

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By CHAIRMAN BERV KIMBERLEY, on January 25, 1991,
at 8:00 A.M.

ROLL CALL

Members Present:

Rep. Berv Kimberley, Chair (D)
Sen. Esther Bengtson, Vice Chair (D)
Sen. Gerry Devlin (R)
Rep. Ed Grady (R)
Rep. Jerry Nisbet (D)
Sen. Cecil Weeding (D)

Members Excused:

Members Absent:

Staff Present: Roger Lloyd, Associate Fiscal Analyst (LFA)
Terri Perrigo, Associate Fiscal Analyst (LFA)
Carl Schweitzer, Budget Analyst (OBPP)
Bill Mandeville, Budget Analyst (OBPP)
Theda Rossberg, Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Announcements/Discussion: CHAIRMAN KIMBERLEY announced, the
first order of business was Executive Action on Land
Administration. **EXHIBIT 3 - January 24, 1991 Minutes.**

EXECUTIVE ACTION DEPARTMENT OF STATE LANDS LAND ADMINISTRATION PROGRAM

EXHIBIT 3, January 24, 1991 minutes.

Motion/Vote: SEN. DEVLIN moved to accept the LFA Budget. Motion
CARRIED unanimously.

Motion/Vote: REP. NISBET moved to accept the Executive Budget on
Item 2.A, 1/2 time FTE located in Conrad. Motion **CARRIED**
unanimously.

Motion/Vote: REP. GRADY moved to accept the Executive Budget on
Item 2.B, Budget Base Differences of \$16,860 FY92 and \$17,664
FY93. Motion **CARRIED** unanimously.

Roger Lloyd, LFA explained, there was \$20,000 appropriated in FY90 and approximately \$3,260 spent. Item 3.A, Resource Development Program, position grade and step. Mr. Lloyd explained, this was a Grade 15, Step 6.

Motion/Vote: SEN. BENGTON moved to accept the Executive Budget for Item 3.A, for a Grade 15, Step 6, FTE.

SEN. DEVLIN stated, in order to hire that person we have had to reclassify the entry level. Why should he get additional pay?

Carl Schweitzer, OBPP clarified, this person was transferred from a different position at that Grade and Step.

Motion CARRIED 5 - 1, (SEN. DEVLIN voting "no").

Motion/Vote: REP. GRADY moved to accept the Executive Budget on Item 4.A, Capital Outlay. Motion CARRIED 5 - 1, (SEN. DEVLIN voting "no").

Executive Budget Modifications:

1. Trust and Management - REP. GRADY said, this was a land-use position, who are they under now. Jeff Hagener, DSL replied, they are supervised under the Land Division. The field operation is supervised by the area manager. There is one staff coordinator located in the Helena area.

REP. GRADY stated, I feel we do not have enough people in the field to do the job. They are trying to cover 100 leases a year and we are not serving their needs. It takes 2 - 3 weeks to get back to the land owners.

SEN. WEEDING asked, if the committee might get more detail as to what these field people do.

2. Federal Farm Program - REP. GRADY asked, if the other people could handle the Farm Program. Are they doing the same thing?

CHAIR. KIMBERLY said, the committee would delay action on these two modifications.

FORESTRY DIVISION

EXHIBIT 1-A - Don Artly, DSL gave an overview of the Forestry Program. He stated, this division manages state-owned forest lands held in trust for education. The administration office is located in Missoula, which provide services to the following: Forest Management, Timber Stand Improvement, Brush Disposal, Tree Nursery, Fire Hazard Reduction and Slash management.

EXHIBIT 2. **Private Landowner Forest Fire Assessments:** Tim Murphy, DSL stated, this division has 2 million dollars to support this program. We have 49.3 million acres to protect from fire. 75 million acres are not protected.

This hand-out explains why we need to target private landowners. By law the private landowner is to be assessed no more than one-third of the total fire appropriation. The remaining two-thirds is funded by State or Federal Funds.

He stated, small parcels of land usually have considerable more fire risk because buildings and other improvements. Also our response in an urban area is more expensive than in a timber area.

We are currently proposing an increase of fees of \$30.00 minimum from \$22.00 and 20 cents per acre from 17 cents to generate the necessary revenue needed. This change in fees would allow the department flexibility to fund the fire program without changing the law each legislative session.

Mr. Murphy reviewed a chart showing why the department needed to target small landowners. Of the landowners under fire protection, the small landowner represents 76% of the total and represent 4% of the land. Large landowners are those over 20 acres which represent 24% of the owners and 96% of the land.

We have two types of fires, human and natural caused fires. 1987 through 1989 the small landowners had 9% of the natural caused fires. 91% of the fires occur on the large landowners over 20 acres. Human caused fires - the small landowner had 30% of these fires and 70% occur on the large ownerships. We have to send twice as many resources to a subdivided area as to a timbered area. million acres to protect and 75 million which are not protected.

Ross Fitzgerald, Commissioner of Advisory Board of Fire Control gave the following testimony on the Fire Training School: You can call Helena and find out when the Wild Fire Training School is scheduled.

SEN. BENGTON asked, do you have other forms of training you rely on? Most Counties are under-equipped to handle these fires on State and Federal Lands. **Mr. Fitzgerald** replied, we depend more on equipment.

SEN. BENGTON asked, are you billed for this equipment? **Mr. Fitzgerald** replied, we provide the equipment as we have the responsibility to protect these areas.

SEN. WEEDING asked, what about Federal Lands, can you bill BLM for the costs? **Mr. Fitzgerald** said, the funds are entirely for hiring for the State. The Department of State lands can hire others and bill the responsible agencies.

SEN. BENGTON asked, where are the off-season people located? Who maintains the equipment when they not working? **Mr. Schweitzer** stated, Fire Fighters are doing other things when they are not fighting fires, they may be doing surveys for timber sales or other related jobs.

Forest Management Division: EXHIBIT 3, Page 47 - 57.

Jeff. Juhnke, DSL gave an overview of this department.

He stated, there are 4 programs within this division; Forest

Product Sales, Special Use Land Management, Brush Disposal and Timber Stand Improvements. Mr. Juhnke said, we sell between 41 - 51 million feet of timber each year. We don't have enough staff to handle many more sales. Also see EXHIBIT 3.A, 3.B & 3C.

SEN. BENGTON asked, how do you inventory, do you count trees? Mr. Juhnke replied, we have nursery stock. SEN. BENGTON asked, do you provide information to private nurseries? Mr. Juhnke replied, we provide the seed and make sure that particular seed will adapt to the area where it will be planted. We make substantial returns on our sales.

REP. GRADY asked, you have a management program, what do you do if timber lands are mismanaged. Mr. Juhnke said, we decided we had to put together some kind of policy description so everyone would be consistent. We got together with the land owners and developed some guide lines which everyone agreed upon.

Nursery Division - EXHIBIT - 4.

Mr. Roger Bergmeier, Chief of Nursery Bureau reviewed the Nursery Division. He stated, there are two areas I will cover; 1. The Swan River Forrest Camp in conjunction with the Department of Institutions and 2. the Nursery.

Swan River Camp - The purpose of this camp is to provide rehabilitation to camp residents. We train them in forestry and try to help them develop better work habits towards future employment. We have about 135 residents per year. We currently have 60 residents which stay from 3 months to a year. It used to be a youth camp when the ages were about 17 - 18 and now they are between 22 - 23.

The State Lands provide administration for the Forestry portion. We have Fire Instructors which go into the forest with the residents for training in tree stand improvement, tree planting, hazard reduction, road construction, etc. We have one resident Instructor Supervisor which provides the guidance and administration of the five resident instructors. We also have a Area Land Manager Administrator. We provide the facilities and the equipment necessary to carry out the program. In FY91 the budget was \$202,000.

SEN. BENGTON asked, how many acres does the camp cover? Mr. Bergmeier answered, the actual acreage of the facilities is about 135 acres. SEN. BENGTON asked, when you take them out for training, where do you take them? Mr. Bergmeier replied, the Swan River Forest is about 57,000 acres.

SEN. BENGTON asked, how do you select the sites where they will work? Mr. Bergmeier replied, as part of the Swan unit we have a Timber Stand Improvement Program that make the decisions as to where the trees will be planted, what species to plant and what kind of improvements to make. It is part of our Forest Management Program handled by Jeff Juhnke.

Mr. Bergmeier, stated they do about 300 acres per year of timber stand improvement. Tree planting varies in accordance with timber sales of State Lands. We try to produce about 100,000 board feet of rough sawn lumber per year for State Land projects. We make desks, furniture, road signs, tool boxes, etc. They have also done some work in meeting the Water Quality laws with State Lands. We have a 20 man fire fighter suppression crew which is used during the fire season. More importantly they are available before the regular crew gets there and after they have left.

State Seedling Program - EXHIBIT - 4.

Mr. Bergmeier stated, the nursery seedling program in Missoula has two green houses. The Seedlings are produced in bareroot beds. There was a request through the Long Range capital to build two new green houses. We are looking at approximately \$400,000 and 3.5 permanent FTE'S and 8.4 seasonal FTE'S throughout the year.

Last year we sold 942,000 seedlings for conservation and 124,000 seedlings for planting on State Forest Land. We have a tree and shrub improvement program where we are actually developing better species for use in conservation. We provide trees to FWP, conservation districts, land owners and other agencies. It is a cooperative program and a lot of the tree orders are handled through a cooperative agency throughout the State.

We provide information to the private nurseries also, so they can use our sources for their sales. At present we are working on about 30 different species and our goal is to introduce at least one new species every two years.

Mr. Bergmeier showed some overheads of the nursery to the committee. It is a 185 acre complex west of Missoula. He reviewed the different nursery beds and buildings. See EXHIBIT 4.

SEN. WEEDING asked, are you bound to 56,000 acres for the Swan River kids? Do you go out into different areas with them.

Mr. Bergmeier replied, we use them for fire fighter suppression outside the Swan area. However, there are some limitations as we have to have security forces to go with them. We have not used them a lot off the Swan area for tree planting, because we don't want them to be in competition with contract planters. They do go off site for some carpentry projects such as a storage building for the Forest Dept., etc.

Multi-function Forester - Mr. Artly reviewed this program. He stated, we have more programs than we have forestry people. Therefore, we have to charge each forestry person with a variety of activities. Their work plan consists of Forestry Management, Service Forestry, fire program, slash inspections and they get FTE'S and budget for all those pieces of their work plan. we try very hard to keep a balance with a variety of programs with the

FTE'S and budget we have.

Service Forestry - Basically this program is about service. We help land owners, forest industry, urban communities and in some cases, other branches of State Government by providing information and advice. We do not charge for this service but we do play an important part for many Montanans. There are three areas; timber slash, forestry assistance and best management practices.

Slash Program - EXHIBIT 5 - this is the debris left over after a logging operation which the logger doesn't haul off the site to sell. We have a State law in Montana that states, anyone who plans to cut timber has to sign an agreement stating they must clean up the debris after the logging operation because this is a fire hazard. A logger must pay a \$25 fee before he can begin his operation. When the logs go to the mill they withhold \$6 for every thousand board feet they cut. That money is returned to us as a cash bond. He has 18 months to reduce the fire hazard after his operation is complete. When the hazard is completed, he notifies our office and we inspect it and return his bond money if the job is satisfactory. We keep the interest on this account which goes into the General Fund which has about \$1,000,000 balance. IF we have to clean up the debris for him we can charge him and collect on his bond by 20%.

SEN. DEVLIN asked, has this slash removal changed in the last two years? At one time, they could pay so much and you would do the clean-up, is this the same?

Mr. Artly replied, we will do it, but we will bill him the full cost plus 20% of the bond money. There is a debate whether or not \$6 per thousand board feet is enough.

Because of the pressure on forest land for other than timber, we are seeing a decrease of available timber from National forest lands. This is a result of higher prices and increased demand for timber off the private land. We estimate about 900 new logging operations on non-industrial private land in the coming year. This may go as high as 1200 operations by FY92. Mr. Artly reviewed a chart with the committee showing the number of operations, etc. He stated they have 9 FTE'S which work the Slash Program.

Forest Practices Program - EXHIBIT 6 - Mr. Artly stated, this was a new program set up by the last legislative session, HB678. The result of that bill was a program whereby the Department of State Lands were to set up an information and operations service to owners or operators who were planning to cut timber or build roads in preparation to cutting timber. It is a best management service on how to build roads, culverts, how close streams you can operate, etc. We operate this program in conjunction with the Slash Program.

When you notify us that you are going to cut timber we have 10 days to respond. We review your harvest plan and mail you the Best Management Practices as well as water quality laws or we may request a on-site consultation. We have 2 FTE'S to run this program for about 10% of the operations to review. We have only had this program for 6 months.

SEN. BENGTON asked, are you saying if I wanted to harvest my timber I would have to notify State Lands to cut my own timber?

Mr. Artly stated, by State Law, before you can cut timber on your private land you have to have a hazard agreement. **SEN. BENGTON** asked, how long has that been affect? **Mr. Artly** replied, since about the 50's or 60's. Also, you are required to notify us so we can provide you information on the land. This program has 2.03 FTE and is totally General Fund.

SEN. BENGTON asked, is there a bill in to change that law? **Mr. Artly** answered, there are a number of bills in concerning these issues.

Mr. Artly said, funding for the slash program is about 60% earmarked State revenues and 40% General Fund.

Forestry Assistance Program - EXHIBIT 6.

Mr. Artly stated, this program is to give land owners free advice in managing their timber lands. Before they pay a consultant to decide whether or not they have enough timber to make it worthwhile they can contact us and we will review the situation. We will give them suggestions as to how to write a contract, best management practices, etc. at no cost to the customer. If your trees are dying, we will help you discover what is killing them such as insects, disease or even old age. It is 2/3rd General Fund and 1/3rd Federal Funds. There are some cost-share programs for planting, thinning, bug disease, etc. We help about 800 individuals per year with some kind of information or assistance of varying degrees. We have approximately 8 FTE involved in this program.

Forestry Division Budget - EXHIBIT 1.

Mr. Lloyd reviewed the difference in the LFA and OBPP budgets. He stated, there is a large difference in the funding of State Special Revenue between the LFA and Executive. The LFA used Trust and Legacy State Special Revenue in place of General Fund and since then have decided to go back to General Fund.

There is also legislation pending which would provide a raise in fire protection taxes. The big difference is the proposed reorganization. The fire training school in the Executive Budget has been moved from the University System to the Forestry Division and State Lands. This is where a difference of 4 FTE show up.

In the Fire Program, Item B. Transfers for Federal fire

reimbursement - this was not included in the LFA budget for two reasons; 1. authority to spend Federal money received could be obtained through the normal budget amendment process, 2. this was a new appropriation last session and will allow the legislatures to review this type of appropriation.

Budget Base Differences - the LFA used more of the private forestry funds than the Executive

Slash Program - The Executive did not use as much of the special revenue obtained from the slash as they are reserving some of the balance for an FY92 amendment. The LFA includes nearly all of the fund balance.

Executive Budget Modifications - EXHIBIT 1,A - Page C-20.

State/County Cooperative Fire - we currently have 49 counties in the cooperative agreements. Forestry Road Maintenance - this would provide authority to spend funds for maintenance of forestry roads built during timber sales. There is approximately 2,000 miles of roads. Block 5 and Philipsburg Fire - this contains two elements; 1. Block 5 - there is an imbalance between the Federal lands and fire protection with the State which is 58,000 acres. If this amendment is approved, the lands protected by each will be the same. There have been 4 blocks previously approved and this is the last block to be approved. 2. Philipsburg Fire Protection District - this modification would fund the creation of this district. Best Management Practices - Mr. Artly addressed this modification already. Forestry Capital Equipment - The last legislative session asked the division to prepare a vehicle replacement schedule which they have done. The replacement cost would be \$721,000. They are requesting approximately half of that for the biennium or \$180,000 each year.

Language Issues - This addresses Item 3.B, Transfers for Federal Fire Reimbursement. HB100 - "Federal Fire Reimbursement funds are those funds received from the federal agencies for expenses incurred from loaning department personnel to federal agencies to assist in fire suppression activities. Only those federal funds received by the state as reimbursement of expenses credited against the department's state forestry operational budget are considered federal fire reimbursement funds. All other federal funds received must be deposited in the general fund. The department shall report fire reimbursement expenditures on state accounting records, and the records must be separate from current level operations."

The second language issue addresses emergency approval of budget amendments if the Forestry Division workload increases. Emergency is defined by statute 17-7-401 which reads, "Emergency means any catastrophe, disaster, calamity or other serious, unforeseen or unanticipated circumstance that has occurred subsequent to the time an agency appropriation was made which was clearly not within the contemplation of the legislature and

the Governor and which seriously affects one or more functions of a State Agency and the agencies expenditure requirement for the performance of the function or functions." It is the opinion of the Legislative Council that appropriation language in the House Bill cannot override Statute for terms of the definition of emergency.

