

Glenda Wiles

From: Morgan, Todd <todd.morgan@mso.umt.edu>
Sent: Thursday, November 8, 2018 1:03 PM
To: Glenda Wiles
Cc: Greg Chilcott; Jeff Burrows; Chris A. Hoffman; Doug Schallenberger; Ray Hawk; Barkey, Patrick
Subject: BBER report & presentation for Ravalli Commission
Attachments: Ravalli-Harvest-Impact-Report.pdf; Ravalli Commissioners presentation Oct 2018.pdf

Glenda,

I have attached both the BBER's full report and our Oct 29 PowerPoint (in color!).

The Commission's site does not appear to have the report or the Oct 29 presentation. It has the PowerPoint slides from our August presentation.

http://ravalli-mt.granicus.com/GeneratedAgendaViewer.php?view_id=1&clip_id=899

The Nov 6 story in the Bitterroot Star does not provide links to the Commission site, the report or the presentation.

<http://bitterrootstar.com/2018/11/report-on-impact-of-declining-timber-harvest-on-bitterroot-economy-released/> Maybe the Commission would want to circle back to the Star once these items are available from the Commission's web site.

Thank you.

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Glenda Wiles

From: C. Grandstaff <grandstaff@cybernet1.com>
Sent: Friday, November 9, 2018 2:46 PM
To: Glenda Wiles
Subject: Public comment from BfP on the BBER report
Attachments: CoComm letter re BBER report.docx

Hey Glenda,

I'm sending a comment letter on the BBER for the public file. Also, would you please put it in a separate file (that I'm asking you to create) for data, information, comment, evidence, etc. for the rewrite of the Natural Resource Policy? Also, a few months ago when Rep. Gianforte's staffer was in Hamilton, Jim gave you a thumb drive containing information that was related to the Natural Resource Policy. Would you add that to the file, too?

Thanks and have a great weekend!

C.

To: Ravalli County Commissioners

From: Bitterrooters for Planning

Re: BBER report "The Impact of Timber Harvest Declines on the Ravalli County Economy"

Bitterrooters for Planning concludes that the Bureau of Business and Economic Research report is flawed, from start to finish, both in its concept and in its execution. It does not reflect well on the BBER, and is sufficiently defective that its use in support of any part of a Natural Resource Policy would be troubling. It certainly does not reflect value for the nearly \$17,000 of taxpayer dollars expended by the Ravalli County BOCC on it.

To begin with, the methodology is inadequately explained. It is not possible to discern exactly how the baseline was established, and how the modeling was applied. In fact, from the report it is hard to determine how the BBER's conclusions are any different than simply taking the existing 2014 economic data, adding an additional 24.7 mmbf of timber harvested, and applying a multiplier to it to obtain the number of jobs affected.

The model's structure is unclear, as are the assumptions built into it. The model's predictions, as with any model, depend on arbitrary inputs, so the conclusions apply only to the specific scenario defined by the BOCC.

Beginning with the Executive Summary, there are omissions and erroneous assumptions sufficient to render the conclusions invalid. For instance, throughout the report it repeatedly attributes the decline in timber harvests solely to "the complex mix of evolving federal land management policies, agency budgets, environmental laws and case law developed from repeated litigation of federal forest management activities – particularly timber related activities." This analysis omits any mention at all of external **market forces**, including but not limited to the huge amount of private timber that was harvested in Ravalli County in the 1990's, and the precipitous decline in demand associated with the economic downturn of 2008-2013. These powerful external drivers are never acknowledged as impacting federal timber harvest volume. Other issues impacting the decline in milling capacity, such as the catastrophic mismanagement of Darby Lumber, are only mentioned tangentially.

The report appears to assume that the BNF will put up 34 mmbf annually for the 30-year period examined, and sell it all. The historic data in the report suggests otherwise, especially in the 2008-2013 economic downturn. The

report omits any analysis of the amount of timber offered for sale vs. actual timber sold and then harvested on the BNF for the 30-year period, an important data point if they are contending that the forest could have offered and sold 34 mmbf annually.

As mentioned, the model's "results" also completely ignore the vast supply of private timber that supplanted the BNF sales in the 1990's, with total harvest levels far surpassing the 34 mmbf level in many years.

The model is said to use the lower harvest (~10 mmbf) figure as its "baseline" assumption, but it's unclear if the authors project that volume forward from the 1980's to establish the baseline economy for the comparison with the "alternative" economy; if so, this appears to ignore the irregular, actual federal harvest levels which have exceeded 10 mmbf on occasion during those 30 years. If the 10 mmbf figure is not used as a baseline and run forward from the 1980's, then, instead, the 24.7 mmbf "differential" is bogus, as in many years the BNF sold more than 10 mmbf.

