

Trees, Books, Money and Fire ***The Timber Funding Crisis of 2007***

By John Darling

Grim realities loom in the economy and ecology of our region. Libraries close. Congress cuts off generations-old timber funding to Western Oregon counties, leading some to threaten bankruptcy. County sheriff patrols grow thin. Unharvested forests grow thick with flammable understory, while scores of mills have closed. What goes on here?

It's about trees, really, this mess we have in the State of Jefferson. They call us "timber counties," which sounds like the foundation of an enduring economy based on renewable resources: lots of timber, lots of jobs, lots of money and lots of natural beauty. Libraries will flourish and there will be enough revenues for roads, health services and law enforcement.

And it did work, through most of the 20th century. The federal government, under President Teddy Roosevelt, took control of the O&C lands and set up a system where timber would be "managed," that is, cut for sale under a system of sustained yield, and because the land was taken off property tax rolls, half the money would go to counties.

But let's go back further, to the first half-century of white settlement in the late 19th century. Wanting to encourage development, settlements, mills, jobs and a good economy in the budding West, the feds gave land to the Oregon & California (O&C) Railroad, every other section for 20 miles on either side of new railway, stretching from Portland to the California border, in hopes that its natural profit motive would spur the railroad to market the land and help civilization grow.

The deal was that O&C barons would sell the land only to real settlers for no more than \$2.50 an acre in parcels no bigger than 160 acres. Not surprisingly, O&C soon found ways for the land to get back into its own hands or those of crony corporations. History tells of drunks being pulled out of Oregon bars to buy the land, only to sell it right back to the O&C Railroad. As land values rose, the O&C Railroad sold it for far more than the limit imposed by the government.

By the turn of the century, when Roosevelt was in office, over 1,000 railroad barons, politicians and government officials had been indicted. The feds took over some 2 million acres that O&C held and in 1916 paid the railroad \$2.50 an acre for it, because, after all, it did finally build the north-south railroad, though it took three decades, according to a history presented by Jackson County commissioners on their website (www.co.jackson.or.us).

The downside of this, for the counties, was that these 2 million acres went off the property tax rolls, because the federal government does not pay property tax. Jackson County assistant administrator Harvey Bragg, explaining this deal, says he has to side with those who feel the feds reneged on the arrangement.

"The county was collecting property taxes off it, so we lost that. After some years, the agreement was that the BLM would manage it for timber production. The deal was that every time they cut a tree, the feds would get half and the county got half. That money was what the general fund operated on," says Bragg. "The feds had a contract. The deal happened a long time ago, but it was stable. They took half the assessed value of Jackson County off the tax rolls."

It wasn't until 1937 that Congress, under the O&C Act, agreed to that deal — with timber being managed under a sustained yield policy. That also created good jobs for two or three generations of Western Oregon families.

This land is administered by the Bureau of Land Management and the money goes into the general fund of 18 Western Oregon counties, for them to do as they wish — typically the monies go toward public safety, healthcare, social services, corrections, libraries, and senior programs. "It's truly an essential component of community stability in Western Oregon," says the Jackson County website.

But in the 1980s, global markets changed and the spotted owl made the Endangered Species list, while environmental groups became adept at challenging timber sales in court, leading to lengthy and costly appeals, requiring voluminous scientific proof that cutting won't harm the owl, the marbled murrelet and anadromous fish (those that spend all or part of their adult life in salt water and return to freshwater streams and rivers to spawn) and other species.

In short, huge amounts of timber stopped being cut and wood products jobs went out the window. "Revenues shared with counties collapsed," says the county history, but with stopgap safety net funding from Congress, things remained relatively stable.

With much fanfare, the new President Clinton in 1994 signed the Northwest Forest Plan, promising harvests at 20 percent of the five best years (of the last 20 years) but, says David Schott, executive director of Southern Oregon Timber Industries Association, "the Endangered Species Act held up almost all the harvests. Sawmill and timber management people ended up desperate. No one looked at the long-term impact."