SEN. DEVLIN asked, how would we put language in the appropriation bill. The Statute seems pretty broad. **Mr. Lloyd** said the "workload increase" is not mentioned in the Statute.

Mr. Schweitzer commented on some of the budget items as follows:
1. Reorganization of Fire Training School - decisions have been made to hear the budgets for the various agencies as they are currently situated. The reason the budget office recommended the fire training school be included as part of the forestry division within the Dept of State Lands, we wanted to coordinate the fire training with people around the State. Currently the Fire Training School handles structural fires and the Forestry Division handles the wild line fires. We thought there would be more efficiency if we brought all the trainers together. By reorganizing we were able to reduce one FTE out of the 5 and save \$100,000 out of General Fund per year.

On the Slash Program, there is going to be a revised Executive recommendation for a Budget Modification which **Mr. Artly** will address.

Budget Modification Item 2, Forestry Road Maintenance - we are removing that request as we no longer support it.

Appropriation Language - the reason we are recommending this language is if they receive an increase in revenue from more timber sale, they would have more of a workload because there is more brush cleanup and more tree planting. It is hard to predict what the workload will be in the future. They are bound by the appropriation authority we give them to do only so much work. The way the Statute reads is that it is only in an emergency situation. There is no flexibility in the Statute for more appropriation authority so with this language we are trying to build some flexibility into it.

Fire Program & Presuppression: see EXHIBIT 7

CHAIR. KIMBERLY asked, how do you deal with the church (CUT) in Livingston? **Mr. Murphy** stated, the Forest Fire Protection District charges 14 or 17 cents per acre of their property.

Mr. Murphy stated a landowner who owns 10,000 acres presently is paying \$1,700. Under the new proposal that landowner would pay \$1,718.

REP. GRADY asked, do you have any statistics as to who causes the larger fires, the landowner or the public? **Mr. Murphy** answered,

I do not have statistics but approximately 50% are lightning and 50% are human caused fires.

SEN. DEVLIN asked, do you get any reimbursement from negligent caused fires. Mr. Murphy stated, those we can identify we pursue billing them. We bill approximately \$16,000 to \$20,000 per year for negligent fires.

SEN. WEEDING said, you indicated that fire response was twice as high in the residential area as in the rural area. Do you have any dollar breakdown as to these costs?

Mr. Artly said, I do not have a dollar breakdown, but the response to areas where there are buildings is twice as high as a timbered area without buildings.

Mr. Murphy stated, approximately 50% of our costs are within the large land owners and 4% of the small land owners.

CHAIR. KIMBERLEY asked, why isn't the Fish & Game assessed for lands other than the forest?

Mr. Murphy replied, because the Statute specifically states forested lands.

Mr. Artly stated, SB165 is where the debate will occur whether or not we raise the rates to the new ceilings. However, the funding issue before this committee is if we fund the fire program as represented by the LFA who used current level funding. The Executive used the higher rates, assuming the law will pass.

REP. GRADY said, Mr. Murphy you are saying 50% of the cost is by the large landowners, but these fires were probably started by the small landowners and the cost is still put on the large landowners.

Mr. Murphy stated, the small landowners own 4% of the land and 30% of man-caused fires and 10% of the natural-caused fires start on that 4%. The 96% which are the large landowners has 70% of the fires starting on their lands.

Budget Review - EXHIBIT 1.

Mr. Artly reviewed the budget with the committee. He stated on the Funding, the Department had dropped its' request to use Trust and Legacy income. So any items that say Trust income will be replaced with General Fund.

Reorganization - Mr. Artly stated, they were not prepared to testify on this issue until after discussion at the Board of

Regents on the budget. He stated, they would be present to testify at that hearing.

Equipment - the LFA funded our equipment budget at the three year

average and the Executive has funded at our FY91 appropriation level with a difference of \$8,059 per year. The replacement of obsolete and worn out equipment is one of the most serious problems we are facing today. We are trying to buy vehicles for 1991 using 1988 dollars and we are eroding our purchasing power. Inflation alone should be enough to justify our request for equipment.

He showed an overlay of the differences between the equipment budget since 1982. In 1982-3 our equipment budget was \$627,000 and \$584,000. Our total budget at that time was 7.1 million and 6.6 million. The percent which we spent on equipment in 1982 biennium was almost 9%. Since that time our total budget for the forestry program has increased as we have expanded our fire protection and our timber sales program and have added a lot of people. Our budget has grown to almost 9.5 million, but our equipment budget is only at 5%. Therefore, we are below what we were back in 1982-83.

REP. NISBET asked, is the difference due to vehicles? Mr. Artly replied, this is for total equipment with about 50% of it for vehicle replacement and 50% for fire equipment, office equipment, etc.

REP. GRADY asked, what portion of equipment is new and what portion is surplus? Mr. Artly replied, this budget represents new State purchases. Surplus property is on loan at no charge.

Fire Program - Item 3.A, this position was approved by the '89 legislature contingent upon Federal funding. Since we never filled this position, we agree the \$26,817 can be eliminated. Item 3.B, through cooperative agreements we agree to share resources for fire fighting. If the forest service has a large wildfire which is out of control they will come to us for help with people who have special qualifications. We will bill the forest service for reimbursement of that person's time. What we are asking for is authority to spend this extra money up to \$100,000.

REP. GRADY asked, how many people are we talking about or does it vary? Mr. Artly replied, we use a lot of seasonal people and also some contracted people.

REP. GRADY stated, when these people are out on another job fire fighting, they are getting behind in their work. How many people are leaving their positions and going out on fires.

Mr. Artly answered, in 1988 nearly everyone was out fighting fires. We try to spread the help around so one particular office does not suffer.

Mr. Murphy stated, within the fire program several of our mechanics were out repairing equipment and sometimes we had to contract for local mechanics. We had 425 fires and 33 to 36

people helping fight these fires on Federal lands.

REP. GRADY asked, why do you replace our people when there are other fire fighter crews such as the Indians? Mr. Artly replied, we provide overhead or management people with special training to handle special functions within the command structure. All of the crews are handled by the Federal forest service.

SEN. WEEDING asked, on the fire reimbursement, can't this objective be met by a budget amendment? Mr. Artly replied that is correct, however we do not know how much money we will need. We are restricted to spending these dollar within the same year as we earn them, so to be more efficient we are asking for authority to spend up to \$100,000 per year.

Item 3.C, Base Differences - the differences here is because we did not realize the cost of expansion for the Block 5. We now have all of the FTE for the FY91 budget and the equipment. This was not fully functional in FY90 which reflects the difference.

Forestry Program Budget Differences - Mr. Artly stated, this is the Forest Management budget. We think the LFA has missed some expenses such as; in FY90 we were able to use the University of Montana's water testing laboratory. Because of our increased workload we now have to go commercial and pay their rates which we estimate to be about a \$7,000 difference. During FY90 we were able to delay hiring Appraisal and Hearing Officers. We anticipate continuing contracting these positions particularly with the sale of cabin sites. Because of more public interest we are spending more time meeting with different groups and therefore have an increase in travel expenditures. We feel the Executive Budget is more appropriate for our needs. The 1989 legislature approved a budget modification for 2 FTE'S, a forest hydrologist and a technician to handle an increased watershed workload which Federal funds were available for these positions. We do not believe Federal funds will continue to be available for these two positions.

Brush & Timber Improvement - Brush and Timber goes into a different account strictly for those two programs. The money is generated from sale of State Lands and goes back into that account. In regard to overtime, this is primarily seasonal and is important if we have to keep people on-site if we are burning slash and make sure it is safe to leave. Therefore, these people often work more than an 8 hour day. In the summer our contractors for planting often work long hours taking advantage of the daylight. So, we feel this overtime for seasonal work is important.

Nursery Program - we feel the Executive Budget is adequate.

Slash - as the workload increases the slash program increases and our Special State Revenue account is growing. The LFA has used this cash balance to offset the General Fund in this program,

which means by the end of FY93 we would have a zero balance in this account. We need the authority to spend \$32,000 each year of the biennium to restore this fund and .75 FTE.

Other Services - we have lumped other programs into this category which do not have any special revenue funds. This includes our fixed costs, utilities, rent, Swan Youth Camp, service forestry and BMP program. These are general fund and Federal funded programs.

A. Base Adjustments - The LFA incorrectly subtracted \$67,044 from our FY90 base taking out of the operating money we on spent last year's Federal Fire reimbursement. That should have been \$45,716 so the \$21,328 should be added back in our budget to reflect actual expenditures.

B. Base Differences - we feel we should have the Executive level of funding as the FY90 base did not reflect a full year of this program. We also have an increase in rent and utilities because of office expansion in Miles City, Dillon and a warehouse in Missoula.

Executive Budget Modifications -

REP. GRADY stated, he would like to wait until Monday on these modifications when SEN. BENGTON and SEN. DEVLIN are present.

Language - EXHIBIT 8, Mr. Artly reviewed this testimony with the committee.

EXHIBIT 8,A - Mr. Schweitzer reviewed this as to the appropriate language.

REP. GRADY asked, has this language been in before or is this new? Mr. Artly stated, this is the 1st time in our program.

Mr. Schweitzer stated, we have approved similar language for the Grain Lab. in the '89 budget and basically I just replaced Grain Lab. with Forestry Division. These are State Special Revenues and it is difficult to estimate the exact workload so we try to go through the amendment process for additional spending authority.

REP. GRADY asked, can you move these funds around? Mr. Artly replied, these are earmarked funds and cannot be moved.

EXHIBIT 9 - Mr. Casey provided the estimated costs of EIS as requested by the committee.

SEN. WEEDING asked, in regard to the language issue, are we talking about the emergency for approval of budget amendments for increased workloads?

Mr. Artly stated, there are two different issues; 1. we are asking for authority to spend up to \$100,000 in the fire program and 2. the other is for a budget amendment. These are two separate language issues.

ADJOURNMENT

Adjournment: 11:55 A.M.



REP. BERV KIMBERLEY, Chair



THEDA ROSSBERG, Secretary

BK/tr

HOUSE OF REPRESENTATIVES
NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL

DATE 1-25-91

NAME	PRESENT	ABSENT	EXCUSED
SEN. ESTHER BENGTON, VICE-CHAIR	✓		
REP. ED GRADY	✓		
REP. JERRY NISBET	✓		
SEN. GERRY DEVLIN	✓		
SEN. CECIL WEEDING	✓		
REP. "BERV" KIMBERLY, CHAIRMAN	✓		

5501 DEPARTMENT OF STATE LANDS
25 FORESTRY
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DATE : 01/08/91
TIME : 21/29/24
CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	226.30	236.85	231.85	5.00	236.85	231.85	5.00
Personal Services	5,486,125	6,401,052	6,222,529	178,523	6,399,957	6,220,887	179,070
Operating Expenses	2,512,550	2,640,016	2,426,426	221,590	2,645,065	2,419,197	225,868
Equipment	619,690	495,813	484,754	11,059	495,813	484,754	11,059
Transfers	0	100,000	0	100,000	100,000	0	100,000
Total Expend.	\$8,618,373	\$9,644,881	\$9,133,709	\$511,172	\$9,640,835	\$9,124,838	\$515,997
Fund Sources							
General Fund	5,592,033	3,555,934	5,875,021	2,319,087	3,553,859	5,888,297	2,334,438
State Revenue Fund	2,498,611	5,535,587	2,807,225	2,728,362	5,533,261	2,785,149	2,748,112
Federal Revenue Fund	527,729	524,314	451,463	72,851	524,566	451,392	73,174
Proprietary Fund	0	29,046	0	29,046	29,149	0	29,149
Total Funds	\$8,618,373	\$9,644,881	\$9,133,709	\$511,172	\$9,640,835	\$9,124,838	\$515,997

EXHIBIT 1
DATE 1-25-91
BY Par. Dev. Sub.

Exhibit I

--EXEC OVER (UNDER) LFA--
FY 92 FY93

- REORGANIZATION OF THE FIRE SERVICES TRAINING SCHOOL - The Executive Budget includes 4.0 FTE and the following expenditures:

\$148,087	\$148,700
\$56,565	\$56,837
\$3,000	\$3,000
\$8,059	\$8,059

. FIRE PROGRAM

\$26,817	\$26,785
\$100,000	\$100,000
\$3,165	\$7,071

FORESTRY PROGRAM BUDGET BASE DIFFERENCES (general fund)

BRUSH PROGRAM BUDGET BASE DIFFERENCES

\$53,212	\$52,333
\$2,332	\$2,326

A. Overtime

(\$2,173) (\$2,186)

(\$8.259)

11/13/2014

A. Base Adjustment

\$21,328	\$21,328
\$8,684	\$5,915

\$511,172	=====
\$515,997	=====

	1992	FTE	1993
1. Total FTE	10.0		10.0
2. FTE in research	1.0		1.0
3. FTE in instruction	9.0		9.0
4. FTE in administration	0.0		0.0
5. FTE in student services	0.0		0.0
6. FTE in other	0.0		0.0
7. Total FTE	10.0		10.0

	\$65.024	\$65.056
--	----------	----------

470,000	\$45,000
405,000	\$45,000

\$121,721

007,425	\$24,400
---------	----------

180,500	180,500
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\$436,645	\$413,593
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LANGUAGE - "federal fire reimbursement funds are those funds received from the federal agencies for expenses incurred from loaning department personnel to federal agencies to assist in fire suppression activities. Only those federal funds received by the state as reimbursement of expenses credited against the department's state forestry operational budget are considered federal fire reimbursement funds. All other federal funds received must be deposited into the general fund. The department shall report federal fire reimbursement expenditures on state accounting records, and the records must be separate from current level operations."

The Executive Budget recommends appropriation language which deems the emergency criteria for approval of budget amendments are met if the forestry Division workload increases and/or the state special revenue accounts earn more revenue during the biennium than is appropriated. Emergency is defined by statute 17-7-401. It is the opinion of the Legislative Council that appropriation language cannot override statute.

EXHIBIT 1-A
 DATE 1-25-91
 BY Mr. W. J. J. 1-A

FORESTRY PROGRAM

Budget Item	Actual Fiscal 1990	Appropriated Fiscal 1991	- - Current Fiscal 1992	Level - - Fiscal 1993	Change 1991-93 Biennium
FTE	226.30	233.57	231.85	231.85	-1.72
Personal Services	5,486,125	6,066,663	6,222,529	6,220,887	7.71%
Operating Expenses	2,512,550	2,883,884	2,426,426	2,419,197	-10.21%
Equipment	619,698	492,813	484,754	484,754	-12.86%
Total Program	\$8,618,373	\$9,443,360	\$9,133,709	\$9,124,838	1.09%
<u>Fund Sources</u>					
General Fund	5,592,033	5,819,529	5,875,021	5,888,297	3.08%
State Revenue Fund	2,498,611	3,002,526	2,807,225	2,785,149	1.66%
Federal Revenue Fund	527,729	621,305	451,463	451,392	-21.43%
Total Funds	\$8,618,373	\$9,443,360	\$9,133,709	\$9,124,838	1.09%

Program Description

The Forestry program manages state-owned forest lands held in trust for the support of education, protects the state's forest and non-forest watershed lands from wildfire, and provides technical forestry assistance to private landowners, businesses, and communities. The program is administered by the Forestry Division in Missoula which provides six main services: Fire Management provides wildfire protection to 60 million acres of state and privately-owned forest and watershed lands through prevention, pre-suppression, suppression, and county assistance programs. Forest Management manages state forest land to: 1) provide income to the various school trusts through the sale of forest products and the licensing of various special uses; 2) enhance long-term productivity; and 3) provide for other resource values such as soil, water, and wildlife. Brush Disposal provides fire hazard reduction and associated site preparation on state forest land following Forest Management program activities. Timber Stand Improvement conducts activities such as planting, seeding, thinning, tree improvement, seed collection, and seedling production that improve the composition, condition, or growth of trees on state forest lands. Tree Nursery grows, sells, and distributes tree seedlings and shrubs for conservation plantings on state and

private lands for shelterbelts, windbreaks, wildlife habitat improvement, reclamation, and reforestation. Administration of the Fire Hazard Reduction and Management (Slash) Law assures that the fire hazard created by logging and other forest management operations on private forest land is adequately reduced, or that additional protection is provided until the fire hazard is reduced to an acceptable level.

