo" loggers to supply the mill with logs. The Montana Light and Power Company (**Mt Light and Power**) closed its books as Champion chose not to be in the utility business. Secondary manufacturing plants such as the box factory, Presto log plant, paneling and molding operations were discontinued. (**Moulding**) Sawmill operations focused on high production of commodity boards and lumber.

During this time, the highest amount of timber ever processed at Libby occurred when in 1989, 187,000,000 feet of timber became lumber and plywood.

Once again, however, change is on the way. Champion International was a paper company first and extra capital was focused on paper plants, not lumber mills. Plans for a modern small log mill to utilize the smaller timber which would be available in the future were drawn up, but Champion would not make the required investment. Instead, they proposed a sale of its Montana operations in the spring of 1991. The sale of the plants at Libby and Bonner, along with 867,000 acres of Montana timberland would generate significant capital for its strategic corporate operations in other locations around the United States.

For several years interested parties toured the lands and mill. (Air view of Mill) Even Montana's resident billionaire, Dennis Washington made an inquiry. In working with the managers at both Libby and Bonner, Champion agreed to keep the Montana holding as a single unit and not break up the lands and mills as it was widely known that Plum Creek Timber Company wanted to add Champion's lands to their land base. In the end, Champion failed to live up to its pledge and entertained Plum Creek's (Plum Creek) offer of \$260,000,000 for the timberlands but not the mills. To soften the blow to the communities of Libby and Bonner, Plum Creek searched out Stimson Lumber Company of Portland, Oregon to buy the plants for \$10.5 million.

(Plywood plant) In Libby, the result was cutting the number of employees from 650 to just over 300 to run only the plywood plant. Stimson chose not to operate the old-line sawmill and studmill as there was not enough timber available to feed the operations. The sawmill and studmill were auctioned off and sold over three days in May, 1994. The

dismantling of the sawmill building started a fire that not only symbolically destroyed an icon of Libby but also crippled (Fire) the powerhouse providing steam and electricity. Without timberlands to sustain a long-term operation at Libby, no new powerhouse would be built and soaring electricity prices in the late 1990's added a new burden to the future of the Libby operation.

In June, 2002, Stimson announced it would close the next year unless it could resolve two issues. One was finding enough timber for the mill, and the other was the presence of asbestos contaminated vermiculite at several sites around the mill. Because of the presence of vermiculite, health insurance and workers comp premiums went up over \$1,000,000 a year, a cost unique to the (last logging truck) Libby mill. The problems could not be resolved and the mill closed on December 27, 2002.

Thus began a time when the land surrounding Libby no longer promised community stability. Seventy five percent of Lincoln County land is administered by the U.S. Forest Service. No longer are there timber harvests on Forest Service land capable of sustaining large mills. (Dry Kilns) Where the current forest plan drafted in 1984 stated an allowable cut of 210,000,000 board feet annually, harvests today average around 50,000,000 feet of mostly dead and salvage material. Plum Creek timberlands, making up 13 percent of the county's land area, now ship their logs (Plum Creek sign) to Plum Creek mills in neighboring counties. Only empty logging trucks return to Libby from Kalispell, Pablo, Ksanka, and (empty truck) Columbia Falls. And adding further to the uncertainty is the question of what Plum Creek's plans are for the Libby area lands. It's no secret that the lands have been heavily logged and harvests have dropped for the past six years on the Libby unit. Also, real estate values are exploding in Montana, and being

the largest landowner in the state with 1,200,000 acres of land puts Plum Creek in a position to cash in on this economic opportunity. (DeShazer sign) Since Plum Creek Timber Company has many large institutional investors that demand a consistent and steady cash flow, the company increasingly looks to land sales to maintain its bottom line during times of decreased timber harvests. (map) In reporting its second quarter 2006 earnings, Plum Creek stated, and I quote: "In our Real Estate segment, we continue to experience strong demand for rural land. This has translated into a trend of increasing per-acre prices from the sale of higher and better use lands that we believe will make an important contribution to our long-term cash flow in coming years." "Plum Creek has very valuable timber and land assets and we are executing long-term strategies designed to maximize the value of these assets for our shareholders." Locally, Plum Creek is in the process of converting 27,000 acres of Lincoln County timberland into real estate sales. This one time harvest of development profits makes one wonder what the Libby area timberland base will look like in the future.

