



The Florida Legislature

OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT ACCOUNTABILITY



SUNSET MEMORANDUM

Report No. 07-S23

Department of Agriculture and Consumer Services Division of Forestry Legislative Options

January 8, 2008

Summary

To support the Sunset Review process, the Legislature directed OPPAGA to examine the Department of Agriculture and Consumer Services.¹ This memo focuses on the department's Division of Forestry and its purpose, organization, responsibilities, resources, and performance. The memo also offers options for legislative consideration for addressing the division's fire suppression equipment needs and for reducing its reliance on general revenue funding.

OPPAGA developed two options the Legislature may wish to consider for addressing the Division of Forestry's fire suppression equipment needs including exploring new funding and purchasing mechanisms. OPPAGA also developed two options for the Legislature to consider for reducing the division's reliance on general revenue funding: raising fees and assessments for some functions and eliminating program services available from private entities. For each option, we describe advantages and disadvantages.

¹ Sections 11.901-11.920, *F.S.*

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Purpose, Organization, and Responsibilities

The purpose of the Department of Agriculture and Consumer Services' Division of Forestry is to promote the sound management and protection of Florida's forested lands, which comprise nearly half (47%) of the 34.6 million acres of land in the state. The division also manages over 1.5 million acres of state-owned forest lands, and provides management assistance to other custodians of forested lands such as federal, state and local agencies, and private landowners. It is also responsible for preventing, detecting and suppressing wildfires in Florida, whether they occur on public or private lands.

The division comprises two major programs.

- **The Land Management Program** is responsible for managing 33 state forests as well as over 500,000 acres of forest land owned by other state agencies and water management districts. It manages state lands under a multiple-use concept, which involves cooperative management of timber production, wildlife habitat, recreation, archeological and historical sites, and water quality.² It also promotes forest stewardship among private and public landowners through grant-in-aid and technical assistance programs.
- **The Wildfire Prevention and Management Program** is responsible for protecting the state from wildfires by engaging in fire detection activities and maintaining fire fighting crews and equipment in 15 field units located throughout the state. The crews, working on both public and private lands, suppress fires and perform fire prevention activities such as plowing firelines and conducting prescribed burns.³ The program also provides leadership in coordinating and allocating resources during large-scale fire emergencies. In this role, it enters into cooperative resource-sharing agreements with federal, state, and local government agencies to ensure that mechanisms are in place for requesting and providing assistance when fire fighting resources need to be mobilized. In addition, during declared emergencies due to the danger of wildfires, all of the state's firefighting resources are placed under the division's authority.

Resources

The Legislature appropriated \$109.6 million and 1,285.5 positions for the Division of Forestry for Fiscal Year 2007-08. Exhibit 1 shows that the Land Management Program is funded primarily by trust funds, and the Wildfire Prevention and Management Program is primarily funded by general revenue. While the Legislature appropriates separate funding and positions for land and wildfire management, division staff and equipment are used by both programs.

² Section 253.034(2)(a), *F.S.*

³ Section 590.01, *F.S.*, directs the division to promote natural resource management and fuel reduction through the use of prescribed fire and other fuel reduction measures.

Exhibit 1

The Legislature Appropriated \$109.6 Million to the Division of Forestry for Fiscal Year 2007-08

Program	General Revenue	Trust Funds	Total	FTEs
Land Management	\$10.7	\$39.4	\$50.1	514
Wildfire Prevention and Management	42.7	16.8	59.5	771.5
Total	\$53.4	\$56.2	\$109.6	1285.5

Source: Chapters 2007-72 and 2007-326, *Laws of Florida*.

Performance

As shown in Appendix A, the Division of Forestry met the approved standards for 5 of its 12 legislatively mandated performance measures for Fiscal Year 2006-07, the most recent year for which performance data is available.

Land Management. In Fiscal Year 2006-07, the division met the approved standards for three of the five land management performance measures. For example, the department reported that 63% of state forest timber-producing acres were adequately stocked and growing, which exceeded the approved standard of 61%. Further, it reported managing 1,016,029 acres of state forest lands, which exceeded the standard of 1,007,000 acres.

However, as shown in Appendix A, the division did not meet its standard for the number of hours spent providing forest-related technical assistance to non-industrial private landowners and public land management agencies.⁴ The department explained that its performance was adversely affected by division staff dealing with an increase in wildfires and other public emergencies. Since division staff work on both land management and wildfire activities, an increase in the amount of time spent on dealing with wildfires reduces the time that can be spent on land management activities.

It should be noted that the division's approved performance measures do not provide information on the condition of the state's forest lands. To address this issue, OPPAGA's December 2007 Sunset Memorandum on State Conservation Lands recommended that state land management agencies, including the Department of Agriculture and Consumer Services, the Department of Environmental Protection, and the Fish and Wildlife Conservation Commission, jointly develop a system to assess and rate the condition of state-owned lands. For example, measures should be developed to assess the attainment of restoration goals and the control of invasive species. Such measures would provide better information on the results of the division's land management activities.

Wildfire Prevention and Management. In Fiscal Year 2006-07, the division met the approved standards for two of the six performance measures related to wildfire prevention and management. For example, the department reported that 4,634 wildfires were detected and suppressed, which exceeded the approved standard of 4,025 wildfires. It also spent 3,975 hours responding to emergency incidents other than wildfires.

⁴ Providing forest management services to non-industrial private landowners is a strategy to sustain the overall health of Florida's forests, and encourage practices that reduce the number and severity of wildfires and associated firefighting costs.