Current Level Budget

The slight increase in the program's current level is due to increased personnel services, which result from vacancy savings in fiscal 1990 and the fiscal pay plan increase which continues in the 1993 biennium. The 1.72 FTE decrease represents the transfer of 0.72 FTE to the Central Management Division, and the elimination of 1.0 FTE, which has been vacant much of the 1991 biennium. Current level personal services also decrease by \$161,964 from non-budgeted fire suppression expenditures and \$32,565 from federal fire reimbursement expenses. Operating expenses decrease below fiscal 1990 actual expenditures due to elimination of the following one-time only expenditures: 1) \$9,849 non-budgeted fire suppression costs; 2) \$400 for audit of best management practices for timber sales; 3) \$11,848 of computer

FORESTRY PROGRAM

processing supplies; 4) \$15,000 for development of a fire protection assessment computer system; and 5) 67,044 of federal fire reimbursement expenses. In addition, insurance, bonding, and messenger costs have increased. Inflationary adjustments of 64,593 for the biennium have been included in the current level budget. The agency's equipment request, which includes 39 vehicles, is also included in current level.

This program is funded with general fund, state special revenue, and federal funds. State special revenues, generated from the sale of timber on state land, are used to entirely finance the timber stand improvement and brush removal programs. The price at which the state sells timber includes \$11 per thousand board feet for each of these programs. Based on initial revenue estimates, the timber stands improvement program is adequately funded. With later estimates, which show that funding is \$169,750 less, funding is insufficient and a reduction in the program may be necessary. State special revenues also include taxes provided by private forest landowners for forest fire protection. This landowner assessment is currently \$.17 per acre, with a minimum of \$14 per landowner. The department is required by statute to collect up to one-third of the fire protection costs from private landowners. Other state special revenues include the sale of nursery stock and slash removal assessments on private landowners who cut timber. Fund balance in the slash disposal account was used to offset general fund.

ISSUES

The 1989 legislature authorized a habitat/timber sales planning program expansion to fund a wildlife biologist to implement habitat guidelines for timber sales on state forest land and to continue training DSL employees in timber sale planning which is compatible with wildlife values and concerns. This position is jointly funded with the Department of Fish, Wildlife, and Parks (DFWP) which was authorized \$32,827 for

the 1991 biennium from their general license account to fund operation expenses. The Department of State Lands was appropriated the 1.0 FTE and \$60,638 (half of which was general fund) for the biennium to fund personal services. House Bill 100 stipulates that the Department of Fish, Wildlife, and Parks' portion of this program was not to be included in their 1993 budget base. DFWP is requesting a budget modification for \$32,500 for the biennium from the general license account to continue funding the wildlife biologist position.

Executive Budget Modifications

State/County Cooperative Fire

The Executive Budget includes \$130,080 for the biennium, 0.5 FTE for fiscal 1992, and 1.08 FTE for fiscal 1993 funded from the general fund and fire protection taxes to expand the State/County Cooperative Fire program to include Lake, Lincoln, and Sanders counties in cooperative fire control agreements with the state. From 1967 to date, the department has entered into cooperative fire protection agreements with 49 counties. The state/county agreements specify the general duties and responsibilities of each entity in fire protection and cooperation. The state provides wildland fire training and equipment to the counties for unprotected areas. The county, state, and federal agencies provide mutual aid on an as-needed basis for suppression. The FTE difference in the two fiscal years is due to anticipated late hiring in fiscal 1992.

Forestry Road Maintenance

The Executive Budget includes \$90,000 for the biennium from a proposed new fee on timber cut from state trust lands. Establishment of this account would require a statutory change to allow the Board of Land Commissioners to charge road maintenance fees as part of timber sales. As a result of timber sale activity over the years, the department has constructed approximately 2,000 miles of roads on state forest land.

FORESTRY PROGRAM

Many of these roads, which function as a permanent transportation system, require periodic maintenance in order to protect their investment value and prevent adverse environmental impacts. Currently, there is no funding source or budget for maintenance of these roads.

Block 5 and Philipsburg Fire

The Executive Budget includes \$208,790 for the biennium, 2.65 FTE for fiscal 1992, and 3.35 FTE for fiscal 1993 funded one-third from the forestry fire protection taxes account and two-thirds general fund, to assume full fire protection responsibilities for additional state and private lands in two main categories: 1) state and private forests acreage currently contracted with the U.S. Forest Service for fire protection; and 2) the new Philipsburg Forest Fire Protection District. The difference in FTE for the two fiscal years is due to anticipated late hiring in fiscal 1992.

The department currently contracts with the U.S. Forest Service for fire protection on blocks of state and private land. In exchange, the department provides protection on some federal land. There are currently 58,000 more state and private acres protected by the U.S. Forest Service than federal acres protected by the department. This budget modification allows the department to assume this final block of wildfire protection acreage which will end this acreage imbalance. Since 1984, the legislature has approved the transfer of four blocks of fire protection responsibility by the department. The majority of the land in this final transfer involves federal land in the Dillon area.

This modification also would fund the creation of the Philipsburg Forest Fire Protection District, consisting of 120,000 acres of private and state land now in the Anaconda Protection Unit. The department states that this would reduce the per acre cost of protection, increase efficiency, simplify adminis-

tration, and provide the highest level of fire protection to the area. Private landowners would pay a maximum of one-third the cost of protection through fire assessments, with the general fund providing the rest. Increased landowner assessment fees are being considered to replace general fund, but are not reflected in this modification request.

Best Management Practices

The Executive Budget includes \$48,800 and 1.0 FTE for the biennium funded one-fourth from the general fund and three-fourths from the private forestry assistance account to handle an accelerating caseload in the forest practices program. This program implements House Bill 678 (1989) which helps loggers and forest landowners avoid impacts on water quality by using best management practices (BMP). DSL foresters review harvest plans, provide BMP information, do pre-harvest field consultations on priority areas, and revisit a limited number of sites after harvest to rate BMP application and effectiveness. The additional FTE would provide mandated BMP services in conformity with department standards.

Forestry Capital Equipment

The Executive Budget includes \$361,000 for the biennium from general fund, trust land administration revenue, and fire protection taxes for new equipment. In recognition of historically insufficient funding for replacement of equipment, the appropriations subcommittee in 1989 asked the department to prepare a vehicle replacement schedule for submission to the 1991 legislature. Replacement schedules for seven classes of vehicles were developed based on either age or mileage. This modification requests one-half of the total amount for the first biennium to phase in the full biennial replacement schedule of \$721,826. Such a vehicle replacement schedule would allow the department to plan for systematic replacement of vehicles to reduce the average age of its 282 vehicle fleet.

Mr. Murphy

1-25-91
Exhibit 2

TESTIMONY
DEPARTMENT OF STATE LANDS

2
DATE 1-25-91
BEFORE THE SENATE

PRIVATE LANDOWNER FOREST FIRE ASSESSMENTS

Introduction: The joint appropriations sub-committee during the 1989 legislative session requested that the Department of State Lands present a proposal for an increase in private landowner fees for forest fire protection. In accordance with §76-13-201, Montana Code Annotated (MCA) the current structure allows for a minimum assessment of \$14.00 per owner per protection district or \$0.17 per acre. State law (§76-13-207, MCA) requires the Department to assess the private landowner no greater than one-third of the total fire appropriation. The remaining two-thirds is funded by state and federal funds.

Background: Prior to 1977 all forest landowners were charged a flat rate per acre for 2 classes of acreage. Since it was not economical to send a bill for forest fire assessments to small landowners, many were not assessed although they received fire protection. A minimum fee to small landowners was subsequently established in 1977. The 1985 legislature approved raising the assessments of \$0.16 per acre and \$6.00 minimum to the current \$0.17 per acre \$14.00 minimum. In 1988 and 1989 the Department assessed private landowners the maximum allowed by current statute. The one-third of the appropriation requirement was not met under the present rate structure these years.

Under the present rate structure the private landowner proportion of the fire appropriation is less than one-third of the base fire appropriation by \$229,000 for FY 92 and \$218,000 for FY 93. The Department has also submitted modification to the FY 92 and FY 93 budgets. If all these modifications are approved the shortfall will be \$385,000 for FY 92 and \$376,000 for FY 93.

Proposal: The Department of State Lands proposes to the legislature that the minimum fee be raised to \$30 dollars from the current minimum of \$14.00 and that the per acre assessment rate be increased from the current \$0.17 maximum per acre rate to a \$0.20 maximum per acre rate. The Department is also proposing that the minimum fee ownership be established at 20 acres. All parcels of forested land subject to forest fire assessments fees should be charged the minimum assessment and all additional acreage over 20 be charged the per acre rate. The Department recommends any increased assessments be placed on small landowners for the following reasons.

1. Subdivision laws in the State of Montana require that all subdivisions of land comply with the Montana Subdivision and Platting Act. This act applies to parcels of land less than 20 acres. This proposal defines 20 acres as the acreage limit between minimum and per acre fees.
2. Urban development is increasing in areas threatened by wildfires. Fire occurrence surrounding these areas can be attributed to human

activity. This proposal shows that fire activity increases as a result of urban and residential development in forested areas.

3. Wildfire occurrence on properties of 20 acres or less represent a significantly higher proportion than acreage protected in those areas.
4. Value per acre of small parcels is considerably higher than value per acre on larger tracts. Small subdivided parcels usually have buildings and other improvements that increase property value. Increased residential development significantly increases the risks to human life and property.
5. In addition to assessments fees, large landowners provide assistance in suppressing wildfires. This assistance includes manpower, equipment, detection, development of water supplies, roads, etc.

The following table shows the total amount required to achieve one-third of the fire budget from private landowners:

	<u>Assessment Proportion</u>	
	<u>FY 92</u>	<u>FY 93</u>
One-third Base Level	\$1,441,648	\$1,441,290
Block 5 & Philipsburg Fire	\$ 34,426	\$ 35,170
State/County Coop Fire	\$ 21,673	\$ 21,684
Capital Equipment	\$ 42,117	\$ 42,117
Structural Fire	\$ 58,500	\$ 58,500
TOTAL	<u>\$1,598,364</u>	<u>\$1,598,761</u>

Provided each modification of the budget is approved, approximately 1.6 million dollar will be assessed private landowners. Current level budgets will not require an immediate increase to the proposed maximum allowable rates. The Department plans on a combination of a \$22.00 minimum and maintaining the 17 cents per acre the Department to generate the necessary revenue. The proposed rate structure of a \$30.00 minimum and 20 cents per acre would allow the department flexibility to fund the fire program without changing the law each legislative session.

FOREST MANAGEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	53.61	53.04	53.61	.00	53.61	53.61	.00	53.61
Personal Services	1,527,211.16	1,581,928	1,601,964	3,618	1,605,582	1,601,469	3,616	1,605,085
Operating Expenses	183,080.67	200,942	202,906	48,633	251,539	204,573	46,594	251,167
Equipment	55,445.92	56,250	56,250	0	56,250	56,250	0	56,250
Total Agency Costs	\$1,765,737.75	\$1,839,120	\$1,861,120	\$52,251	\$1,913,371	\$1,862,292	\$50,210	\$1,912,502
General Fund	1,728,044.97	1,790,215	1,795,517	-1,795,517	0	1,796,690	-1,796,690	0
State Special Revenue Fund	14,692.92	0	14,996	1,877,900	1,892,896	14,996	1,877,032	1,892,028
Federal Special Revenue Fund	22,999.86	48,905	50,607	-30,132	20,475	50,606	-30,132	20,474
Total Funding Costs	\$1,765,737.75	\$1,839,120	\$1,861,120	\$52,251	\$1,913,371	\$1,862,292	\$50,210	\$1,912,502

GOALS

Forest Product Sales

- Provide income to the school trust through the sale of forest products while meeting all non-timber resource management standards.
- Manage forest stands on State forest land to improve their productivity and health.
- Maintain a forest management program that is responsive to school trust needs and the needs of Montana's citizens.

Resource Management

- Use available technology to manage State Forest Lands in as economically efficient and environmentally sound manner as possible.
- Develop and maintain standards and guidelines that direct the management of forested State Lands.

- Review, evaluate and monitor activities on forested State Lands to maintain appropriate soil, water, wildlife, cultural and economic values.
- Investigate and apply innovative methods that will improve the management of State Forest Lands.
- Provide expertise and support for administering and evaluating efforts to address cumulative watershed effects on State and private lands.

State Land Administration

- Provide income to the School trust by authorizing the use of State Forest Lands for appropriate uses other than forest product sales while meeting all non-timber resource standards.
- Acquire necessary access to State Forest Lands consistent with forest management needs.
- Provide appraisal activities as necessary to conduct access acquisition, licensing and leasing and land exchange.

EXHIBIT 3
DATE 1-25-91
HB Var. Res. Sec.

- Conduct land exchange as desirable to improve manageability of State Forest Lands.

Forest Inventory

- Develop and maintain a stand level resource inventory program to assist in the operational planning of forest management practices on State Forest Land.
- Acquire and maintain sufficient State-wide inventory information to accomplish desired forest management planning for State and private ownerships.
- Develop and implement systems and processes to disseminate inventory information in an easily understood format.

AUTHORIZATION

25 STAT. 679

The Enabling Act of 1889 granted the State certain lands for the support of common schools and other trusts.

Art. I, Mont. Const.

Accepts all provisions of the enabling act of Congress.

Art. IX, Sec. 1, Mont. Const.

Calls for a clean and healthful environment for present and future generations.

Art. X, Sec. 10, Mont. Const.

Provides for the classification of State Lands, acquiring full market value for sale of State Lands and the exchange of State Lands for other lands.

75-1-103 MCA

Montana Environmental Policy Act. Promotes efforts to prevent or eliminate damage to the environment and to attain the widest range of beneficial uses of the environment without degradation or other undesirable and unintended consequences.

77-1-202 MCA

Powers and Duties of the Board. Trust lands are held in trust for the support of education, and the lands shall be held in trust to secure the largest measure of legitimate and reasonable advantage to the State.

77-1-203 MCA

Multiple Use Management. Provides that the various resources of State Lands be managed in a combination that best meets the need of the people and the beneficiaries of the trust.

77-1-204 MCA

Power to Sell, Lease, or Exchange State Lands. Authorizes the sale and exchange of State Lands and leasing of State Lands for other than the purpose for which it was classified.

77-2-101 MCA

Easements for Public Uses. Provides for the granting of easements on State Lands.

77-2-301 MCA

Sale of State Land Under Board Control. Provides for the sale of certain State Lands.

77-5-101 MCA

Classification of Lands as State Forests. Provides for the designation of all lands that are principally valuable for the timber that is on them or for growing timber or for watershed protection as State Forests.

77-5-103 MCA

Role of the department. The department shall do all the field work in the selection, examination, appraisal and reappraisal of State timberlands.

77-5-201 MCA

Sale of Timber. Provides for the department to sell timber crops and other crops of the forests after examination, estimate, appraisal and report.

BASE PROGRAM

CLO - 5 MMBF ELO - .5 MMBF (when available)

Forest Product Sales/Resource Management

Because of the closely-related nature of the Forest Product Sales and Resource Management programs they are combined here for the discussion of the base program. These programs provide for the growing, harvesting and selling of forest products from State Lands. Activities and sub-programs within these two programs include field layout of timber sales; the development of the sale prescriptions, MEPA documentation, sale contract, prospectus, and notice of sale; both field and office administration of timber sales; sale billing and accounting; the development of standards and guidelines; forest land planning; and the management of hydrology, soils, economic, wildlife, fisheries and cultural resources.

Current Staff includes approximately 37 resource professionals distributed throughout the State, with most being west of the Continental Divide.

The volume of forest products sold in FY89 was approximately 45,695 MBF with a value of \$6,340,300. Money earned through the sale of products was deposited in the appropriate school trust account.

Other current level accomplishments include revision of an overview of the forest management standards and guidelines; revision of the standard timber sale contract; monitoring and review of current practices for compliance and effectiveness of various soil, water and wildlife recommendations; and training to improve the administration of forest product sale contracts, road design and layout, and to provide orientation to the silvicultural treatment standards and guidelines.

The forest product sales program currently results in the sale of approximately 41 million board feet along with the administration of resulting contracts. Current allocations by land office are:

NWLO - 24 MMBF	NELO - .5 MMBF (when available)
SWLO - 12 MMBF	SLO - .5 MMBF (when available)

DEPARTMENT OF STATE LANDS

60

Specific Program Objectives:

Annually update timber sale plans by February 15.

Annually prepare, sell, administer, and measure 41 million board feet of timber.

Prepare and issue timber sale billings, transfer sale income to proper accounts and monitor payments, escalation and value removed for approximately 45 million board feet of timber.

Develop drafts of fish and wildlife impact mitigation guidelines for one bald eagle nest site.

Provide training in forest management disciplines and fish and wildlife impact mitigation.

Prescribe watershed management practices, water quality impact mitigation measures, and soil management measures for approximately 25 timber sales to be sold.

Produce State-wide water yield standards and guidelines.

Act as clearinghouse for Watershed Cumulative Effects Cooperative.

Conduct audits of the application of Best Management Practices on approximately 40 State and private land activities.

Begin development of an Integrated Resource Information system.

Provide economic analysis and review of approximately six timber sales.