No, Libby is not alone in suffering economic problems as focal industries have left other communities as well. But Libby is unique among them for generations of Libby residents saw and heard and believed in the connection between land and community. (Libby Community) The well publicized sustained yield program practiced in Libby was seen as a model for community stability. In 1944, Congress passed Public Law 273 -- the Sustained Yield Act. Designed to encourage cooperative management of private and Forest Service timber, the law's purpose was for the stabilization of rural communities and the conservation of America's natural resources. J. Neils Lumber Company entered into an agreement with the (sustained yield load) Forest Service with

that very result of “stabilizing community and conserving natural resources.” But opposition from independent mills, unions, loggers, and local suspicion of “the Company” the agreement was never consummated. (ghost town/prosperity) Had the agreement been ratified, a sixty-year supply of timber from the local Forest Service and private lands would have ensured the continued operation of the Libby plants until 2007.

Libby’s culture has been centered on the wood products industry. (Mill pond) Libby’s first swimming “pool” was actually the mill pond until the WPA built a swimming pool in 1936. (Woods tour) Since 1954, school children have taken the “woods tour”, led by the local chapter of the Society of American Foresters, learning about forestry and each getting a seedling to plant at home. (Woods tour) For many years new teachers were taken on tours of the mill and timberlands so that they were familiar with the local industry. (Gauntlet) Visiting football teams meet the gauntlet of welcoming chainsaws as they enter Logger Stadium. (Logger Days) Libby celebrates Logger Days, a community event held since 1960. (Lumber Shelf) School children have access to the Lumber Shelf, a section of books provided to school libraries. (Movie) Movies for schoolchildren were produced locally by St. Regis touting the company’s management principles. Whether it was J. Neils, St. Regis, Champion, or Stimson, community projects always received help and assistance.

Yes, times are a changin’ and change is inevitable, yet the abruptness of the change from community stability being tied to careful land and timber management to profit being the only consideration has been cruel for Libby. Because trees renew themselves and the early stewards of the local lands practiced management “for the long haul” people developed a mindset that it was a good, true, and practical way of life for a

family and community. They feel betrayed and angry that they have been “monetized.” One of the cruelest ironies is the latest addition to Libby’s new economy, (Casino) The Lucky Logger Casino. Recently opened, it sits in the former mill yard where just twelve years before, loads of lumber used to be stacked awaiting shipment. Stacks of local wood, cut by local hands and talent, has been replaced by blinking neon lights and promises of winnings. There’s nothing lucky about it.

Vaagen Brothers Lumber Story-Colville Infrastructure

Economics
Markets
Customers
Products

The Problem? The Libby and surrounding forest needs infrastructure to treat the forest to a healthy state, and thus improving community health.

- ? Is Montana treating more acres or less per year?
- ? Is Montana burning more acres per year from wildfires?
- ? Is Montana adding or losing milling capacity?
- ? Is the forest in agreement of size and types of management?
- ? Is the forest being managed for wildfire?
- ? Are the USFS budgets and personnel adequate to get the job done?
- ? Why did mills leave Montana?
- ? What effects will be suffered when your local pulp mill goes away?

The Solution Bring facility to Libby to help treat "at risk" forest-

Thin 40 acres per day = 40 truck loads of logs per day (rule of thumb, 1 load = 1 acre)

40 acres per day x 240 days = 9600 acres per year

Ten year project = 96,000 acres

- Would need investment of \$10.0 million to \$50.0 million
- Need low interest loan
- Take or pay contract
- More than one project that would be ongoing
- Collaboration on scope and location of project (4" top to 12" diameter) with small logs
- Progressive will (execution)
- Replace burning with thinning treatments
- Chipping?
- Appropriately priced resource

Testimony of Ed Levert, Lincoln County Forester

My Background- I retired from the USFS in 1996 after 34 years, the last 15 years as the district ranger at Wise River on the Beaverhead-Deerlodge N.F. I have been involved in fire management and suppression since 1960. I have served in many fire suppression positions including operations section chief on a central Montana Class II team.