Replacement for timber payments came in 2000, under Secure Rural Schools and Community Self-Determination Act [(SRS) (PL 106-393)] but the now ironically titled act expired in December 2006 — and was not renewed by Congress. The axe fell.

"A series of events we had no control over led to this, the Perfect Storm," says Kathleen Davis, campaign coordinator for Save Our Library System. "Who could have anticipated 9/11 and the Iraq War? One of the reasons Congress hasn't renewed (the timber funding safety net) is that the federal government is so far in debt that Congress is looking for any reason to cut back."

Many people in timber counties look at it in these simple terms: the feds took the land from counties and left them with a much reduced tax base. The feds won't give the land back — and then they pass laws protecting owls and other endangered species, opening the door for environmentalists to tie up timber sales in court, so timber funds are coming into counties, jobs are gone — and we need a new plan, so a reasonable amount of timber can be cut, while maintaining a sound forest environment and

addressing the pressing question of fire while at the same time maintaining healthy habitat for threatened species. To do this, all sides are going to have to work together. And meanwhile, timber funding must be replaced with something.

Oregon's members of Congress have worked hard to get an extension of the safety net funding, giving local leaders time to pass levies and get other funding in place — and the latest move, spearheaded by Senate Majority Leader Harry Reid of Nevada, is a five-year, \$2.8 billion extension of county payments, much bigger than the one-year extension passed earlier by the House. It contains a formula that weans Oregon, year-by-year to smaller amounts, as it devises ways to replace the funds. However, the legislation is contained in an Emergency Supplemental Funding bill for the wars in the Middle East, which President Bush has indicated he will veto. It is not yet known what passage or veto would do to local funding replacement measures.

Oregon may have outpaced all other states in timber revenues during the salad days, but now, the loss of that kind of money is a "mirror image" — as devastating now as it was beneficial back then, Congressman Greg Walden told county commissioners at a Medford meeting. To get support from other Western states for stable timber payments, Walden added, Oregon has to be ready to answer other Western states who are saying Oregon has always gotten too much — \$280 million of the total \$400 million in county payments. Oregonians have said they deserve to get the most because more than half the state is owned by the federal government and the state has been hardest hit by the Spotted Owl issue. The proposed Senate bill resolves that question, giving more to other states.

The cutoff of federal timber funds has created a \$23 million hole in the Jackson County budget — just over a third of its revenues. Having no other funding, the county announced closure of all 15 libraries for April 7 and, after much public input, set an election for May 15 to create a levy dedicated over the next three years only to libraries. It would be 66 cents per thousand of assessed valuation on property taxes — or about \$110 a year on a \$167,000 home — the average value in the county.

John Elliott, Klamath County Commissioner, says he would gladly give up the timber revenues, which he called "welfare for counties," if timber workers could be put back in the mills and forests to make a living, as they did from 1920 to 1985. In those days, he added, Oregon was the highest timber-producing state in the nation and just about every home had some Oregon wood in it.

"We wouldn't need the library levy if we cut what we're supposed to cut," says David Schott.

In the wake of the closure announcement after Jackson County voters rejected a library funding levy last November, newspapers and blogs brimmed with letters, mostly outraged at the federal government for renegeing on its long-term O&C deal, but also faulting the county for not making fallback plans for the end of the safety net.

And now, warns Schott, forests, after 15 years of "non-management" are getting overgrown and are waiting for what could be called the Perfect Fire.

"It's massive growth of small trees and brush," says Schott, noting that normal logging practices take out brush and slash. "There's a growing realization that our forests are overly dense and prone to catastrophic fire. Also, it seems hotter and drier than in recent history and there are more lightning strikes in Southwest Oregon than anywhere else in the state. If we don't have planned management, we're going to lose many of those forests."