State Land Administration

This program executes and administers all special uses, easements, land exchanges and access acquisition on State Forest Land. Included are such sub-programs as leasing, appraisals, easements/rights-of-ways and land exchanges.

FORESTRY

EXHIBIT 3
1-25-91
Apr. 4, 1991

Current Staff includes approximately 14 resource and realty professionals distributed throughout the State.

In addition to the specific activities listed below, current accomplishments include active exchanges with two large private landowners, two different National Forests and one small landowner with a total of approximately 15,000 acres being considered for exchange. The implementation of the new rules and regulations for cabinsite/homesite leasing has resulted in the production of new lease procedures for classified forest lands. Specific accomplishments include the following activities:

- Administer 1,050 lease/licenses (including 630 cabin/homesites);

- Inspect 150 - 160 licenses;

- Acquire, through cost-share or temporary or permanent easement, access at 15 to 20 different locations;

- Negotiate and process three land exchanges;

- Process 15 to 20 right-of-way applications;

- Appraise approximately 17 R/W's, 3 land exchanges and 5-7 commercial and miscellaneous licenses.

Specific Program Objectives:

- Annually administer, inspect and bill 1,050 State Forest Leases and Licenses.

- Annually meet with Thompson River and Big Meadows grazing cooperators, and conduct range inspections.

- Complete negotiations and finalize three land exchanges.

- Identify land exchange opportunities and initiate exchange procedure schedule on one new land exchange.

- Identify R/W needs for timber sale plans and initiate acquisition procedures on approximately 15 R/W's.

Evaluate and issue approximately 30 requests for temporary access.

Evaluate eight to ten permanent R/W and easement applications, appraise land and timber value, and prepare recommendations for Land Board approval.

Receive, transfer and record income from 1,050 special uses and update land records as necessary.

Complete, update or review 30 land appraisals.

Forest Inventory

This program conducts inventories and maintains detailed information about the existing and potential status of State Forest Lands. Included are sub-programs and activities such as stand level inventory, growth and yield modeling, maintenance of State resource information, cooperation with the USFS Forest Survey activities, and establishment and maintenance of a Geographic Information System.

Current Staff includes approximately three resource and inventory professionals located in Missoula.

Current accomplishments include two separate, ongoing inventory projects. The primary production activity is the mapping and stand level inventory on 35,000 acres of forested State Lands. In addition, assistance is being provided to the Forest Survey group of the USDA Intermountain Research Station in remeasuring, analyzing and reporting on the State-wide forest inventory.

Other current level projects of this program are:

- Establishing a system for updating the stand level inventory already completed on approximately 230,000 acres of State Forest Lands.

- Distributing and maintaining stand level inventory databases at field offices where stand level inventories have been completed.

Provide training to Field Operations Division for timber sale cruising standards, cruise design, and how to use the INVENTORY cruise summarization software.

Attend Inland Growth and Yield Co-op meetings and acquire, review and modify growth and yield computer models.

Investigating the utility and developing uses of Geographic Information Systems (GIS) and Integrated Resource Information Systems (IRIS).

Specific Program Objectives:

Continue stand level inventory project to include an additional 35,000 acres.

Annually update stand level inventory maps and data base on approximately 230,000 acres, and provide updated maps and data by February 1.

Cooperate with the USFS during the remeasurement and reporting of State-wide inventory results on approximately 5.8 million acres of forested State and private lands.

Complete preliminary list of Forest Management training offered for the current and the following fiscal years by July 30 and February 28.

Develop an inventory procedure for identifying and classifying grizzly bear habitat on State Forest Lands.

Develop and implement a GIS on the Swan State Forest.

Base Funding

The forest product sales, resource management, land administration and forest inventory programs are funded 96% by General Fund, 3% by federal funds, and 1% special revenue funds.

EXHIBIT 3
DATE 1-25-91
HB-NOK. Y. P. S. N. W.

Performance Indicators

Forest Product Sales

Volume Sold (board feet)
Number of sales

Resource Management

Timber sales soils reviews
Timber sales Water reviews
EA's prepared
S&G's prepared or updated
Economic analyses
Fish & Wildlife Trn. visits
Miles of State roads
maintained

Land Administration

Leases & licenses billed
Renewal inspections
Active land exchanges
Access acquired
Temporary access issued
Permanent access issued
Appraisals completed

Inventory

Stand Level Inventory acres

FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
45 Million	48 Million	41 Million	41 Million
25	28	21	21
25	25	25	25
35	35	35	35
35	35	31	31
2	1	1	1
6	6	6	6
6	6	6	6
0	0	0	0
1,050	1,050	1,050	1,050
110	110	110	110
6	4	4	4
15	15	15	15
30	30	30	30
8	8	8	8
30	30	25	25
35,000	35,000	35,000	35,000

	FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
<u>Forest Product Sales</u>				
Volume Sold (board feet)	0	41 million	0	41 million
Number of sales	0	21	0	21
<u>Resource Management</u>				
Timber sales soils reviews	0	25	0	25
Timber sales water reviews	0	35	0	35
EA's prepared	0	31	0	31
S&G's prepared or updated	0	1	0	1
Economic analyses	0	6	0	6
Fish & Wildlife Trn. visits	0	6	0	6
Miles of State roads maintained	100	100	100	100
<u>Land Administration</u>				
Leases & licenses billed	0	1,050	0	1,050
Renewal inspections	0	110	0	110
Active land exchanges	0	4	0	4
Access acquired	0	15	0	15
Temporary access issued	0	30	0	30
Permanent access issued	0	8	0	8
Appraisals completed	0	25	0	25
<u>Inventory</u>				
Stand Level Inventory acres	0	35,000	0	35,000

EXHIBIT 3
DATE 1-25-91
BY Par. Rep. Div.

INCREASE OR DECREASE FROM BASE

Forestry Road Maintenance

As a result of timber sale activity over a number of years, DSL has constructed hundreds of miles of roads on State-owned forest lands. The majority of these roads are intended to function as a permanent transportation system for the purpose of hauling forest products, which will result in lower development costs, higher stumpage values, and greater returns on future timber sales. Periodic maintenance must be done on these roads, in order to protect their investment value and prevent adverse environmental impacts. Roads must be maintained in order to follow Best Management Practices, and thus ensure compliance with water quality laws. Additionally, in some cases, road maintenance by DSL is required by access agreements with adjacent landowners.

Currently, there is no funding source or budget for road maintenance. As a result, DSL's ability to conduct needed maintenance is compromised. Therefore, it is proposed that an earmarked revenue account be set up for this purpose. This account would be funded from fees charged to timber sale purchasers, similar to the current brush disposal and timber stand improvement fees. Setting up this account would require a change in State law (77-5-204, MCA 1989), to allow the Board of Land Commissioners to set road maintenance fees in addition to the existing brush disposal and timber stand improvement fees. The Board of Land Commissioners would have to set the fees, based on the department estimated road maintenance needs, before they could be collected. Authorization from the Legislature would be required in order to spend the funds collected. A road maintenance charge of \$1.00 per thousand board feet on timber sales would generate approximately \$40,000 to \$50,000 per year at current harvest levels. It is estimated that this amount would be sufficient to conduct the needed road maintenance at this time.

FY92

\$45,000 SSRF

FY93

\$45,000 SSRF

Watershed Management Funding Shift

In recent years, the Forestry Division has placed increased emphasis on watershed management on State-owned and other forest lands in Montana. The Forestry Division has been responsible for the development and growth of the Cumulative Watershed Effects Cooperative and was assigned the lead agency role in dealing with the forestry nonpoint source pollution issue through the Environmental Quality Council's HJR-49 Forestry and Watershed Effects Study. In State forest land management, increased water quality and watershed management support is necessary to satisfy the needs of various local and regional organizations such as the Flathead Basin Commission and the Whitefish County Water and Sewer District. Increased level of support is also required due the expanded State Lands timber harvest program and increased public demands that forestry activities do not compromise pristine forest water quality.

During the FY90-91 biennium, the Legislature approved resources consistent with the increased workload. Those resources included a forest hydrologist (1.0 FTE) and a field technician (1.0 FTE). The addition of these positions has allowed Forestry Division to maintain the level of review, evaluation and monitoring of forestry activities on State land and assume the additional ongoing responsibilities associated with a lead agency role in forestry nonpoint source pollution control. Water quality responsibilities continue to grow in both the State Land management aspect and the lead agency role for forestry nonpoint source pollution control. It is therefore proposed to continue this program by continuing the two FTE previously approved by the 1989 Legislature. A funding change is requested to continue this ongoing program. Federal funding for the entire program will not be available. General Fund is requested to cover a portion of the program. Outside funding will be pursued to cover the remainder.

FY92

- 0 -

FY93

- 0 -

1-25-91

FORESTRY DIVISION

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	225.80	233.07	237.85	3.15	241.00	237.85	4.43	242.28
Personal Services	5,270,267.14	6,059,516	6,411,834	78,579	6,490,413	6,410,845	110,127	6,520,972
Operating Expenses	3,408,559.03	2,893,344	2,955,965	-212,309	2,743,656	2,960,331	-199,014	2,761,317
Equipment	593,456.86	492,813	495,997	233,018	729,015	495,997	183,016	679,013
Transfers	0.00	0	100,000	0	100,000	100,000	0	100,000
Total Agency Costs	\$9,272,283.03	\$9,445,673	\$9,963,796	\$99,288	\$10,063,084	\$9,967,173	\$94,129	\$10,061,302
General Fund	6,345,566.25	5,821,842	6,331,951	-2,562,650	3,769,301	6,334,561	-2,565,826	3,768,735
State Special Revenue Fund	2,498,597.44	3,002,526	3,027,230	2,694,893	5,722,123	3,027,811	2,692,741	5,720,552
Federal Special Revenue Fund	428,119.34	621,305	575,569	-32,955	542,614	575,652	-32,786	542,866
Proprietary Fund	0.00	0	29,046	0	29,046	29,149	0	29,149
Total Funding Costs	\$9,272,283.03	\$9,445,673	\$9,963,796	\$99,288	\$10,063,084	\$9,967,173	\$94,129	\$10,061,302

OVERVIEW

The Forestry Program is administered by the Forestry Division in Missoula. The major purposes of the program are to manage State-owned forest lands held in trust for the support of education, to protect the State's forest and non-forest watershed lands from wildfire, and to provide technical forestry assistance to private landowners, businesses and communities. Program services include:

Fire Management--Provide economically efficient wildfire protection to 60 million acres of State and privately-owned forest and watershed lands through aggressive prevention, suppression, and county assistance programs.

Forest Management--Manage State Forest Land to: (1) provide income to the various school trusts through the sale of forest products and the licensing of various special uses; (2) enhance long term productivity; and (3)

provide for other resource values, such as soil, water and wildlife.

Brush Disposal--Provide for fire hazard reduction and associated site preparation on State Forest Land following Forest Management program activities.

Timber Stand Improvement (TSI)--Conduct activities such as planting, seeding, thinning, tree improvement, seed collection, and seedling production that improve the composition, condition or growth of trees on State Forest Lands.

Tree Nursery--Grow, sell and distribute tree seedlings and shrubs for conservation plantings on State and private lands, such as for shelterbelts, windbreaks, wildlife habitat improvement, reclamation and reforestation.

Administration of the Fire Hazard Reduction and Management (Slash) Law--Assure that the fire hazard created by logging and other forest management operations

EXHIBIT 3A
DATE 1-25-91
FOR Mr. Do. Su

on private forest land is adequately reduced, or that additional protection is provided until the fire hazard is reduced to an acceptable level.

Other Services--Provide the following professional and technical services to Montana residents, businesses and communities.

- Advise and assist private forest landowners and operators in improving forest productivity, preventing erosion and improving the utilization of forest resources; and assist rural and urban communities with their community forestry problems.

- Advise and assist loggers, primary and secondary wood products processors, and others in improving the utilization of wood products produced from the forests.
- In cooperation with the federal government and private landowners, conduct studies and adopt measures necessary to prevent and suppress outbreaks of forest insect pests and tree diseases.
- In cooperation with the Department of Institutions, assist in the development of the work skills of residents of the Swan River Forest Camp by providing training in forestry work, carpentry, and automotive mechanics, while at the same time accomplishing needed forestry work.

TIMBER STAND IMPROVEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	12.73	12.73	12.73	.00	12.73	12.73	.00	12.73
Personal Services	310,157.19	307,652	308,457	672	309,129	308,599	666	309,265
Operating Expenses	243,294.96	401,330	401,644	-85,073	316,571	401,933	-84,186	317,747
Equipment	34,021.58	11,800	11,800	612	12,412	11,800	-700	11,100
Total Agency Costs	\$587,473.73	\$720,782	\$721,901	\$-83,789	\$638,112	\$722,332	\$-84,220	\$638,112
State Special Revenue Fund	578,828.66	720,782	721,901	-91,901	630,000	722,332	-92,332	630,000
Federal Special Revenue Fund	8,645.07	0	0	8,112	8,112	0	8,112	8,112
Total Funding Costs	\$587,473.73	\$720,782	\$721,901	\$-83,789	\$638,112	\$722,332	\$-84,220	\$638,112

GOALS

- It is the goal of the Timber Stand Improvement Program to implement forest practices that provide for forest stands to attain maximum reasonable growth and productivity.

AUTHORIZATION

77-1-202 MCA
Powers and Duties of the Board. Trust lands are held in trust for the support of education and the lands shall be held in trust to secure the largest measure of legitimate and reasonable advantage to the State.

77-5-204 MCA
Sale of Timber-Fees for Brush Disposal and Timber Stand Improvement. The board is authorized to set fees for timber stand improvement on State lands.

77-1-601 MCA
It is in the best interests of the State to seek the highest development of State owned lands and thereby derive greater revenue for the support of the trusts.

BASE PROGRAM

Thin approximately 400 acres of State-owned timber land to improve composition and growth.

Specific Program Objectives

The Timber Stand Improvement program improves the composition, constitution, condition and growth of State-owned timber. Included are activities and sub-programs such as reforestation, site preparation, genetic tree improvement, planting, seeding, thinning, seed collection, seedling production and distribution of nursery stock for use on State Forest Lands.

Current staffing includes approximately 11.5 FTE of resource professionals and field crews scattered throughout the State with most being west of the Continental Divide.

Current annual activities include thinning, slashing and planting tree seedlings. Other activities include coordinating the production of 294,000 containerized, and 154,000 bare root seedlings annually, tree seed collection and processing, and maintaining a tree improvement program for ponderosa pine, western larch and Douglas-fir.

EXHIBIT 3-B
DATE 1-25-91
BY [Signature]

Collect or purchase approximately 350 bushels of seed needed for the reforestation of State Lands.

Plant approximately 500,000 seedlings per year following harvest on State Forest Lands.

Purchase approximately 350 bushels of cones to provide seeds for reforesting State Forest Lands.

Using established selection criteria 40 stands of ponderosa pine trees as called for in the improvement plan.

Maintain and collect seed from Ponderosa Pine Seed Orchard for seed bank, State lands and forest landowners.

Establish a greenhouse-based seed orchard of approximately 1,800 superior western larch progeny to produce seed to be used on State Forest Lands.

BASE FUNDING

The Timber Stand Improvement Program is funded entirely from a State special revenue account derived from fees collected from State Forest Timber sale activities as provided for in 77-5-204 MCA.

PERFORMANCE INDICATORS

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Acres thinned	400	400	400	400
Bushels of cones purchased	300	300	300	300
Seedlings planted	500,000	500,000	500,000	500,000
Acres planted	1,000	1,000	1,000	1,000
	FY92 <u>Increases/ Decreases</u>	FY92 <u>Recommended</u>	FY93 <u>Increases/ Decreases</u>	FY93 <u>Recommended</u>
Acres thinned	0	400	0	400
Bushels of cones purchased	0	300	0	300
Seedlings planted	0	500,000	0	500,000
Acres planted	0	1,000	0	1,000

Increase or Decrease from Base

The executive budget reduces this program \$83,789 in FY92 and \$84,220 in FY93 from the base. The reductions are recommended to bring the program appropriations in line with available revenues.

FY 92
(\$83,789) SSRF

FY93
(\$84,220) SSRF

EXHIBIT 3-B
DATE 1-25-91
Nov. Pers. Div.

BRUSH DISPOSAL

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	8.87	8.87	8.87	.00	8.87	8.87	.00	8.87
Personal Services	147,371.71	207,031	216,374	462	216,836	216,414	469	216,883
Operating Expenses	289,186.21	558,200	558,583	-214,487	344,096	558,954	-216,217	342,737
Equipment	6,978.34	14,680	14,680	-612	14,068	14,680	700	15,380
Total Agency Costs	\$443,536.26	\$779,911	\$789,637	\$-214,637	\$575,000	\$790,048	\$-215,048	\$575,000
State Special Revenue Fund	443,536.26	779,911	789,637	-214,637	575,000	790,048	-215,048	575,000
Total Funding Costs	\$443,536.26	\$779,911	\$789,637	\$-214,637	\$575,000	\$790,048	\$-215,048	\$575,000

BASE PROGRAM

• Provide for management of the hazard created by treatment of State Forest Lands to the extent necessary to:

Comply with all State laws.