History- Following the nearly disastrous 2000 fire season in Lincoln County the commissioners asked me to work part time writing grants and leading efforts in the county to reduce the risk from fires in the WUI. Working with the DNRC we applied for and received our first fuel mitigation grant in 2001. In 2002 we received a grant from the Dept of Commerce that allowed for the completion of the first CWPP in 2003. A revised CWPP was completed in 2005.

One of my initial acts upon starting work in 2001 was to form the Lincoln County Fire Steering Committee. This loosely knit committee allows and encourages membership from just about anybody who has an interest in the effects of forest fires. The core group however includes representatives from the DNRC, USFS, Lincoln County DES, Plum Creek Timber Co., myself and Glacier Insurance Co. Ad-hoc membership includes realtors, Flathead Electric, environmental organizations, concerned citizens and county volunteer fire departments. This steering committee serves several important roles. The most important I believe is sharing communication. Secondly the group provides the catalyst for new ideas and problem solving. The Lincoln County CWPP was supported and signed off on by the steering committee. Decisions supported by the steering committee have generally been accepted by the affected organization. The list of ideas provided to the Fire Suppression Interim Committee by Lincoln County came from a brain storming effort by our steering committee.

Here is a list of some of the ideas that originated at the steering meetings:

- 1) Require "firewise" assessments at the time of filing a sub-division application and make it a part of the final approval.
- 2) Provide free firewise assessments to anyone who requests one. A phone number is provided and Keith Kenelty of the DNRC is responsible for either doing the assessment or providing a qualified individual. \$10,000 has been provided by the commissioners for this effort.
- 3) Identify sub-divisions and encourage them to become "Firewise Communities". So far we have two designated communities.
- 4) Provide the leadership needed to reduce the fire hazard to the Libby Municipal Watershed. Currently a major fire in this watershed would likely be disastrous since there is no backup system and the current system is not predicted to be able to handle the sediment increase. Thus far we have initiated discussions between the city of Libby, DEQ, FS and DNRC. A field trip is planned this summer.

Since 2001 Lincoln County has received Western States and Community Protection Plan cost share grants amounting to \$389,781 for fuel reduction and "Firewise" assessments. Outside of our very first grant, which was administered by the DNRC, all of our remaining grants have been handled by the Resource Conservation & Development (RC&D). 489 acres of on the ground fuel reduction projects have been completed and 640 assessments have been done on residences. We recognize that private citizens are ultimately responsible for reducing their own risk and the risk to their neighbor. Therefore education provided through newspaper articles, "Firewise" presentations, etc. are vital to our efforts.

Lincoln County also believes that the county should be setting the example of responsible management on their own lands. Since 2001 all of our major county ownerships, roughly over 200 acres, including J.Neils Park, Kootenai Falls, Skidale, Pioneer Park, Pine Bay, Kootenai Vista and the Troy Gravel Pit area have been made "Firewise" through timber sales, fuel reduction contracts and volunteer efforts. The Society of American Foresters has voluntarily taken over the responsibility of vegetation management on the 90 acre J.Neils Park.

Lincoln County and the DNRC have encouraged Montana Fish, Wildlife and Parks to begin management of their lands in the Chain of Lakes area. The department prepared an MEPA document and the DNRC and myself prepared a timber sale/fuels mitigation project on nearly 300 acres. The project remains in limbo at this time because the department has not received \$10,000 needed to administer the project. We have also encouraged M, F, W&P's to begin doing something about the fuels on the West Kootenai WMA.

Lincoln County's residents recognize that a strong logging and wood utilization industry is imperative to effectively manage the forest fuels in the WUI. The Kootenai Forest Stakeholder Coalition was formed in 2006 in an effort to find solutions for the ongoing stalemate on timber sales on the forest. Currently there is over 80 MMBF under appeals and litigation on the forest. This very diverse group of interests has managed to successfully find agreement on six projects and successfully negotiated a settlement on the seventh. These projects have affected over 7,000 acres in the WUI and amounted to over 20 MMBF. Locally the Kootenai North Project is reducing the fire hazard on over 1300 acres on the windward west side of the Libby community. Logging has commenced on the Kootenai North #1 with the award of #2 soon. This is a very important project for Libby not only for the fuel reduction aspect but for the significant amount of forest products that will be removed. Although these projects are in the WUI we are now looking to find agreement in salvage sales and management at the landscape level. Although these efforts are often tedious and time consuming they are working. Of note is the excellent cooperation of the Kootenai NF in providing information and working with the stakeholders.