None of the above criticism is relevant if the report's methodology was in fact simply to apply a multiplier to the latest economic figures, to arrive at the hypothetical impacts from an additional 24 mmbf of harvest. If that is in fact the case, it could have been done quickly and at minimal cost by any competent analyst using publically available data.

The report states early on that **not all the timber jobs and forest products income will accrue to Ravalli County**, but the analysis attaches all the "lost" income, population, etc., to the county. It also ignores the inconvenient fact that, while not all the "benefits" of increased harvests accrue to Ravalli County, all of the environmental degradation and other impacts certainly do, with consequent impacts on recreation employment, quality of life, public safety, degradation of county roads, public safety, public health, and other measures.

It asserts conclusions far beyond the actual scope of the study, positing that "had timber harvests continued at late 1980s levels, more of the wood products industry in Ravalli County would have survived and as a result, the overall economy would have more jobs, income and population today;" and "the economy with decreased timber harvests is smaller." Both conclusions are far beyond the scope of this study, in that they fail to take into account not only the possible negative effects from increased harvests, but also the full range of other economic drivers over the last 30 years in Ravalli County. Transfer

income, for example, might actually have declined under the higher harvest scenario, as people who would have been attracted by our environmental quality instead chose another place to live.

An equally likely possibility is that the Ravalli County economy has **grown faster and diversified more** due to the shrinking federal timber supply. We might, in fact, be **better off** due to a reduced federal timber supply, but that, too, is beyond the scope of this report to say. Until proven otherwise, however, it is just as likely an outcome as the outcome projected in the report.

Readers of the report are therefore cautioned that the “lost” jobs, “decreased” income and employment, and population “declines” are all outputs of a limited model, not real events; they are based on speculation and conjecture, artful sophistry disguised as fact.

One of the values implicit in the report’s conclusion is that “more” is “better” – more people, more resource extraction-based jobs. That is not a legitimate assumption, particularly in a county with

- no comprehensive land use planning;
- a shift toward knowledge-based jobs where a healthy environment is more important than resource extraction; and
- chronically insufficient public resources to deal with the issues associated with a larger population – public safety, public health, human services, etc.

The one conclusion from the report that we can whole-heartedly embrace is this: “Since the majority of timber currently harvested in Ravalli County is processed outside the county, efforts to increase the volume of timber harvested by the BNF would not be likely to return the full economic benefits generated by the industry of the past. Furthermore, it is unlikely that significant investments to replace the milling infrastructure that existed in the 1980s will be made.”

In other words: you can’t turn back the clock, and even if harvest levels nudge upwards, the full “benefits” won’t accrue to Ravalli County, while the environmental and other impacts will, many of which will have negative impacts on local taxpayers.

We also agree with the BBER's conclusion that "Federal forest treatments to reduce fire danger and restore the overall health of the county's forested ecosystems are of great value and should continue," as long as they are based on the best available science, that fuel management treatments are focused on the wildland/urban interface, and that "forest health" recognizes the value of old-growth stands, wildlife, clean water, recreation, and the other amenities provided by a healthy forest.

When this report was presented, the county commissioners justified its cost as providing critical inputs to the "Customs & Culture" section of a revised Natural Resource Policy – although that purpose was never mentioned in the public agenda when the report was commissioned. Further, the authors never address the suitability of the report for that purpose, and it's likely that they never contemplated such a use for their work, as neither word appears in it, not even once.

With regard to "Custom & Culture": Bitterrooters for Planning contends that it is the custom and culture of the Bitterroot Valley to adapt to changing circumstances. For instance, it was once our custom to hype orchard properties to rich easterners, until the "Apple Boom" succumbed to the realities of geography and climate; it was once our custom to ship trainloads of sugar beets, until that industry shifted to cane sugar; it was once the custom for nearly every retail business in the valley to have video rentals as a sideline.

With regard to timber, specifically: in the 1890's it was the local "custom" to steal federal timber, and that's what led, in part, to the creation of the US Forest Service in the first place. The first ranger station in the nation, at Alta, was put in place in part to deter timber poaching. In the 1960's, it was the "culture" of the USFS to "get the cut out," far beyond the forest's ability to sustain, and to terrace the mountainsides in hopes of regenerating damaged slopes, never mind the resultant sediment load in the river, and other disastrous effects. That led to the 1970 Bolle Report mentioned in the BBER report, which in turn led to the legislation, also documented in the BBER report, to rein in such abuses.

It would be an expensive mistake to use this work of speculative fiction as the basis for establishing the "Custom and Culture" of Ravalli County, particularly if the Natural Resource Policy is then used in an attempt to justify higher harvest levels on the Bitterroot National Forest. The greater narrative, and the more relevant one going forward, is Ravalli County's continuing ability to adapt

and diversify in the face of changing circumstances, and even in the face of resistance from its political “leadership.” We need our county commissioners to tear their gaze away from the rear-view mirror, and instead to look ahead – and perhaps even to plan for? – the future that is rapidly evolving, with or without them.