Provide for reasonable protection of residual forest stands.

Protect the property of other surrounding landowners.

The base program provides for hazard reduction and associated site preparation work on State-owned lands. This includes mechanical site preparation accomplished during brush disposal operations. Included in this program are activities such as piling, scarification and burning of timber slash.

Current staffing includes approximately 9 FTE of resources professionals and field crews scattered throughout the State, with most being west of the continental divide.

AUTHORIZATION

76-13-408 MCA

Fire Hazard Reduction Agreement and Bond. Requires the reduction of fire hazard on private forest land within 18 months of creation.

77-5-204 MCA

Sale of Timber-Fees for Brush Disposal and Timber Stand Improvement. Persons cutting timber on State Lands to dispose of slashing in a manner as may be required. The Board is authorized to set fees for brush disposal on State Lands.

Current production in this program is approximately 5,500 acres treated per year. Approximately 4,500 acres are treated mechanically, 500 acres by using fire and 500 acres by hand. Treatment is sufficient to reduce the fire hazard created by the harvest of approximately 45 million board feet annually from State Forest Lands.

Specific Program Objectives

Complete hazard reduction on State forest management activities as required by State standards.

EXHIBIT 3C
DATE 1-25-91
FOR Mr. [Signature]

BASE FUNDING

The brush disposal program is funded entirely from a State special revenue account derived from fees collected from State forest timber sale activities as provided for in 77-5-204 MCA.

Performance Indicators

	FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
Acres piled & burned	4,500	4,500	4,500	4,500
Acres broadcast burned	500	500	500	500
Acres hand treated	500	500	500	500
	FY92 <u>Increases/ Decreases</u>	FY92 <u>Recommended</u>	FY93 <u>Increases/ Decreases</u>	FY93 <u>Recommended</u>
Acres piled & burned	0	4,500	0	4,500
Acres broadcast burned	0	500	0	500
Acres hand treated	0	500	0	500

Increase or Decrease from Base

The executive budget reduces this program \$214,637 in FY92 and \$215,048 in FY93 from the base. The reductions are recommended to bring the program appropriation in line with available revenues.

FY 92	FY 93
(\$214,637) SSRF	(\$215,048) SSRF

NURSERY

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Fiscal 1992		Fiscal 1993	
			Base	Incr/Decr	Base	Incr/Decr
Full Time Equivalent Employees	9.73	9.73	9.73	.00	9.73	.00
Personal Services	186,717.66	225,396	216,942	469	217,411	470
Operating Expenses	96,840.19	102,993	95,240	529	95,769	317
Equipment	19,846.92	30,700	24,700	0	24,700	0
Total Agency Costs	\$303,404.77	\$359,089	\$336,882	\$998	\$337,880	\$787
General Fund	126,807.57	150,329	136,785	956	137,741	701
State Special Revenue Fund	176,597.20	200,000	200,097	42	200,139	86
Federal Special Revenue Fund	0.00	8,760	0	0	0	0
Total Funding Costs	\$303,404.77	\$359,089	\$336,882	\$998	\$337,880	\$787
					\$336,866	\$787
						\$337,653

GOALS

- Conservation Seedlings--To grow high quality tree and shrub seedlings (both bareroot and containerized) for conservation plantings and for reforestation on State and private forest lands in Montana.
- MITOSIS--The goal of the Montana Inter-agency Tree or Shrub Improvement Study is to provide planting stock of proven quality through selection of superior parent material, performance testing and seedling production of those species or sources.

AUTHORIZATION

Section 76-13-104 MCA
Functions of the department. The department may give technical and practical advice concerning forest, range, water and soil conservation and the establishment and maintenance of woodlots, windbreaks, shelterbelts and forest protection.

Section 77-5-204 MCA
Sale of Timber--Fees for Brush Disposal and Timber Stand Improvement. Subsection (4) provides for collection of fees for timber stand improvement on State lands.

A portion of these funds are used to support the State Forest Tree Seedling Nursery for the production of seedlings for planting on State Forest Lands.

BASE PROGRAM

The State Forest Tree Seedling Nursery provides low cost seedling trees and shrubs for conservation plantings in Montana. Seedling production for and distribution of conservation seedlings to landowners and cooperating agencies is done at nominal cost to encourage conservation plantings which include:

1. Reforestation
2. Windbreaks
3. Shelterbelts
4. Living Snow Fences
5. Wildlife Habitat Improvement
6. Soil Erosion Prevention and Control
7. Streambank stabilization
8. Mined Land Reclamation
9. Energy Conservation
10. Christmas Tree Production

The nursery operates on approximately 160 acres of land just west of Missoula. The land is divided up by several functions carried out by the nursery including bareroot

production of both conifer and hardwood seedlings, seed orchards for many of the species produced by the nursery, two greenhouses for the production of containerized conifer seedlings, and all the production facilities required to produce, harvest, grade, cooler- or freezer-store seedlings, package, and ship the finished seedlings. Approximately 1.6 million seedlings are sold and shipped to users each year.

The nursery provides seedlings for reforestation on State Forest Lands and cooperates with other State and federal agencies in the testing of new or improved sources of plant materials. A full range of nursery activities are carried out at the nursery from seed or cone collection, seed processing and freezer storage to packaging and refrigerated shipping of the finished product.

The nursery strives to produce seedlings and shrubs at nominal costs to encourage conservation plantings across Montana for all the above listed purposes. Reforestation seedlings for State Lands projects are also produced at minimal costs to save Timber Stand Improvement funds but also to provide for easy administration of reforestation projects and flexibility to accomplish unexpected planting projects on short notice. This is especially true for containerized seedlings that require much less lead time to start and to grow in greenhouses.

The nursery personnel also support other Forestry Division functions such as tree improvement for forest tree species, repair and maintenance of the Division complex, herbicide testing, technical assistance to other nurseries, and as a resource during fire suppression activities.

Nursery--Bareroot Hardwood Production

This function, using 2.05 permanent FTE and 4.98 seasonal FTE, provides bareroot hardwood seedlings for conservation plantings in Montana. Seedlings are also produced for the Fish, Wildlife and Parks Department CRP and Upland Game Bird Habitat Programs.

The major specific objective of this program is to produce 880,000 (+/- 10%) bareroot hardwood seedlings for conservation plantings.

Nursery--Bareroot Conifer Production

This program produces bareroot conifer seedlings for plantings on State Forest Land and for conservation plantings using .58 permanent and 1.60 seasonal FTE's.

Specific objectives are to:

- Produce 155,000 bareroot conifers for State Lands plantings.
- Produce 88,000 bareroot conifers for conservation plantings.

Nursery--Containerized Conifer Production

This program produces containerized, greenhouse grown, conifer seedlings are produced for State Lands plantings and for conservation plantings on private lands using .59 permanent and 1.27 seasonal FTE.

Specific objectives are to produce 300,000 seedlings for reforestation on State Forest lands and to produce 80,000 seedlings for conservation plantings on private lands in Montana.

Nursery--MITOSIS (Montana Interagency Tree or Shrub Improvement Study

The MITOSIS project is working with several different tree and shrub species to identify parent plant materials that are hardy to Montana's harsh environment. Species being evaluated include green ash, ponderosa pine, Douglas fir, Rocky Mountain juniper, blue spruce, hackberry, linden, and other species. The project also works in cooperation with the Great Plains Agricultural Council Forestry Committee in genetic tree improvement work in ponderosa pine, Rocky Mountain Juniper, Green Ash, burr oak and hackberry. This work is done with .33 permanent and .35 seasonal FTE's.

Specific objectives for the MITOSIS are:

- Introduce at least one superior tree or shrub each biennium.
- Complete a comprehensive tree improvement plan for conservation planting materials.
- Identify, select and collect seed and cuttings from superior sources and carry out performance evaluations.

Base Funding

Funding for the tree nursery comes from three sources.

Performance Indicators

Seedlings Produced

Bareroot Hardwoods
Bareroot Conifers (TSI)
Bareroot Cons. Conif.
Containerized (TSI)
Containerized (Conserv.)

No. of Tree Orders

No. of MITOSIS Species

Bareroot Hardwoods
Bareroot Conifers (TSI)
Bareroot Cons. Conif.
Containerized (TSI)
Containerized (Conserv.)

No. of Tree Orders

No. of MITOSIS Species

Tree and shrub sales to private landowners and to State Agencies, such as the Fish, Wildlife and Parks Department, fund a major portion of the nursery budget. General Funds are used to support seedling production for conservation plantings and to carry out the tree and shrub improvement work done by the nursery. Fees from the sale of timber from State Forest Lands provide the funding for the production of seedlings for reforestation of State Forest Lands.

	FY90 Actual	FY91 Enacted	FY92 Base	FY93 Base
1,076,000	1,076,000	1,150,000	1,150,000	1,150,000
155,000	155,000	200,000	200,000	200,000
88,000	88,000	100,000	100,000	100,000
300,000	300,000	300,000	300,000	300,000
80,000	80,000	85,000	85,000	85,000
1,400	1,400	1,450	1,500	1,500
12	12	12	10	10
	FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
0	0	1,150,000	0	1,150,000
0	0	200,000	0	200,000
0	0	100,000	0	100,000
0	0	300,000	0	300,000
0	0	85,000	0	85,000
0	0	1,500	0	1,500
0	0	10	0	10

EXHIBIT 4
DATE 1-25-91
HB 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

SLASH

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	----- Base	Fiscal 1992 Incr/Decr	----- Recommended	----- Base	Fiscal 1993 Incr/Decr	----- Recommended
Full Time Equivalent Employees	10.09	10.08	10.09	.00	10.09	10.09	.00	10.09
Personal Services	209,265.58	283,963	265,778	589	266,367	265,684	591	266,275
Operating Expenses	19,716.99	11,309	11,851	503	12,354	12,093	225	12,318
Equipment	20,305.74	0	0	0	0	0	0	0
Total Agency Costs	\$249,288.31	\$295,272	\$277,629	\$1,092	\$278,721	\$277,777	\$816	\$278,593
General Fund	79,466.77	119,124	105,389	0	105,389	105,680	0	105,680
State Special Revenue Fund	169,821.54	176,148	172,240	1,092	173,332	172,097	816	172,913
Total Funding Costs	\$249,288.31	\$295,272	\$277,629	\$1,092	\$278,721	\$277,777	\$816	\$278,593

GOALS

Timber Slash Program:

- Achieve a high level of operating efficiency.
- Provide timely, effective service.
- Achieve 99% log-purchaser compliance with fee withholding and transmitting requirements.
- Provide resources sufficient to service demand.

Authorization

76-13-401 through 414 MCA

The "slash law" provides for the abatement of fire hazards caused by natural residues of logging, road construction, or other cuttings on private forest lands by directing the department to oversee slash treatment operations and to certify that abatement of hazards has occurred.

Base Program

Timber Slash Program

The timber slash program implements State laws pertaining to control of timber slash and debris. DSL carries out

its responsibilities by entering into bonded contracts called fire hazard reduction agreements (HRAs) with the private party in charge of the cutting.

HRA Subprogram--Comprises all non-enforcement activities associated with individual HRAs and rights-of-way, including:

- Receiving mandatory notifications of intent from private persons.
- Pre-operations consultations with landowners and operators.
- Writing HRAs and variances.
- Inspections.
- Certifications of compliance and release of bonds.
- Right-of-way notifications and clearances.
- Takeovers and assignments of HRAs not in compliance.
- Accounting for bonds, administrative fees and penalties.

MHRA Subprogram--Comprises all non-enforcement activities associated with master hazard reduction agreements (MHRAs), including:

- Writing MHRA attachments.
- Inspections.

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- Certifications of compliance and record updates.
- Billing private party for administration and inspection services.
- Takeover or assignment of units not in compliance.
- Monitoring and adjusting performance bond.
- Accounting for administrative fees and penalties.

Enforcement Subprogram--Comprises these activities:

- Investigating cutting without HRA.
- Noncompliance notices to log purchasers.
- Inspecting and auditing log-purchaser records.
- Initiating law enforcement.
- Initiating legal proceedings.

Recent analyses by the forestry staff indicate that the costs of fire prevention, mobilization and suppression are each favorably affected by the slash program, and that these savings justify the costs of obtaining compliance. Undoubtedly, the slash program has also helped prevent catastrophic fires and related damages, but this is impossible to prove or value.

The current emphasis in the program is to service the annual HRA caseload, which has increased by about 45% during the previous and current biennium. This trend reflects an unprecedented level of new logging starts on non-industrial private forest land. The department attributes this to current high demand and high prices for private logs, which in turn is related to a declining timber supply from the national forests.

FY91 objectives include:

- Increase the level of up-front service in order to better convey slash standards and limit post-harvest inspection time.
- Improve reminder system for timely compliance with HRA terms.
- Increase time spent in enforcement work to guarantee fairness toward all parties affected by the slash law.

- Make rules for slash standards, bonding, master agreements, rights-of-way.
- Update standards and guidelines for inspections, takeovers, audits, HRA extensions other program operations.

Base Funding

The slash program is funded by State special revenues from fees charged to service the agreements, and by State General Fund. General Fund support is potentially offset by the State investment earnings from HRA contractors' cash performance bonds held on account for the life of each HRA.

Holders of master agreements (MHRAs) are charged for 100% of the department costs to service and administer their agreements, as provided by State law.

When the State takes over a slash project due to failure on the part of the contractor to carry out the work required in the HRA, the cost of the work plus 20% is retained from the contractor's cash performance bond.

If the cost of the project plus 20% exceeds the amount of the bond on account, the contractor is billed for the balance due.

In summary, the slash program is essentially supported by its clientele.

State special revenue from HRA fees, MHRA billings and project take-overs is held in Account No. 02073.

Performance Indicators

New HRAs
HRA inspections
MHRA inspection units
Slash project takeovers

FY90 <u>Actual</u>	FY91 <u>Enacted</u>	FY92 <u>Base</u>	FY93 <u>Base</u>
1,050	930	930	930
645	698	698	698
1,328	1,200	1,200	1,200
86	81	81	81

New HRA's
HRA inspections
MHRA inspection units
Slash Project Takeovers

FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
0	930	0	930
0	698	0	698
0	1200	0	1200
0	81	0	81

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OTHER SERVICES

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	21.19	21.61	22.11	1.00	23.11	22.11	1.00	23.11
Personal Services	670,738.68	755,024	729,984	25,778	755,762	729,744	25,725	755,469
Operating Expenses	627,706.52	637,959	629,716	-3,196	626,520	628,110	-3,933	624,177
Equipment	86,778.11	50,320	56,320	0	56,320	56,320	0	56,320
Total Agency Costs	\$1,385,223.31	\$1,443,303	\$1,416,020	\$22,582	\$1,438,602	\$1,414,174	\$21,792	\$1,435,966
General Fund	1,250,094.86	1,262,650	1,300,209	-278,179	1,022,030	1,298,267	-278,719	1,019,548
State Special Revenue Fund	0.00	0	0	282,437	282,437	0	282,018	282,018
Federal Special Revenue Fund	135,128.45	180,653	115,811	18,324	134,135	115,907	18,493	134,400
Total Funding Costs	\$1,385,223.31	\$1,443,303	\$1,416,020	\$22,582	\$1,438,602	\$1,414,174	\$21,792	\$1,435,966

GOALS

Forestry Assistance Program:

Private Forest Assistance Subprogram:

- Stimulate demand for forestry services through education and marketing.
- Provide services that are attractive and useful to the full range of non-industrial private forest owners.
- Eliminate the predominant timber-production image of the program.
- Increase the level of pre-sale assists to 50%.

Resource Conservation and Development Subprogram:

- Provide forestry-related services to all RC&Ds who request such service.
- Provide the quantity and quality of service necessary to accomplish the forestry objectives of each RC&D area served.

Community Forestry Subprogram:

- Achieve a high level of awareness of the urban forest resource

Forest Practices Program:

- Achieve success with voluntary BMPs.
- Increase the public's level of knowledge concerning forest management.
- Influence Montana land management agencies and companies to innovate to satisfy the public's expectations for forest amenities.

Forest Products Program:

- Provide strong leadership for forest practices issues.
- Provide services that fit the needs Montana's forest products industry.

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Forest Pest Management Program:

- Increase public awareness of forest pests.
- Improve the information network for FPM services.

Institutional Forestry Work Program (IFW)

- Evaluate and improve the work and social skills of residents, so that they are better prepared for life success upon parole or release to the community.
- Develop the residents' work potential, habits and skills by training them in forestry (including fire suppression) and carpentry.
- Enhance the management of the Swan River State Forest and support the State's fire protection activities.