Allow me to explain in more detail how the Kootenai Stakeholder Coalition operate:

- 1) Our membership is open to anyone who is interested provided they honor are rules of conduct. This is basically to respect one another's viewpoint and work in good faith.
- 2) We operate under a mission statement, bylaws and a memorandum of understanding with the Forest Service patterned after the Colville Stakeholder group.
- 3) The memorandum of understanding with the FS provides the framework of cooperation to facilitate community based collaborative processes for forest health restoration activities. This cooperation allows for mutually agreeing on projects, sharing information, maps, etc.
- 4) Up to this point the way it has worked has primarily been for the FS to identify projects that they need help with. The stakeholders elect to take them on or not.
- 5) There are stakeholder teams assigned to each district. There are field trips held which provides the forum for discussion. Based on the recommendation of the team the group then votes on the level of approval for the project. Thus far all of our approved projects eventually received a Consensus w/o Reservation.

Other Stakeholder Committees:

Education Committee- Our education committee seeks to improve the resource knowledge of our stakeholder group and the general public. So far we have had a presentation on Fire Ecology Silviculture and one scheduled for August on Forest Restoration.

Timber/Recreation/Wilderness- This committee is attempting to find some consensus on land allocation designations on the Kootenai N.F. The Colville is trying to do the same thing. Very difficult to do as the FS has experienced in their forest planning.

Is everyone satisfied with this group. **NO** It appears that some individuals and groups seek more control over the National Forest lands or a quick fix in the appeals and litigation area. In my opinion our efforts to reduce our fire risk on national forest lands in the WUI will be best served by continuing our cooperative efforts through our stakeholder group.

Recommendations:

- 1- Continue stakeholder efforts to reach consensus on WUI projects on federal lands.
- 2- Encourage large scale stewardship sales on state and federal lands similar to the Apache-Sigreves N.F. White Mtn. Project.
- 3- Encourage county governments to adopt new sub-division restrictions that provide a 15-20 year grace period before needing fuels treatment.

- 4- Consider tax incentives for properties that are "Firewise".
- 5- Sooner or later we are going to have to make residents in the WUI take responsibility for their fire hazard. This is not going to be popular, but it isn't fair to the tax payers or the safety of fire fighters to have to deal with fires caused or that spread in these hazardous locations.

In conclusion I believe we are making progress but if our county continues to grow in the WUI areas it is going to be a real up-hill struggle.

Farm-to-Market Collaborative Fuel Reduction Project

Legend

- US Highway 2
- Farm-to-Market Road
- Swede Mtn Road
- Eligible Private Landowners
- Completed Forest Service Land
- Completed State Land
- Planned Forest Service Land

Land Ownership

OWNER

- FS
- MT_State
- Other_Private
- Plum_Creek



Libby Airport
Rifle Range

The Montana LAND RELIANCE

Fire Suppression Interim Committee
Libby, MT
June 20, 2008
EXHIBIT 7

Montana Legislative Fire Suppression Committee Hearing

Date: June 20, 2008

Location: Libby Meeting
Little Theater
Central Administration Building
724 Louisiana Ave.

Dear Committee Members,

Thank you, members of the committee, for giving me the opportunity to comment at today's hearing. I would like to talk about conservation easements and the benefits they provide with respect to managing catastrophic forest fire on private lands.

My name is Mark Schiltz. I work for the Montana Land Reliance (MLR). I was hired last January, and am the new manager of the western office in Bigfork. I have spent the last 18 years living on and managing my family's 5th generation farm in Bigfork. Prior to farming I spent nearly ten years working as a placer exploration geologist. My family has placed two pieces of our property under easement with MLR.