Commissioner C.W. Smith of Jackson County points to thinner snow pack in the mountains and adds that this could mean fire season will come sooner. "Millions of acres are prone to fire. It's a major threat." The threat, he says, is not just to the timber in the forests but to endangered species who live in this habitat. Smith recited the old saying from the Pogo cartoon, that "we have met the enemy and he is us." Congress and the Senate need to understand, he added, that they are the enemy and have left the forests in "horrible shape."

Smith made an oft-heard rebuke and challenge to the federal government, that since forests used to be private lands (in O&C days) and the federal government has broken its promise and the money is not forthcoming, then "give the lands back." Oregon state legislators have even introduced memorials to Congress saying the same thing. These demands bring smiles to locals but are not likely to happen.

The BLM is aware of all these problems in the region and is working on WOPR, the Western Oregon Plan Revision, which includes answering questions of county commissioners and timber interests about harvest levels and management practices — and timber funding, says Mary Smelcer, Medford Associate District Manager for the BLM.

"Clearly in the Medford BLM, fire hazard conditions are a big concern to us and the community and we're finding ways to work together. We're all concerned. We treat 20,000 acres a year in high fire danger areas. When we treat them, we're thinking about forest ecology," says Smelcer. "The BLM recognizes the situation is serious and significant and a very big problem. It took 100 years to get into this situation and we've only focused on it for five or 10 years."

Environmentalists look askance at notions that going back to full harvest levels will solve both the fire and the county funding problems.

"Obviously, there are better and longer term solutions than cutting down forests to get counties money — and I disagree that logging prevents forest fires. It's just nonsense," says Dominick DellaSala, executive director, National Center for Conservation Science and Policy in Ashland.

"There's no need to go back to unsustainable levels of logging. There isn't the timber out there as there was in the heyday. It's putting us in conflict. Salmon and old growth timber and clean water, these are things society values," DellaSala says, noting that

old-style logging removes old growth, replaces it with tree farms that are more susceptible to fire, while logging mature stands causes erosion, degrading stream quality and fish survival.

"Old growth is designed to resist low to moderate fires. Tree farms are like kindling. Fire suppression results in smaller trees (but you could be doing thinning of trees for sale. With global warming, our region will have higher (summer) temperatures, the forests are going to be increasingly stressed, with a longer and more severe fire season, so small diameter thinning is good, especially in the (urban-forest) interface," he says.

So, how do counties replace the missing money from timber? DellaSala and other environmentalists suggest trying something different, a Land and Water Conservation Fund, directing revenues from offshore oil drilling to a trust for counties. "Those oil royalties are supposed to purchase land of conservation importance. It's a bucket of money and it's being used for Iraq and to pay down the national debt. It would take legislation, but the Northwest delegation is unaware of it," he says.

Joseph Viale, campaign director for Klamath-Siskiyou Wildlands Center in Ashland echoes the thought, noting county payments are based on cutting 300-year old stands and replacing them with a monoculture and "that's just not going to work. The idea that we're going back — those days are gone and the people of the Northwest just don't want that impact."

The fire danger can be managed (and revenues achieved) by thinning of small diameter trees, something that's starting to happen on federal timber lands, he adds, "but unfortunately the timber industry and some ideologues in (government) agencies propose logging old growth forests and replacing them with young flammable tree plantations — and till they stop, we're never going to have healthy forests. We're trying to get BLM to focus on small diameter timber, especially near small communities. That will reduce fuels. If you log old growth, the cooler, wetter forest becomes the sun-drenched flammable forest."

Another idea, says Viale is to transfer BLM lands to the U.S. Forest Service, saving \$50 million a year, which could go to counties.

Education of the rest of Congress, especially from non-timber states, is necessary to solve the problem, too, he says, as "senators from other parts of the U.S. see timber payments as a pork program." However, "trying to tie county services to logging is going to continue to foster uncertainties down the road."