Missoula Buildings and Grounds Program

- Efficiently manage the Forestry Division complex in Missoula and protect the State's investment in real estate from vandalism, theft and deterioration.

AUTHORIZATION

Service Forestry Programs

76-13-104 MCA.

Authorizes the department to give technical and practical advice concerning forests and related resources in order to develop, protect and conserve those resources, and to cooperate with other agencies in such work.

76-13-104 and 135 MCA

Voluntary best management practices.

Requires that landowners and operators notify the department prior to conducting forest practices on private land, and that the department provide information to help them prevent forestry-related impacts on Montana's water quality.

76-13-301 through 305 MCA

The department is mandated to protect and preserve forest resources and their associated values by managing and controlling forest insects and diseases, and to cooperate with other agencies in such work.

P.L. 95-313.

The Cooperative Forestry Assistance Act of 1978 authorizes federal financial support to State foresters who cooperate with the federal government in programs which seek to protect, manage and utilize the non-federal forest resources of the United States.

Institutional Forestry Work Program (IFW)

53-30-205 MCA

Youth forest camps and work programs. The Department of State Lands shall provide a work program for youth forest camps in cooperation with the Department of Institutions.

BASE PROGRAM

Forestry Assistance Program:

The forestry assistance program provides a range of technical services to private persons, communities and economic development organizations. Through conveyance of forestry knowledge and information, this program helps Montanans do forestry work that results in good land stewardship, a healthful environment, personal profit and general economic development.

FUNDING: The forestry assistance program is funded by State General Fund and federal financial assistance.

FTE: 5.98 permanent

Private Forestry Assistance (PFA) Subprogram:

Comprises all activities performed in response to service requests from private owners of non-industrial forest land, including:

- Forest management plans.
- Timber sale assistance.
- Reforestation assistance.

- Timber stand improvement assistance.
- Non-timber resource assistance.
- Pest management assistance.
- Eligibility and approval for federal cost-sharing programs.

There are over 3 million acres of non-industrial private forest (NIPF) land in Montana, which is about 24% of the total commercial forest land. There are more than 11,000 individuals who own forested parcels larger than 15 acres. NIPF lands typically contribute 10-15% of the State-wide harvest, which has been averaging 1.1 billion board feet (all ownerships) for the last ten years. From the level of activity in the HRA subprogram, it is apparent that the predicted increase in demand for NIPF timber is resulting in increased logging activity on these lands. The department goal is to increase the percentage of pre-harvest assists above the typical, somewhat disappointing 10% level, in order to provide to landowners the demonstrated benefits of such service:

- Better price per unit of volume sold.
- A more productive residual stand.
- A higher-value residual stand.
- Higher probability of correctly applying forestry best management practices (BMPs).

In FY90, the State Forester convened an inter-organizational task force whose participants chartered the Montana Forest Stewardship Cooperative. This Cooperative will provide an integrated educational and technical assistance program to NIPF landowners. The program will service the full range of landowner objectives, including wildlife, water quality, aesthetics, livestock and timber production. A five-year goal of the Montana Forest Stewardship Cooperative is to affect 350,000 acres of NIPF land, by helping 1,100 individual landowners develop stewardship management plans for their properties. Private landowners, industry representatives and government agencies make up the cooperative's steering committee. In FY90, the Cooperative secured \$52,071 in federal assistance to develop Montana's

Stewardship Plan, hire a director and do program development work. The Cooperative will seek additional federal financial assistance in each of the next four years, which is expected to be available through the U.S. Forest Service's cooperative programs. These funds will be qualified by the matching budgets of the cooperators.

FY91 objectives include:

- Service all landowner requests for timber sale assistance.
- Revise operating standards and guidelines for timber sale assistance.
- Implement the Stewardship program in cooperation with other agencies and organizations, according to the Montana Stewardship Plan and steering committee decisions.
- Provide service to the Stewardship technical committee to develop and refine land stewardship guidelines for selected resources.
- Service all landowner requests for Stewardship management plans.

Resource Conservation and Development (RC&D) Subprogram--Comprises these activities:

- Providing forestry personnel to support authorized RC&D Areas per agreement with U.S. Forest Service.
- Developing a forestry plan of work for each RC&D Area by agreement with RC&D councils, U.S. Forest Service and U.S. Soil Conservation Service.
- Implementing agreed-upon forestry plans of work.

RC&D Areas are organizations established by the authority of the Secretary of Agriculture, through the SCS, under P.L. 97-98, 16 U.S.C. 3451-3461. The purpose of RC&D is economic development through accelerated management of natural resources. The department current program emphasis is to work with each RC&D forestry committee to develop feasible work plans that satisfy their objectives. The Headwaters and Bitterroot RC&D Areas are each changing their

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emphasis, away from forest landowner assistance toward educational programs and forest products-related projects targeted at local economic development.

FY91 objectives include:

- Develop RC&D work plans that are reconciled with available federal funds and the federal/State matching requirements.
- Provide forestry services to the RC&D Areas as outlined in the FY91 Work Plans.

Community Forestry Subprogram: Comprises all activities performed in response to service requests from city governments, community development organizations and urban residents, including:

- Awarding federal pass-through funds for community forestry projects.
- Technical assistance for tree inventories and community forestry plans.
- Information and assistance for certification as a Tree City USA.
- Arbor Day activities.
- Pest management assistance.

Community forestry issues are currently in the spotlight, both in Montana and nationally. A nationwide urban-forest inventory in 1989 showed that urban forests generally are in need of much maintenance and replacement work if the considerable benefits they provide are to be protected and enhanced for future generations. Also in 1989, a grass-roots movement in Montana formed the Montana Centennial Tree Program, whose purpose is to promote and facilitate urban forestry work in Montana. And this year President Bush asked Congress to fund his new program called America the Beautiful (ATB), which sets a goal of planting 1 billion trees per year. Among other features, ATB includes a \$65 million urban forestry package, which would establish a foundation to foster local volunteer efforts and increase technical assistance through the states to communities and volunteer organizations. In

addition, organizations such as Global Releaf and Project Learning tree are currently involved in urban tree planting efforts in Montana, and are seeking technical support from the department.

FY91 objectives include:

- Service all requests from communities for urban forestry planning.
- Define an educational strategy for community forestry through participation on the steering committee of the Montana Centennial Tree Program.
- Survey Montana communities for the types and amounts of services needed.
- Apply for federal assistance under America The Beautiful or other U.S. Forest Service cooperative programs to help service the expressed needs of Montana communities.

Forest Practices Program:

The forest practices program provides information to private persons and corporations for forestry Best Management Practices (BMPs) to protect water quality, in cooperation with other public and private organizations.

FUNDING: The forest practices program is funded by State General Fund.

FTE: 2.03 permanent

Activities include:

- Receiving mandatory notification of intent to conduct forest practices from private persons.
- Reviewing periodic operating plans.
- Providing receipts of notification, BMP information, and other water quality information.
- Field consultations with landowners and operators.
- Monitoring, summarizing and reporting the application of BMPs.
- Reporting water quality violations to Department of Health and Environmental Sciences.

- Interagency coordination of forest practices information projects.

The current emphasis in the program is to service the caseload of forest practices notifications, which is running 15-20% higher than the level used to justify the FY90-91 appropriation. This caseload reflects the high current rate of new logging starts on non-industrial private forest land. The department attributes this to current high demand and high prices for private logs, which in turn are related to a declining timber supply from the national forests.

In addition, the high-profile nature of the forest practices issue compels DSL to provide leadership in the separate area of BMP education. This educational role was conferred upon the department through the Environmental Quality Council's recommendations in its 1988 report on Forest Practices and Watershed Effects (HJR49). However, neither the authorizing legislation (HB678, 1989) nor the appropriation (HB100, 1989) specifically provided for an education program. Therefore, the department is effecting BMP education by cooperating with MSU Cooperative Extension Service and the forest products industry, which are helping DSL develop educational materials such as brochures, booklets and videos to support our operations. In addition, we are making BMP presentations at a limited number of industry-sponsored workshops for loggers. To support these educational activities, the department has arranged for \$23,250 in federal assistance in FY90 under Section 319 of the Clean Water Act, through the Environmental Protection Agency and the Montana Department of Health and Environmental Sciences (DHES).

FY91 objectives include:

- Provide BMP information in response to all forest practices notifications.
- Refine operating standards and guidelines for BMP information services.
- Make field consultations at selected locations, as FTE and budget appropriations allow.

- Monitor the application and effectiveness of BMPs on a sample of completed harvest areas, as FTE and budget appropriations allow.
- Participate in BMP education projects in cooperation with other organizations, as FTE and budget appropriations allow.
- Seek federal assistance under Section 319 to continue developing BMP educational materials, in cooperation with MSU Extension Service, the forest products industry and DHES.

Forest Products Program:

The forest products program provides technology transfer and other services to Montana loggers, sawmills and secondary processors for the purpose of enhancing wood utilization, operating efficiency and marketing of forest products manufactured in Montana.

FUNDING: The forest products program is funded by State General Fund.

FTE: 1.0 permanent

Utilization Subprogram: Comprises all activities performed in response to requests for technology transfer, including:

- Mill efficiency studies using computer software.
- Fall and buck studies using computer software.
- Production rate and cost studies using computer software.
- General harvest analyses using computer software.

Marketing Subprogram: Comprises these activities:

- Promoting the Montana forest products industry in cooperation with other organizations.
- Publishing a directory of Montana loggers, wood processors and forest products brokers.
- Publishing a quarterly marketing bulletin.
- Servicing individual requests for marketing information. The importance of the forest

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products industry to Montana's economy and the current timber-supply crisis are factors that underscore the need for the industry to utilize logs efficiently, add value to their products and locate markets.

FY91 objectives include:

- Service all requests for technology transfer in forest products processing.
- Provide directories or other information on request to sellers of forest products to identify potential markets.
- Publish the Montana Forest Products Marketing Bulletin quarterly.

Forest Pest Management Program:

The forest pest management (FPM) program provides pest surveys, training, and technical services for the management and control of damaging insects and diseases on Montana's State and private forests. The program operates in conjunction with the U.S. Forest Service's Region 1 FPM program.

FUNDING: The FPM program is funded by State General Fund and federal financial assistance.

FTE: 1.0 permanent

Cooperative FPM Subprogram: Comprises all FPM activities performed in cooperation with other agencies, or in response to service requests from outside the department, including:

- Training natural resource agency personnel in forest pest identification and management.
- Providing public information on pest outbreaks.
- Conducting detection surveys on State and private lands.
- Publishing FPM condition reports.
- Identifying pest samples submitted by service foresters and private citizens.
- Coordinating pest suppression projects.

- Establishing and maintaining quarantines with other agencies.

State Lands FPM Subprogram: Comprises all FPM activities performed in direct support of the department forest land management function, including:

- Providing FPM input to long-term timber sale planning process.
- On-site evaluations of individual projects.

The forest pest management program is a vital component of both the Service Forestry and Forest Land Management functions of the department. The success of several subprograms in each function depends upon continued, reliable service from FPM. Private Forestry Assistance, Resource Conservation and Development, Community Forestry, Sale Preparation and Timber Stand Improvement are the forestry subprograms most dependent on FPM services. Therefore, the current emphasis of the program is to maintain the quantity and quality of services provided in recent years. A special issue of current importance is the gypsy moth, an introduced pest which may become a problem in Montana in the next few years. Gypsy moth has caused widespread urban-area defoliation in the northeastern U.S., which has resulted in costly control efforts and quarantines. In 1989, outbreaks in Sandpoint and Coeur d'Alene, Idaho were successfully eradicated through a well organized spray program. The department is currently working with other agencies to develop a contingency plan for suppression in Montana, if it becomes necessary.

FY91 objectives include:

- Complete aerial survey and provide maps to field offices.
- Print and distribute the Montana Insect and Disease Conditions report.
- Detect establishment of gypsy moth by field trapping.
- Evaluate Douglas-fir tussock moth population trends by field trapping.

- Evaluate DSL timber sale plans for pest management implications.
- Plan and carry out insect suppression projects as necessary.
- Secure emergency funding for gypsy moth eradication if an outbreak is detected.

Institutional Forestry Work Program (IFW)

The base program provides productive forestry work and vocational training for the residents of the Swan River Forest Camp, as part of an overall rehabilitation program. The program is carried out in cooperation with the Department of Institutions.

Current staff includes six resident instructors who provide training and supervision in forestry, fire suppression and carpentry activities.

Current level accomplishments, measured as average annual man-days and estimated value received, are as follows:

	MAN-DAYS	EST. VALUE RECEIVED
Forestry	3,618	\$105,613
Carpentry	451	25,240
Suppression	1,883	70,248
Incidental	229	5,725
TOTALS	6,181	\$206,826

Specific benefits received from the program, all of which help to increase future revenues to the trust, include: reforestation, thinning, road and drainage structure maintenance, fire protection, and hazard reduction. Other activities such as fire suppression, trail and campground improvements, building and grounds maintenance, and vehicle/equipment repair and maintenance, provide for cost savings, public access and protect the State's assets. Special projects include tree improvement work, seed orchard maintenance, and wildlife enhancement.

Specific program objectives:

- Through a forestry work program, promote good work habits and job development skills for 160 forest camp residents annually.
- Increase future revenue to the school trust and offset current level General Fund obligations by accomplishing forestry, carpentry, and mechanical projects valued in excess of \$260,000 per year.
- Maintain at least 20 red card qualified resident fire crew members during the wild fire season.
- Complete at least 250 acres of precommercial thinning on State Forest Lands.
- Plant a minimum of 100 acres of tree seedlings on State Forest Lands.
- Annually complete carpentry and construction projects according to the quarterly plan.
- Manufacture 100,000 board feet of lumber annually.

Missoula Buildings and Grounds Program

The base program repairs, maintains and provides security for the Forestry Division and Southwestern Land Office facilities at the 185 acre Spurgin Road complex in Missoula. This includes planning for the State long-range building and major maintenance program, as well as for other building projects.

Specific program objectives include:

- Annually compile, prioritize, schedule and carry out construction and maintenance projects for the 185-acre Missoula facility.
- Develop project specifications, drawings and contract requirements.
- Draft, update and maintain the long-range building and maintenance plan for the Missoula facility.
- Maintain the lawns, shrubs and trees on the complex.
- Remove snow from roads, parking lots and sidewalks.
- Provide security for all buildings on the complex.
- Direct the Division safety program.
- Plan and carry out a water quality and radon testing program for the Missoula facility.

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BASE FUNDING

Institutional Forestry Work Program & Missoula Buildings and Grounds Program

Service Forestry Programs

The Service Forestry programs are funded with a combination of General Fund and federal grants through the USDA, Forest Service. Federal grants are based on a 50/50 federal/State cost share.

The institutional forestry work program and the Missoula buildings and grounds program are both funded entirely by general funds.

Performance Indicators

Forestry Assistance

Total landowners served
Pre-harvest assists
Forest management plans
Tree planting assists
Urban area assists

<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
620	650	650	650
128	100	100	100
46	55	55	55
45	60	60	60
41	60	60	60

Forest Practices

Notifications serviced
Field consultations

598*	900	900	900
53*	90	90	90

Forest Products

Sawmill studies
Marketing bulletins
Info requests serviced

4	10	10	10
4	4	4	4
204	200	200	200

Forest Pest Management

FPM training sessions
Aerial survey completed
Timber sales evaluated
Pest samples evaluated
Traps placed/retrieved
FPM conditions report

4	2	2	2
1	1	1	1
4	6	6	6
48	65	65	65
166	200	200	200
1	1	1	1

* These amounts are for 6 months only--program became operational Jan. 1.