MLR is a private, non-profit, non-government land trust that works exclusively in the state of Montana. We are the largest state based land trust in the United States and are widely recognized as a model by the more than 1600 land trusts now operating in the U.S. We signed our first conservation easement in 1978, and now hold 694 easements which permanently protect over 778,000 acres of Montana's landscape. We hold more land under easement than any other land trust in Montana, including both state and federal agencies.

Today I will give three examples of how conservation easements can reduce either catastrophic fire potential or the hazards associated with fighting fire.

First, every one of the 694 easements held by the Montanan Land Reliance allow for commercial timber harvest when conditions of excessive forest fuel loading pose the threat of catastrophic fire. We recognize a commercial timber harvest as a land owner right, that can be beneficial to forest health, and that this activity provides a necessary tool to protect land from catastrophic forest fires. Our staff and board of directors are fully committed to allowing landowners to manage their forested timberlands in a

GLACIER FLATHEAD OFFICE

470 Electric Ave. • PO Box 460
Bigfork, Montana 59911-0460
406/837-2178 • Fax 406/837-4980
email: mlrnw@mtlandreliance.org

MAIN OFFICE

324 Fuller Ave. • PO Box 355
Helena, Montana 59624-0355
406/443-7027 • Fax 406/443-7061
email: info@mtlandreliance.org

EASTERN OFFICE

3318 3rd Ave. N., Suite 207 • PO Box 171
Billings, Montana 59103-0171
406/259-1328 • Fax 406/259-1437
email: mlrb@mtlandreliance.org



responsible manner. In fact while our older easements require MLR review of commercial timber harvest activities, in some of our recent conservation easements, land owners retain all timber management rights.

Second, conservation easements reduce the cost and danger of fighting fire. The greatest factor contributing to the cost of fighting forest fires is residential development in the wild land urban interface. The greatest personal risk to both professional and volunteer firefighters occurs when they attempt to protect residences in harms way. Conservation easements limit the number of home sites in the wild land urban interface, and therefore save money and potentially save lives when forests burn.

Finally, MLR inspects and monitors all conservation easements annually. We see monitoring as a partnership, and in addition to insuring that land owner activities are consistent with the terms of their easement, land stewards make observations about the general health of private land resources. So, while the land owner ultimately maintains the right to make his/her own decisions regarding land management, our monitors are always available as a personal resource, to assist them in accomplishing their long term goals and objectives. In NW Montana all seasonal MLR land stewards are retired forest professionals literally possessing a career of experience, and are familiar with many issues affecting forest resources, including identifying forest conditions that could result in catastrophic fire.

I want to assure this committee that MLR is committed to reducing subdivision and development in the wild land urban interface, and that we will work with private landowners who have the same goal. We will also work with members of this committee, with forest resource professionals, and the Montana firefighting community to continue to advise landowners of the benefits of responsible forest management.

In closing, for an example of how a conservation easement benefits land management for fire, I would like to talk about my family's land.

In 2002, my family placed a conservation easement on 180 acres of land purchased by my grandpa in 1948.

The property is located 7 miles east of Bigfork, and is currently unimproved timber land with no development.

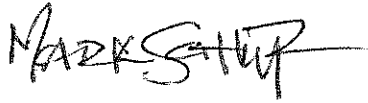
Rather than split the property 11 ways for my family's next generation, and potentially allow for 11 residences in the woods, we placed a conservation easement on our property that will keep the land in one parcel, and allow one residence or family lodge.

In addition, my family retained all timber management rights. As I speak, we are carrying out a commercial timber harvest on our property. The harvest is designed to reduce excessive fuel build up and encourage a species shift, from the dominant water dependant Grand fir, to the more drought tolerant Douglas fir, Western larch and Western white pine.

Because of our conservation easement, there will never be more than one residence on our land, and my family is free to manage the timber resources as we see fit.

Does the committee have any questions?

Thank you for your time and attention.

A handwritten signature in black ink, appearing to read "MARK SCHILTZ", with a long horizontal flourish extending to the right.