The Nature Conservancy's Darren Borgias in Medford observes that his group is willing to look at where logging can be done in a sustainable manner, "not assuming we can go back to earlier cut levels." There is merit to arguments that unharvested forests pose more fire danger — and that can be addressed with a combination of thinning and prescribed burns, he says.

The BLM's Smelcer notes that before white settlement, you could ride a horse from the valley floor to the top of Mt. Ashland in an open parkland setting, not choked with understory and brush. With decades of fire suppression, that's gone, although the city of Ashland has done immense amounts of thinning, helping create that open forest atmosphere again — and protecting the Ashland watershed.

Much of the fuels build-up, happens in the wildlands-urban interface where development and population demand that fires be put out, says Smelcer. But lawsuits against the BLM from environmental groups keep them from implementing many projects they feel are good forestry, including thinning, she adds.

The Medford BLM has 10 to 15 sales over 60 million board feet, with 27 sales over 130 million board feet tied up now — and "most sales are not primarily old growth," she says. Her region is 80 percent in reserve (to ensure habitat) and 20 percent in management for output, she says — and while the annual harvest level is set at 57 million board feet, it was three to four times that before the Northwest Forest Plan was put into place.

"We've not been fully able to implement that here or anywhere in the Northwest, and the primary constraint has been protests and litigation from environmental organizations," she says, including K-S Wild, Oregon Natural Resources Council (now Oregon Wild) and the Northwest Environmental Defense Center.

The average citizen looking at a county budget, such as Jackson's might say "Wow, the county has a lot of money," says assistant Jackson County administrator Bragg — so what's the problem? Indeed, the county budget is \$169 million, but 74 percent of it is dedicated, that is, it must be spent for certain purposes and that can't be changed. Non-dedicated money is \$43 million — 60 percent comes from property taxes, 4 percent from state sin taxes and a whopping 36 percent from the Secure Rural Schools and Community Self-Determination Act, which just disappeared, he says.

Of that, \$2 million is Title II money, dedicated to forest restoration and Title III funds for programs like juvenile justice, forest work camps, Job Council and sheriff's search and rescue on federal land. It comes with the proviso that it benefit forests and bolster county and community programs, says Lin Bernhardt, county natural resources manager. Last year, it included \$87,000 for search and rescue and "this will put a big hole in that program. It's going to eliminate some programs. Some rely partly on Title III, some wholly. Some will struggle."

The upcoming election is only for the library and, not being held at a general election, requires the double majority — over 50 percent in approval and over 50 percent of registered voters taking part in the election, something assistant Jackson County administrator Bragg considers a hard uphill pull. With the sobering prospect of libraries being shuttered for a year and a half, some communities, like Ashland, are talking about setting up their own library districts and paying for them with local money. Economic development officials are saying that a community with closed libraries does not look like a caring, informed region for new business to set up shop.

Jackson County has saved up a rainy day fund of \$27 million, a nest egg it hopes to spend at maybe \$2 million a year, so "it will help keep some services operating, with the Sheriff's office getting the lion's share," Bragg says. The Sheriff's office will lose \$3.5

million, Community Justice, \$1 million, roads, \$4 million and health and human services, only \$125,000, he says.

Some other counties are doing much worse, with Josephine, Curry and Coos Counties questioning whether they could stay solvent and open. Josephine County Commissioner Jim Raffenberg says law enforcement there was already at a frustratingly low level and, hinting at vigilantism, says, "Any sane person knows when there is no authority, things can get out of hand. It's something we've never seen in this country before. When people are without recourse, they use their own resources."

But it always comes back to trees. And the creatures who live among them.

Jackson County commissioner Jack Walker says, "We've lived off O&C revenues for 70 or 80 years and now we're being forced to look at other options and ideas — and all of them push against the Endangered Species Act."

Observed Klamath County commissioner Al Switzer, "We're just not cutting any timber. We watch the trains go by with 90 to 95 percent Canadian lumber and every once in a while we see Roseburg Lumber. It's quite an event."

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