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	FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
<u>Forestry Assistance</u>				
Total landowners served	0	650	0	650
Pre-harvest assists	0	100	0	100
Forest management plans	0	55	0	55
Tree planting assists	0	60	0	60
Urban area assists	0	60	0	60
<u>Forest Practices</u>				
Notifications serviced	+300	1,200	+400	1300
Field consultations	+30	120	+40	130
<u>Forest Products</u>				
Sawmill studies	0	10	0	10
Marketing bulletins	0	4	0	4
Info requests serviced	0	200	0	200
<u>Forest Pest Management</u>				
FPM training sessions	0	2	0	2
Aerial survey completed	0	1	0	1
Timber sales evaluated	0	6	0	6
Pest samples evaluated	0	65	0	65
Traps placed/retrieved	0	200	0	200
FPM conditions report	0	1	0	1

Institutional Forestry Work Program (IFW)

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Residents trained	140	160	160	160
Acres planted	100	100	100	100
Board ft lumber sawn	100,000	100,000	100,000	100,000
Acres thinned	250	250	250	250
Fire fighters trained	20	20	20	20

	<u>FY92 Increases/ Decreases</u>	<u>FY92 Recommended</u>	<u>FY93 Increases/ Decreases</u>	<u>FY93 Recommended</u>
Residents trained	0	100	0	160
Acres planted	0	100	0	100
Bd. ft. lumber sawn	0	100,000	0	100,000
Acres thinned	50	300	50	300
Fire fighters trained	0	20	0	20

Missoula Buildings and Grounds Program

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
Maintain complex (acres)	185	185	185	185
Maintain buildings (No.)	16	17	17	17
Maintenance projects (No.)	4	3	3	3

	<u>FY92 Increases/ Decreases</u>	<u>FY92 Recommended</u>	<u>FY93 Increases/ Decreases</u>	<u>FY93 Recommended</u>
Maintain complex (acres)	0	185	0	185
Maintain buildings (No.)	0	17	0	17
Maintenance projects (No.)	0	3	0	3

INCREASE OR DECREASE FROM BASE

Best Management Practices

The requested increase will be used to service an accelerating caseload in the forest practices program. This program helps loggers and forest landowners avoid impacts on water quality by using Best Management Practices (BMPs). The program implements House Bill 678 (1989), enacted to carry out certain recommendations in the Environmental Quality Council's final report on HJR 49--Forest Practices and Watershed Effects, December, 1988. department foresters review harvest plans, provide BMP information, do pre-harvest field consultations on priority areas, and revisit a limited number of sites after harvest to survey the use of BMPs. In addition, Forestry Division staff participates in BMP education projects in cooperation with the forest products industry and government agencies. The 1991 biennium budget was based on 900 logging starts per year on nonindustrial private forest (NIPF) land. However, the shrinking timber supply from the national forests is causing intense demand for private timber, and, as a result, 1,053 NIPF logging operations started during FY90. By FY93, the NIPF caseload for BMP services may be as high as 1,300 new operations per year. The department requests an increase of 1.00 FTE to service its caseload and thereby provide mandated BMP services in conformity with department standards.

<u>FY92</u>		<u>FY93</u>	
6,100 GF		6,100 GF	
18,300 FSRF		18,300 FSRF	
<u>\$24,400 (1.0 FTE)</u>		<u>\$24,400 (1.0 FTE)</u>	

Forestry Appropriation Language

The department needs appropriation language that will allow it to respond to workload increases in the brush, Timber Stand Improvement (TSI) and nursery and slash programs, by requesting additional authority to spend State special revenue through budget amendment. This

language would deem that the emergency criteria for approval of budget amendments are met if the program workload increases and/or the State special revenue accounts earn more revenue during the biennium than was appropriated. The reason is that State special revenue accounts fund all four of the above programs, and those revenues are all based on timber market conditions which can fluctuate greatly. As market conditions improve, workload increases along with revenue. However, if the department does not accurately forecast market conditions and under-estimates revenues, we will not have sufficient spending authority to meet workload demands.

FY92

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FY93

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FIRE MANAGEMENT

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	53.61	53.04	53.61	.00	53.61	53.61	.00	53.61
Personal Services	1,527,211.16	1,581,928	1,601,964	3,618	1,605,582	1,601,469	3,616	1,605,085
Operating Expenses	183,080.67	200,942	202,906	48,633	251,539	204,573	46,594	251,167
Equipment	55,445.92	56,250	56,250	0	56,250	56,250	0	56,250
Total Agency Costs	\$1,765,737.75	\$1,839,120	\$1,861,120	\$52,251	\$1,913,371	\$1,862,292	\$50,210	\$1,912,502
General Fund	1,728,044.97	1,790,215	1,795,517	-1,795,517	0	1,796,690	-1,796,690	0
State Special Revenue Fund	14,692.92	0	14,996	1,877,900	1,892,896	14,996	1,877,032	1,892,028
Federal Special Revenue Fund	22,999.86	48,905	50,607	-30,132	20,474	50,606	-30,132	20,474
Total Funding Costs	\$1,765,737.75	\$1,839,120	\$1,861,120	\$52,251	\$1,913,371	\$1,862,292	\$50,210	\$1,912,502

Structural Fire*

	Fiscal 1990 Actual	Fiscal 1991 Appropriated	Base	Fiscal 1992 Incr/Decr	Recommended	Base	Fiscal 1993 Incr/Decr	Recommended
Full Time Equivalent Employees	.00	.00	5.00	-1.00	4.00	5.00	-1.00	4.00
Personal Services	0.00	0	172,793	-24,706	148,087	173,507	-24,807	148,700
Operating Expenses	0.00	0	72,505	-15,940	56,565	72,718	-15,881	56,837
Equipment	0.00	0	3,184	-184	3,000	3,184	-184	3,000
Total Agency Costs	\$0.00	\$0	\$248,482	\$-40,830	\$207,652	\$249,409	\$-40,872	\$208,537
General Fund	0.00	0	219,436	-99,330	120,106	220,260	-99,372	120,888
State Special Revenue Fund	0.00	0	0	58,500	58,500	0	58,500	58,500
Proprietary Fund	0.00	0	29,046	0	29,046	29,149	0	29,149
Total Funding Costs	\$0.00	\$0	\$248,482	\$-40,830	\$207,652	\$249,409	\$-40,872	\$208,537

*Note: The structural fire budget (Fire Services Training School) would be transferred from the State Extension Service (MSU) to the Fire Management Bureau. (See discussion under Increases/Decreases from Base).

EXHIBIT 7
DATE 1-25-91
Hoyer, P.S. Inc

GOALS

Fire Management: Protect, sustain and improve the natural resources on State and private lands for the benefit of all Montanans through fire prevention, protection and prescribed fire activities.

- Prevention: Eliminate preventable forest, range and other wildfires.
- Protection: Provide economical and efficient protection from damage by fire to the resources on 49 million acres of State and privately-owned forest and non-forested watershed lands.
- Prescribed Fire: Provide for the wise, controlled use of fire as a basic tool in resource management on State and privately-owned lands, based on needs identified in resource management plans, knowledge of fire effects and state-of-the-art procedures.
- Training: Provide employee development training so all employees and cooperators can perform assigned fire tasks at the minimum acceptable levels to meet resource management and protection responsibilities.
- Suppression: Protect life and property from the damaging effects of wildfire.

AUTHORIZATION

Section 76-11-101 through 76-11-102, MCA
Protection from Fire.

Section 76-13-101 through 76-13-126, MCA
Protection of Forest Resources.

Section 76-13-201 through 76-13-211, MCA
Provision of Fire Protection Service.

Section 7-33-2201 through 7-33-2210, MCA
Rural Fire Protection. Montana law mandates the Department of State Lands to protect the natural resources of the State from destruction by fire. The

DEPARTMENT OF STATE LANDS

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FORESTRY

Department administers a comprehensive wildfire protection operation on almost 50 million acres of State and private forest land and non-forest watershed lands.

BASE PROGRAM

The Department of State Lands protects the natural resources of the State from destruction by fire in compliance with State statutes. Specifically, the fire management and protection function services 49,343,557 acres of State and privately-owned lands as detailed in State resource management plans, or as required by State law. A total of 3,106,383 acres of State and private lands, 690,292 acres of BLM lands, and 898,547 acres of U.S. Forest Service offset lands totaling 4,695,222 acres are protected by DSL; 1,853,633 acres of State and private lands are subcontracted to federal agencies; and the State/County Cooperative Fire Protection network protects 44,383,541 acres. Protection is summarized as follows:

State Direct Protection:

State and Private Lands
BLM Lands
USFS Lands

3,106,383
690,292
898,547

Total

4,695,222 acres

Federal Direct Protection of State and Privately-Owned Lands (Subcontract):

BIA
BLM
USFS

154,604
84,005
1,615,024

Total

1,853,633 acres

State/County Cooperative Fire Protection:

49 Counties (State and private lands)

44,383,541 acres

Grand Total State and Private Lands Protected:

49,343,557 acres

Fire management and protection are administered through five programs as follows:

Description of Programs

Fire Prevention--The goal of DSL's fire prevention program is to reduce the number and severity of wildfires occurring each year. DSL's prevention program is made up of three parts: engineering through prescribed fire, education, and/or enforcement measures applied to avert damage from wildfire.

Fire Suppression--The suppression program encompasses all activities in preparation to detect and suppress wildland fires.

County Fire Management--DSL participates in the State/County Cooperative Fire Protection program in 49 counties (44,383,541 acres). The State trains and organizes county fire forces, provides money and fire

equipment, and assists counties when fires exceed their capability.

Fire Suppression--This includes all activities involved in a wildfire from detection through final mopup, patrol, rehabilitation and demobilization. DSL is directly responsible on its protection, assists 49 cooperative counties with fires exceeding their capabilities, and provides support to federal fire agencies and other states when appropriate.

Equipment Development and Support--DSL develops, warehouses, maintains, inventories, and inspects fire equipment and supplies. Through the USDA Forest Service, DSL also administers the Federal Excess Property Program.

1-25-91
Mr. P. L. Luv

Current production and accomplishments from the five fire programs are summarized by subprogram as follows:

Fire Prevention:

Fire prevention actions are based on Unit, County and Land Office fire prevention plans. These plans consider values at risk, fire hazards, fire risks, and frequency of ignitions, etc. The current annual average of human-caused fires is 53 percent, which is consistent with the last five years of fire data. Residential/Wildland Interface remains the top priority within DSL's prevention program.

Within fire prevention education DSL gathers data, investigates fires, analyzes annual changes and trends, and designs ongoing actions to confront preventable fires through the fire prevention planning subprogram. Public education through the "Keep Montana Green" and the "Cooperative Forest Fire Prevention" activities are handled by DSL.

Fire prevention enforcement through rules, regulations and statutes is the last subprogram within fire prevention. DSL performs inspections and investigations to carry out its enforcement duties.

Specific program objectives include:

- Manage the State-wide "Keep Montana Green" fire prevention activities.
- Procure, distribute and post fire prevention posters.
- Update unit and Land Office prevention plans.
- Issue burning permits with direct protection units.
- Recommend and enforce forest activity restrictions and forest closures as required on direct protection units.
- Assist counties and other cooperators in requesting restrictions and forest closures.
- Conduct railroad and power line inspections, per prevention plan.
- Conduct industrial forest operator/user inspections, per prevention plan.

- Distribute informational materials and schedule local workshops on fire prevention in forested subdivisions.

Presuppression:

The presuppression program encompasses all activities in preparation to detect and suppress wildland fires. Fire mobilization plans, interagency dispatch centers, zone support centers, and communications networks are maintained to provide the quickest detection, dispatching and coordination of fire forces, to provide the least possible resource loss. Fire fighters are employed and trained to provide this service as well as to maintain road and trail access to responsible protection areas. DSL preparedness strives for and maintains a goal of 95 percent of all direct protection fires controlled at less than 10 acres.

Specific program objectives include:

- Prepare initial attack forces to enable them to control 95% of all direct protection fires to less than 10 acres.
- Update manning & action guides for initial attack zones based on the fire management analysis and previous fire season's experience.
- Prepare, maintain & inspect all fire equipment to specified levels.
- Maintain fire readiness per Land Office mobilization guidelines.

County Fire, Equipment Development and Support:

DSL participates in the State/County Cooperative Fire Protection program in 49 counties (44,383,541 acres), at the request of the county and with the approval of the legislature. The State trains, mobilizes and organizes county fire fighters, provides fire equipment based on a county fire plan prepared by DSL, and assists the counties in fires which have exceeded their capabilities. The county, in turn, provides prevention, presuppression and suppression work to all land not protected directly by DSL or a federal wildland agency.

The majority of the equipment in the State/County Cooperative Fire Program as well as in the other DSL fire Programs was acquired through the Federal Excess Property Program (FEPP). Through the Forest Service, DSL administers the FEPP. Approximately \$1,000,000 of property is acquired annually through the FEPP. Equipment is screened, acquired, warehoused, maintained, inspected, and inventoried by DSL. Annually DSL develops approximately 20 wildland fire engines/vehicles for use in both direct and county cooperative fire protection.

Specific program objectives include:

- Screen, procure and distribute approximately \$1,000,000 of federal excess property from Hill AFB, Toole Army Depot, Fort Lewis, Fairchild AFB, Mahlstrom AFB and Ellsworth AFB.
- Using federal excess property vehicles, develop 20 wildland fire vehicles for use in both direct and county protection efforts.
- Prepare, maintain and inspect all co-op county equipment to specified levels.
- Prepare, maintain and inspect all State fire support equipment to specified levels.
- Prepare updates to all county action plans and meet with each county to review program.

Suppression:

Fire detection and suppression resources are maintained in a state of elevated readiness from June 15 to September 15, with a lower degree of preparedness throughout the remainder of the year. The five-year (1984-1988) average number of fire responses by DSL is 400 (47% lightning-caused, 53% man-caused), and for the same period support to other agencies is given on an average of 64 fires annually.

Specific program objectives include:

- Respond to about 425 wildfires annually on 4.7 million acres of direct protection.
- Man, equip and suppress wildfires in the most efficient and economical means possible, per mobilization guides and action plans.

- Control 95% of direct protection fires at less than 10 acres.
- Assess the potential of all fires for qualification as a disaster fire by the Federal Emergency Management Agency (FEMA).

Prescribed Fire:

The third essential element to DSL's prevention program is engineering. Through engineering DSL maintains an aggressive prescribed fire subprogram. Prescribed fire is a viable tool of resource managers. It is an important management option for hazard reduction, site preparation, forage and wildlife improvement, and fire training, with a secondary goal of preventing a wildfire through fuel management. Prescribed fire is a fire that is burning in wildland fuels according to approved plans, confined to a specific area, and achieving resource management objectives. The management of smoke created from such burns also falls within prevention. Approximately 3,000 individual burns covering over 135,000 acres are monitored annually.

Specific program objectives include:

- Monitor and coordinate the State-wide Interagency Air Quality Smoke Management program.
- Coordinate and monitor over 3,000 slash burns covering over 135,000 acres annually.
- Review the risk assessment and technical fire feasibility and support needs of all prescribed fire use plans prepared by DSL.

Fire Administration:

Fire administration includes updating and maintaining master agreements with USFS, BLM, and BIA, and efforts to balance acres of protection between the USFS and DSL.

Specific program objectives include:

- Review master agreements and annual operating plans with the Forest Service, BLM and BIA.
- Update annual operating plans with local fire organizations.

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- Update working agreements with the National Guard, the Montana prison system and the Disaster and Emergency Services Division.

Rural Community Fire Protection:

DSL administers the Rural Community Fire Protection subprogram by awarding grants to local communities and rural areas for prevention, organizing, training, and equipping Montana's Fire Service. Since the start of the program over \$837,000 has been provided to Montana's 56 counties. This is a federal appropriation which requires a dollar match by the local governmental entity.

Specific program objectives include:

- Manage the Rural Community Fire Protection grant program by publishing program announcements, processing applications, setting priorities and awarding contracts for about \$62,000 annually.
- Maintain files and prepare required reports to the granting agency.

Fire Training:

Current training levels provide for one Type I fire team, individuals on interagency Type II fire teams, and one county assistance fire team. In addition, 80 percent of all other support personnel are trained to a predetermined level. Forty-nine coop. counties receive wildfire training prepared and delivered by DSL. DSL also participates in the Fire Services Training School Advisory Council, providing the link between wildland and structural fire training.

Specific program objectives include:

- Conduct 29 rural wildland fire fighting courses for county fire personnel annually.
- Conduct detection, radio operator, fire prevention and squad leader training for seasonal personnel.
- Coordinate and conduct fire suppression training for DSL employees.
- Maintain roster of fire qualifications for all DSL employees.

- Manage fire incident management team activities and training.

Fire Coordination:

Within the presuppression program, DSL maintains the fire assessment rolls, tracking over 42,670 entries on 4,960,016 acres and collecting an annual payment of over \$1,100,000 for fire protection services. Administration of all protection subcontracts is also a function of fire coordination. Fire coordination is provided at the State level with interaction with the Northern Rockies Coordination Center, State DE&S, and the Montana National Guard. Fire billing, communication engineering and data processing are other coordination services provided.

Specific program objectives include:

- Manage the fire assessment rolls by tracking over 42,670 entries on 4,960,016 acres, and collecting over \$1,100,000 from private landowners for fire protection services.
- Manage the State-wide DSL radio communications network.
- Investigate the cause of all fires on direct protection and, for all person-caused fires, bill the person responsible for starting the fire for suppression costs.
- Complete an Individual Fire Report for all direct protection and county assistance fires.
- Maintain statistical records of all reported wild fires.
- Coordinate all interagency fire suppression activities.