Mark Schiltz
Western Manager
Montana Land Reliance
P.O. Box 460
Bigfork, MT 59911
406 837-2178

Ladies and Gentlemen, thanks for this hearing, I'm Dave Skinner from Kalispell. I'm just a plain old citizen, a member of Montanans for Multiple Use, no trust fund, no expense account, no lobbying contract. But every once in awhile, I get paid to talk to PhD's and foresters, get out in the woods, take a few pictures, and then write about what I learned. I suspect you are overwhelmed by the avalanche of testimony. I am, too. But I'll focus on one item submitted to you from Headwaters Economics, the Sonoran Institute spin-off. The upshot of their presentation is that, "where housing borders *undeveloped* public lands it is becoming increasingly expensive to fight the *inevitable* wildfires that are part of life in the West."

I BEG TO DIFFER
To people in the cities, I suppose that sounds credible, but to those of us who know better, politely, that's a crock pot.

FURTHER
~~I argue that the~~ real problem is UNMANAGED public lands, specifically federal lands.

ONLY
~~I further, and most emphatically, argue~~ that the megafires of the past few years are ~~only~~ "inevitable" if Congress continues its current ~~mental~~ deficiency.

And Congress will if you let them. They will if swill like this Headwaters document is not questioned by people who, through experience, know better.

That's why I'm here, and why you're here. We know better.

Reason and experience tells us that homes adjoining a well-managed larger federal landscape would not be at risk from "inevitable" and "expensive" wildfires. After all, there are roads, telephones to call 911, and people right there to spot any ignitions. Reason and experience tells us that if one breaks up continuous blocks of fuel into defensible patterns through a combination of cost-self-sufficient mechanical harvest and

prescribed burning, then giant fires can be broken up into the sort of fires that have acceptable costs, even beneficial impacts for the economy and environment.

This is not impossible. Tribes do it all the time, on a tenth the budget per acre of the US Forest Service. You would not believe what a fantastic job they do, combining fire with the latest and greatest in modern forestry knowledge and equipment. You should see it for yourselves, and if you don't know who to call, I do.

States do it.

Private owners do it.

Why don't the feds do it? Because so-called environmentalists won't let them and because Congress is afraid of the Greens and won't change the law and take away their legal meat ax.

Let's face facts. None of our major fires have blown OUT of a rural subdivision. They have almost all started way up in the sticks, which just happen to be mostly Forest Service or other federal ground -- built up to nuclear proportions, and then come roaring over the ridge into those darned residential areas.

Now, I have no sympathy for rural forest residents who won't do anything about their doghair patch and insist on cedar shakes because they're pretty. I don't particularly have a problem with Firewise guidelines, even requirements. That's common sense.

But demonizing people simply because they want to live in the woods, is wrong. And using fire as a surrogate argument against development in forested landscapes, when the real problem lies upon the larger landscape that will never see "development" and is seeing darn little management, well, maybe that works in Congress. And because such

chicanery works with Congress, well, that's why we're here. Thank you. FDR

YOUR INTEREST

NORTHWEST REGIONAL RESOURCE CONSERVATION and DEVELOPMENT (RC&D)

Fuels Reduction Fact Sheet
as of May 30, 2008

Legislator Tour – June 20, 2008

Grants

US Forest Service – Montana DNRC
Western States Grant and Community Protection Hazardous Fuels Mitigation
Grant

Participating Counties

Flathead, Lincoln, Sanders

Since 2004

| Activity | Total | Lincoln County | Farm-to- Market | DNRC |
|----------------------------------|------------------|---------------------------|----------------------------|-------------|
| Acres Completed | 2000* | 650 | 102 | 40 |
| Assessments Completed | 2700 | 300 | 4 | |
| Treatment Funded | \$875,000 | \$300,000 | \$70,000 | |
| Homeowner Match | \$390,000 | \$158,000 | \$58,000 | |

* All figures are approximates.