BASE FUNDING

The fire operations of DSL are funded by federal grants, general funds and private landowner assessments. Federal funding is from the USDA, Forest Service and requires a 50% match. Federal funds are received as two grants. The Rural Fire Protection and Control dollars are matched and utilized by DSL. The Rural Community Fire Protection dollars are pass-through funds for local government fire operations. Private landowner assessments are set by

statute (76-13-201, MCA) at not more than 17 cents per acre, with a minimum fee of \$14 per owner per year. Per 76-13-207, MCA, no greater than one-third of the fire appropriation can come from private landowner assessments.

PERFORMANCE INDICATORS

	<u>FY90 Actual</u>	<u>FY91 Enacted</u>	<u>FY92 Base</u>	<u>FY93 Base</u>
State Direct Fire Protection Acres	4.0 mil.	4.7 mil.	4.7 mil.	4.7 mil.
State Subcontracted Protection Acres	1.8 mil.	1.8 mil.	1.8 mil.	1.8 mil.
State/County Cooperative Protection Acres	44.2 mil.	44.4 mil.	44.4 mil.	44.4 mil.
Fire Responses	400	425	425	425
Procure Federal Excess Property	\$1,100,000	\$1,000,000	\$1,000,000	\$1,000,000
Equipment Inspections	450	460	460	460
Develop Fire Vehicles	20	20	20	20
Fire Assessments Collected	1.17 mil.	1.18 mil.	1.21 mil.	1.22 mil.
Smoke Management Burns Monitored	3,000	4,500	3,000	3,000
Rural Community Fire Protection Contracts	\$61,500	\$62,000	\$62,000	\$62,000
County Wildland Training Courses Conducted	30	29	29	29
Structural Fire (Fire Services Training School) Fire fighters Trained	0	0	0	0

EXHIBIT

DATE 1-25-91
BY Mar. Per Aud.

	FY92 Increases/ Decreases	FY92 Recommended	FY93 Increases/ Decreases	FY93 Recommended
State Direct Fire Protection Acres	0	4.7 mil.	.2 mil.	4.9 mil.
State Subcontracted Protection Acres	0	1.8 mil.	0	1.8 mil.
State/County Coop. Protection Acres	0	44.4 mil.	344,975	44.7 mil.
Fire Responses	0	425	5	430
Procure Federal Excess Property	0	\$1,000,000	0	\$1,000,000
Equipment Inspections	20	480	20	480
Develop Fire Vehicles	0	20	0	20
Fire Assessments Collected	\$385,857	\$1,595,857	\$376,254	\$1,596,254
Smoke Management Burns Monitored	0	3,000	0	3,000
Rural Community Fire Protection Contracts	0	\$62,000	0	\$62,000
County Training Courses Conducted	4	33	4	33
Structural Fire (Fire Services Training School)	2,000	2,000	2,000	2,000
Fire fighters Trained				

INCREASE OR DECREASE FROM BASE

Fire Assessments

This issue is the result of current State laws which designate funding sources and limits for the protection of forest lands within the State. Under 76-13-201, Section 2 (MCA), if the owner does not provide for the protection and suppression, the department may provide it at a cost to the landowner of not more than 17 cents per acre per year, except that the department shall make a minimum assessment of up to \$14 per owner per year in each protection district as necessary to yield the amount

of money provided for in 76-13-207. Under 76-13-207, Section 1 (MCA), the amount collected from the landowner can be no greater than one-third of the amount specified in the appropriation requested by the department and made by the Legislature. The department appropriation has increased significantly since 76-13-201, Section 2 (MCA) was established. Funding of department fire management programs is cooperatively provided from landowners, State, and federal sources. Based on the findings of a 1958 study by the Battelle Institute, forest fire protection costs have been assigned one-third to landowners and two-thirds to public funding (State and federal). The current costs to the landowner, as set under 76-13-

201 (MCA), is insufficient to meet the one-third appropriation requirement, as set under 76-13-207 (MCA). Federal funding has not increased significantly over the past several years, requiring a greater portion of the department fire management program appropriation be funded by landowner and State sources. A disproportionate share of the total department appropriation is being funded out of the State General Fund. The Joint Sub-Appropriations Committee, during the 1989 Legislative Session, requested that the department present a proposal for an increase in landowner fees during the next legislative session.

The department proposes to change the assessment fee structure by establishing the minimum acreage at 20 acres. The assessment fee ceiling on the minimum acreage will be increased from \$14 to \$30. The per-acre rate ceiling would increase from \$0.17 to \$0.20.

Under the proposed new rate structure, a minimum of between \$21 and \$22 for up to 20 acres with the per acre rate remaining at \$0.17 would be needed to achieve the one-third (\$1,590,000) of the fire protection budget from private landowners. The table below shows the amount of assessment increase necessary to fund the base program plus each of the fire-related issues included in the forestry budget request.

ASSESSMENTS TABLE

	Assessment FY92	Assessment Increase FY93
Current Level (Fire)	\$229,141	\$218,783
Block 5 and Phillipsburg Fire Issue	34,426	35,170
State/County Cooperative Fire Issue	21,673	21,684
Capital Equipment Issue	42,117	42,117
Structural Fire Issue	58,500	58,500
TOTAL	\$385,857	\$376,254

State/County Cooperative Fire Protection

The State has entered into cooperative fire protection agreements with 49 counties. This program was initiated in 1967 and was brought to its present level with the addition of 11 counties by the 1985 Legislature and 3 counties by the 1989 Legislature. The Department of State Lands is requesting the Legislature to approve an expanded State/County Cooperative Fire Program that would allow Lake, Lincoln, and Sanders Counties to enter into cooperative fire control agreements with the State. The State is charged with providing fire protection to State and private lands in Montana (76-11-101 MCA). The

Department of State Lands directly protects 4.7 million acres and 44.4 million acres through the 49 counties. The Cooperative Fire Control Agreement specifies the general duties and responsibilities of each agency in fire protection and cooperation. The State provides wildland fire training and equipment to the counties for unprotected areas. The county, State, and federal agencies provide mutual aid on an as-needed basis for suppression. This cooperative effort is even more inevitable in areas of mingled federal, State, and county protection, as found in the remaining seven non-cooperative counties. This relationship is magnified further with Residential/Wildland Interface areas, as the

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TO Mr. Rex Aug.

number of structures destroyed by wildfire escalates annually.

FY92

\$65,000 GF (0.50 FTE)

FY93

\$65,000 GF (1.08 FTE)

Fire Protection Adjustment (Block V and Forest Fire Protection District)

Part 1: Block V

This is the finalization of the U.S. Forest Service fire protection contract reduction as recommended by the last Legislative Interim Study Committee on Forestry and Fire. DSL is charged with providing direct wildland fire protection to 4.9 million acres of State and private forest in Montana. Prior to 1984, approximately 2.2 million acres of this protection were contracted to the U.S. Forest Service. In turn, the State protected 280,000 acres inside Forest Service fire protection districts. This created an imbalance of 1.92 million acres. The Forest Service has since requested full reimbursement of their protection costs for the 2.2 million acres, which would result in a substantial increase in payments to them. Assumption of full protection responsibility for this acreage by DSL is a more cost-effective alternative than paying the Forest Service the full cost of protection.

The Forest Service has agreed to forestall action on recovering their full protection costs provided that the State adheres to a definite timetable to zero out the protection acreage imbalance. DSL has been accomplishing the transfer of protection responsibility in a series of block acquisitions. Block #1 was approved and went into effect July 1, 1984. Block #2 was approved and went into effect July 1, 1986. Block #3 was approved and went into effect July 1, 1988. Block #4 was approved and protection was assumed by the Department of State Lands July 1, 1990. Block #5 will be the final block and recommends that the State reduce the amount of acreage for fire protection currently contracted with the U.S. Forest Service and establish fire protection for approximately 58,000 acres of land using Department of State

Lands forces. The majority of the exchange involves federal lands in the Dillon area. This modification provides FTE and fiscal data necessary to establish State forces that can provide adequate wildland fire protection to these additional acres.

Part 2: Philipsburg Forest Fire Protection District

This issue also addresses the creation of the Philipsburg Forest Fire Protection District. The Board of Land Commissioners created the Philipsburg District as provided by M.C.A. 76-13-204 as a result of at least 51% of the landowners, representing at least 51% of the acreage, signing petitions requesting the District. The District will consist of 120,000 acres of classified private and State Forest Land now in the Anaconda Affidavit Protection Unit. Formation of the District increases the State's protection responsibilities. It will reduce the cost per acre of protection, increase efficiency, simplify administration, and provide the highest level of fire protection to the area. All forest land within the area will be protected by the Department of State Lands, and private landowners will pay a maximum of one-third of the cost of protection via fire assessments, per M.C.A. 76-13-207.

This issue provides FTE and fiscal data necessary to establish State forces that can provide adequate wildland fire protection to these additional acres.

FY92

\$ 88,512 GF
14,767 SSRF
\$103,279 (2.65 FTE)

FY93

\$ 90,744 GF
14,767 SSRF
\$105,511 (3.35 FTE)

Structural Fire (Fire Services Training School)

This issue recommends the consolidation of the Montana Fire Services Training School (FSTS) into the organization of the Department of State Lands, Forestry Division, Fire Management Bureau. This will bring the administration, organization and coordination of both structural and wildland fire training under one organization.

Currently FSTS provides for administration, management and coordination of structural fire training services, including instruction; materials and instructor development; loan library services; mobile labs; and maintaining records of certification for fire fighters of Montana's structural fire services. Pursuant to 20-31-103 (MCA), FSTS provides structural fire service personnel with professional training and works to identify methods of structural fire prevention, suppression, and information dissemination. FSTS provides a resource center of training materials for structural fire fighting needs, provides for testing and certification for personnel and apparatus and coordinates structural fire services training in the State.

The Department of State Lands performs complementary functions for wildland fire training for agency personnel and cooperators as mandated under provisions 76-11-101, 76-13-101(4)(5)(8), 76-13-102 (4)(5)(8) [definitions of forest fire, forest fire protection, and forest land] and 77-5-103(4) (MCA) which states: "The department shall establish and maintain forest fire control training programs for state fire fighters and other persons requiring training."

The encroachment of structures into Montana's wildlands continues to bring both types (structural and wildland) of fire services together, particularly in an area defined as Residential/Wildland Interface. Cooperative efforts between structural and wildland agencies to improve communication and effectiveness are increasing. Many of the same fire fighters are served by both FSTS and DSL, especially under the State/County Cooperative Fire Protection Program. The services are, however, complementary and not duplication.

In 1985, FSTS underwent a performance audit which indicated that the school would function more effectively under the sponsorship of an agency other than the Office of Public Instruction. DSL was included as a possible sponsor for the school. DSL drafted and submitted a proposal for sponsorship of FSTS at that time. This proposal was again updated and submitted in 1988, at which time FSTS was moved under the Board of Regents.

OBPP has now recommended that FSTS be consolidated with DSL.

The integration of FSTS within DSL also provides an opportunity to use an alternative funding source. As part of the DSL's fire program, FSTS would qualify for funding from the assessment charged to landowners for fire protection. This change in funding, coupled with the reduction of one FTE, would amount to an annual General Fund savings of approximately \$100,000.

FY92

\$120,105 GF
58,500 SSRF
29,406 P
\$207,652 (4 FTE)

FY93

\$ 120,888 GF
58,500 SSRF
29,149 P
\$208,537 (4 FTE)

Forestry Vehicle Replacement

Over the past several biennia the forestry capital equipment budget has been insufficient to annually replace equipment which is obsolete or beyond economical repair. The 1989 Legislature instructed the department to conduct a study of Forestry vehicles and prepare a replacement schedule for submission during the 1991 session. Based on a survey of other Montana State agencies and Forestry agencies in other states, plus an analysis of the condition of the current 282 vehicle fleet, the department identified seven classes of vehicles and developed a replacement schedule for each based on either age or mileage. This schedule will allow us to plan for the systematic, regular replacement of our vehicles and begin to reduce the average age of our vehicle fleet. To fully implement the schedule we would need an increase of \$360,913 per year (in FY89 dollars) over our base budget for equipment. However, due to revenue shortfall, the executive budget only includes an additional \$180,500 per year for vehicle replacement.

FY92

95,063 GF
85,437 SSRF
\$180,500

FY93

95,063 GF
85,437 SSRF
\$180,500

EXHIBIT
DATE 1-25-91
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FORESTRY

1-25-91
Exhibit 8

**TESTIMONY
DEPARTMENT OF STATE LANDS
APPROPRIATION LANGUAGE**

EXHIBIT 8
DATE 1-25-91
Hester Den. Sub.

INTRODUCTION

The Department requests appropriation language that will allow us to respond to workload increases in the brush, timber stand improvement (TSI), nursery and slash programs, by requesting additional authority to spend State special revenue through budget amendment. This language would deem that the emergency criteria for approval of budget amendments are met if the program workload increases and/or the State special revenue accounts earn more revenue during the biennium than was appropriated. The reason is that State special revenues fund either all or a significant portion of all four of the above programs, and those revenues are all based on timber market conditions which can fluctuate greatly. As market conditions improve, workload increases along with revenue. However, if the Department does not accurately forecast market conditions and under-estimates revenues, we will not have sufficient spending authority to meet workload demands.

BACKGROUND

For example, when prices for lumber and other wood products increase, purchasers of State timber contracts are likely to harvest sooner than we would normally expect. This would then cause an increase our current year brush and TSI workload. Likewise, higher prices will encourage private forest landowners to sell timber, thereby increasing the number of Hazard Reduction Agreements and the inspection workload. Finally, increases in harvest levels on both State and private land will lead to increased demand for seedlings from the nursery for reforestation. In all of the above cases, however, increased revenue is associated with the increased workload. The Department could easily respond to workload increases in these primarily State special revenue funded programs, if we were authorized to request additional spending authority through budget amendment.

PROPOSAL

Therefore, we request appropriation language that states that the emergency criteria for approval of budget amendments are met if our workload increases, and/or the slash, brush, timber stand improvement or nursery State special revenue accounts earn more revenue during the biennium than was appropriated. This will allow us to routinely request increased spending authority for these State special revenue accounts through the budget amendment process.

If the workload increases of the Forestry Division state special revenue funded programs (brush, timber stand improvement, slash, and nursery) requires additional resources beyond the amounts appropriated, the workload increases are an emergency for budget amendment purposes under 17-7-401 through 17-7-405.

EXHIBIT 9
DATE 1-25-91
HB Nat. Res. Sub.

Exhibit 7
1-25-91

Mr Casey

INFORMATION NEEDS AND APPROXIMATE COSTS ASSOCIATED WITH THE EIS

RECREATION

- Data collection \$100,000
- Data analysis 200,000 (includes publication costs)
\$300,000
- Needs
 - = types of recreation and demand
 - = impacts on other land uses
 - = vandalism
 - = litter
 - = trespass
 - = enforcement
 - = accessibility of lands to recreationists
 - = effects on wildlife and habitat
 - = weed spread
 - = effects on cultural resources
 - = value of recreation relative to other land uses
 - = potential income to the trust

GRAZING

- Data collection \$200,000
- Data analysis 50,000 (includes publication costs)
\$250,000
- Needs
 - = carrying capacity
 - = range condition
 - = impacts on other land uses
 - = range improvement needs
 - = effects of grazing on wildlife habitat
 - = weed spread
 - = riparian areas
 - = surface water pollution
 - = value of grazing relative to other land uses
 - = potential income to the trust

AGRICULTURE

- Data collection \$244,000
- Data analysis 56,000 (includes publication costs)
\$300,000
- Needs
 - = soil erosion
 - = pesticide and fertilizer pollution of surface and groundwater
 - = effects of breaking
 - = impacts on other land uses
 - = effects on wildlife and habitat
 - = weed spread
 - = value of agriculture relative to other land uses
 - = potential income to the trust

FORESTRY

- Data collection \$25,000
- Data analysis 75,000 (includes publication costs)
 \$100,000

- Needs
 - = timber volumes and availability
 - = harvest methods and impacts
 - = impacts on other land uses
 - = effects on wildlife and habitat
 - = soil erosion
 - = surface water pollution
 - = old growth forests
 - = riparian areas
 - = value of timber production and harvest relative to other land uses
 - = potential income to the trust

WITNESS STATEMENT

PRINT

NAME

Donald K Artley

BILL NO. _____

ADDRESS

Dept State Lands

DATE

1-15-91

WHOM DO YOU REPRESENT?

Dept State Lands

SUPPORT _____

OPPOSE _____

AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

Budget testimony

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Natural Resources

COMMITTEE

BILL NO. _____

DATE 1-25-91 SPONSOR(S) _____

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Bob Kuatembow	DSL			
Jeff Hagener	DSL			
ROGER BERGMAYER	DSL			
JOE JALIK	DSL			
Tim MURPHY	DSL			
Al Christensen	DSL			
ROSS H. FITZGERALD	MT FIRE SERVICES TRNG ^{SCHOOL}			
Dennis Casey	DSL			

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.