Fire Suppression Interim Committee

60th Montana Legislature

PO BOX 201706
Helena, MT

FAJ

Fire Suppression Interim Committee
Libby, MT
June 20, 2008
EXHIBIT 10

SENATE MEMBERS

JOHN COBB
KEN HANSEN
RICK LAIBLE
DAVE LEWIS
GERALD PEASE
CAROL WILLIAMS

HOUSE MEMBERS

STEVE BOLSTAD
JIM KEANE
KRAYTON KERNS
RICK RIPLEY
CHAS VINCENT
BILL WILSON

COMMITTEE STAFF

LEANNE HEISEL, Lead Staff
TODD EVERTS, Staff Attorney
DAWN FIELD, Secretary
BARBARA SMITH, Fiscal Analyst

June 10, 2008

TO: Members of the Fire Suppression Interim Committee

FR: Senator Rick Laible

RE: Assistance to Volunteer Fire Fighters

Volunteer fire fighters fulfill an important role of protecting resources during wildland fire season. Many of these individuals leave paid jobs to provide such services. In recent field hearings we have educated about the issues facing the volunteer forces. This includes:

- Ability to recruit and retain volunteer fire fighters
- Stress on private businesses that allow employees to leave work to fight fire
- Access to training and equipment

These issues are similar to those faced by volunteer emergency medical technicians (EMT), an issue currently being worked on by the Child and Family Services interim committee. I have attached a summary of their work for your review. A discussion regarding potential solutions is scheduled for the June 19th meeting in Seeley Lake.

Feel free to contact me if you have any questions.

Contracting Subcommittee Recommendations
3/28/08

1. COORDINATION AND COMMUNICATION GENERALLY

Recommend generally that the private contracting community and state, local, federal, and tribal fire suppression agencies maintain open communications and coordinate activities.

2. CONTRACTOR EQUIPMENT INSPECTION PROCESS

Recommend generally that the Northern Rockies Coordinating Group work with representatives from the private contracting community to increase the over-all efficiency of the equipment inspection process.

Note: The Subcommittee heard testimony that the state and federal fire suppression agencies will eliminate unnecessary inspections and that those agencies have pledged to increase the efficiency of the inspection process for future fire seasons.

3. FIRE SUPPRESSION TRAINING COORDINATION

Recommend that the Northern Rockies Coordinating Group work with representatives from the private contracting community where possible to conduct joint training sessions.

4. PRIVATE SUPPRESSION CONTRACTOR'S WORKERS' COMPENSATION ISSUES

Recommend that Department of Labor coordinate with the Northern Rockies Coordinating Group to ensure that private contractors working on the fire lines are complying with the workers' compensation laws.

Recommend that the State Fund and private insurance companies work with the fire suppression contracting community to ensure reasonable workers' compensation insurance rates.

Recommend that the FSIC write a letter to the Department of Labor and the State Fund requesting those agencies' involvement in solving these workers' compensation issues.

5. DISPATCHING PRIVATE CONTRACTING RESOURCES

Recommend FSIC support for the current Northern Rockies Coordinating Group dispatch system that utilizes the closest resource concept that involves local governments, state, federal and private contracting resources that is most cost effective and efficient for the taxpayers and local communities.

6. ORGANIZATION OF THE PRIVATE CONTRACTING COMMUNITY

Recommend that the fire suppression contracting community form at most, one or two associations (including the aviation contractors) to represent private contractors across the state and to provide one voice before the legislature and state and federal fire suppression agencies.

7. BUSINESS MANAGEMENT

Recommend that the Montana Legislature and the federal fire suppression agencies increase the number of incident business advisors that are deployed on fires throughout Montana in order to improve the efficiency of deploying private contractors and tracking costs.

8. BEST VALUE CONTRACTING

Recommend FSIC support for the best value contracting process.

9. PERFORMANCE AUDIT

Recommend that the FSIC send a letter to the Legislative Audit Committee requesting a performance audit of the Department of Natural Resources and Conservation's Aviation Program, including an evaluation of the need for additional helicopter managers.

Johnson, Claudia

From: John & Margaret Smith [mjsmith@kvis.net]
Sent: Friday, June 20, 2008 3:25 PM
To: Johnson, Claudia
Subject: Fire Suppression Interim Committee Input.

Representative Charles Vincent, Chair
Fire Suppression Interim Committee

Dear Representative Vincent:

I was amazed at the important and positive information presented at the committee hearing during the morning session on 20 June in Libby. My input deals with a subject much more narrow than that addressed by most speakers: The dangers and restrictions to fire fighting in close proximity to electric transmission lines.

I live on Kootenai River Rd west of Libby and BPA 115kV wires fell in our neighborhood several years ago. The line breakage was noticed at 6 a.m. by a neighbor who proceeded to extinguish the fire with a hose. He either failed to see the wires or did not realize the danger he was in. His wife, or another neighbor called the Libby Fire Department that shortly arrived on scene as did the U.S.F.S. crew. Both crews, after noticing the downed wires, stopped suppression efforts and left the scene due to existing regulations; they cannot risk firefighter lives or equipment until they have official notification the wires are dead...which is not easy to get on a timely basis.

Long after that event, those of us in the neighborhood realized the implications of having wires very close to houses and other structures and over or near roads. Houses can be behind power lines and can not receive aid. Fire fighting efforts can be withheld if wild fire is in the area of power lines or if structure fire threatens power line poles or cables.

For the above reason, I believe that special consideration must be given to determining risks that must be sustained by residences and roads that would be precluded from emergency assistance. Determining how they could be served and what evacuation means they would have would be essential in prioritizing available fire suppression efforts.

It would also be vital to urge or require power companies to make special efforts to prevent building new power lines or rebuilding existing lines through populated rural areas. BPA is about to commit to rebuilding a power line west of Libby that will continue to place some homes at certain risk should fires occur. Mr. Tom Wood, the local fire chief and the U.S.F.S. Fire crews can add specific information to my comment.

Thank you for considering my input.

John D. Smith
6909 Kootenai River Rd.
Libby, Mt 59923
406 293-4065
mjsmith@kvis.net

May 28, 2008

Matt Hedrick
Fire & Aviation Management
DNRC Fire & Aviation Bureau
2705 Spurgin Road
Missoula, MT 59804

Dear Matt,

I am writing to request an extension to the contract between Headwater Economics and the Department of Natural Resource and Conservation for a study of Wildland-Urban Interface Costs in Montana (Contract No. 087660).

Due to the unanticipated complexity of fire suppression cost data as proposed in the original contract, we were forced to change course and pursue a new statistical methodology. The change required expanding the number of fires from 6 to 18, increasing the time and complexity of the data gathering and organization. As a result, we request a contract extension through August 29.

Below, please find details regarding progress to date and the changes to our original proposal:

1. Headwaters Economics and DNRC proposed a methodology examining six case studies of recent wildland fires at fine-scale to determine the portions of fire suppression costs directly associated with the Wildland Urban Interface. Data was to be mined by hand directly from the "fire packages" in DNRC's offices. When we began research, it quickly became apparent that this method was not possible without time and effort far beyond the original scope of work (see attachment B, letter from Gayle Arntzen dated March 21, 2008).
2. Currently, we are pursuing an alternative statistical method to quantify how much of fire suppression costs are attributable to a range of fire variables including weather, number and proximity of homes and infrastructure (transmission lines, pipelines), fire size, terrain, fuel load and fuel type, etc.
3. Data on the fires is being gathered from Daily Fire Incident Reports, GIS layers of housing, infrastructure and fuels, and I-Suite daily cost rollup reports. If these variables adequately explain the difference in suppression costs between fires, we can determine the proportion of costs attributable to home protection, and predict how firefighting costs will likely change in future scenarios if more housing is present.

4. The statistical methodology requires a larger sample size, so we have increased the number of fires from 6 to 18. Including daily fire data, our total sample includes 295 days of firefighting. The added time and effort of finding and organizing these data are the main reason we are asking for the contract extension. DNRC staff have been patient and responsive to our added data collection requests.
5. We expect to have the analysis completed by the end of July, and a final report to DNRC and the Legislature by August 29. The Interim Fire Suppression Committee's next round of meetings are in September, so we request a contract extension ending on August 29.

Please feel free to contact myself or Patty Gude if you have any questions or concerns regarding this request. We will be happy to provide additional information and answer any questions you may have.

Sincerely,

Mark Haggerty
406-570-5626
mark@headwaterseconomics.org

Patty Gude
406-599-7425
patty@headwaterseconomics.org