However, the division did not meet its standards for the number of wildfires caused by humans, the number of acres authorized to be burned through prescribed burning, the percent of acres of protected forest lands not burned by wildfires, and the percent of threatened structures not burned by wildfires (see Appendix A). The department explained it did not meet these standards because of drought conditions that fostered wildfires and reduced opportunities for conducting prescribed burns. Nevertheless, it should be noted that the division's performance in Fiscal Year 2006-07 represented an improvement over the prior year's performance in certain areas. For example, the percentage of wildfires caused by humans decreased from 82% in Fiscal Year 2005-06 to 74% in Fiscal Year 2006-07.

Program Need

The activities performed by the Division of Forestry serve the public by providing protection from wildfires throughout Florida. These services are needed because local fire departments often lack the appropriate resources such as bulldozers and expertise to fight wildfires. Eliminating the division's wildfire protection services could result in increased property damage and potential loss of life. The division also manages state-owned forestlands that provide outdoor recreational opportunities to Florida residents and tourists. Accordingly, it would not be in the state's best interest to eliminate the division and its programs. However, as discussed below, the Legislature may wish to consider options to reduce the division's reliance on general revenue funding and eliminate some services it provides to private landowners that are also available from the private sector.

Options for Addressing the Division of Forestry's Fire Suppression Equipment Needs

The Division of Forestry owns major fire suppression equipment including helicopters, fixed wing aircraft, bulldozers, tracked carriers, and fire plows that are used to fight wildland fires, and replacing worn out and aged equipment is an ongoing concern. As shown in Exhibit 2, the department reports that 32% of its major firefighting equipment currently exceeds replacement criteria.

Due to the large amount of funds (currently \$37.6 million) that would be needed to replace major equipment that exceeds replacement criteria, the department requests funding in its Legislative Budget Requests for replacing the most critical equipment whose costs in terms of operation, repairs, and downtime has become excessive. In Fiscal Year 2007-08, the Legislature appropriated \$6.55 million to the division for fire suppression equipment.

Recognizing the state's current revenue shortfall, the Legislature may wish to modify its method for funding replacement of the division's firefighting equipment. The current approach of appropriating general revenue for equipment replacement can result in a large replacement backlog in tight budget years, which can lead to higher equipment repair costs, less dependable equipment, and ultimately a large upfront capital commitment to replace equipment when it is no longer functional.

Exhibit 2

Thirty-two Percent (32%) of the Department of Agriculture and Consumer Services' Major Fire Suppression Equipment Exceeds Replacement Criteria

Type of Equipment		Number Owned by the Department	Number Needing Replacement ¹	Percent Needing Replacement
Aircraft and Helicopters ¹	Helicopters	9	3	33%
	Fixed-wing Aircraft	22	14	64%
Motor Vehicle Equipment	Brush Patrols	78	17	22%
	Type VIII Engines	443	108	24%
	Bulldozers	276	108	39%
	Tracked Carriers	20	3	15%
	Transports	260	61	23%
	Truck Tractors	45	10	22%
	Lowboy Trailers	37	8	22%
	Mechanics Trucks	31	12	39%
	Fire Plows	306	147	48%
Total		1,527	491	32%

¹ The Department of Management Services establishes replacement criteria for motor vehicle equipment that are based on age and number of hours of use. For aircraft and helicopters, Division of Forestry staff annually assess the condition of equipment to determine replacement needs. Equipment in usable and workable condition can continue to be used even though the replacement criteria have been exceeded, provided that the equipment can be safely used or operated without excessive maintenance costs.

Source: Florida Department of Agriculture and Consumer Services.

We assessed two options the Legislature may wish to consider for addressing the department's long-term need for fire suppression equipment. These are directing the department to develop a staged replacement plan for its major equipment, and using the Consolidated Equipment Financing Program to finance the purchase of replacement equipment. Exhibit 3 summarizes these policy options and describes the advantages and disadvantages associated with each.

Develop a staged equipment replacement plan

The Legislature may want to direct the department to develop a staged replacement plan for its major equipment. As part of this plan, the Division of Forestry would project its equipment replacement needs based on expected life cycles, usage levels, and operating and maintenance costs. The Legislature and the department could then use this staged replacement plan to predict the level of annual funding that would be needed to maintain dependable fire suppression equipment. This would be a more systematic method of projecting funding needs than the division's current approach, in which it annually assesses the condition of its equipment and requests funding for replacement of items it deems most critical. This process can result in highly variable funding requests. While the Legislature would not be committed to funding replacement of equipment based strictly on the plan, it would provide the Legislature with a benchmark for measuring progress in meeting long-term equipment needs and could result in more dependable equipment with fewer repair costs and also help avoid situations in which the division would need to replace a large amount of obsolete or worn-out equipment in a short period of time.

Use the consolidated equipment financing program to finance the purchase of replacement equipment

As funding allows, the Legislature may wish to consider having the department use the Florida Consolidated Equipment Financing Program administered by the Department of Financial Services to acquire major fire suppression equipment. This program provides agencies with a line of credit to make purchases, and agencies then make annual payments for up to a five-year period to retire the loan. Using this program would allow the division to purchase equipment with a lower initial outlay of state funds and meet critical equipment replacement needs that cannot be met with currently available appropriations. However, this option would require an ongoing commitment to repay the loans and would incur financing charges that would result in a higher overall cost.

**Exhibit 3
 The Legislature Could Consider Several Options for Addressing the Division’s Major Fire Suppression Equipment Needs**

Option	Advantages	Disadvantages
Develop a Staged Equipment Replacement Plan		
Develop a staged approach to equipment replacement to provide the Legislature a framework for making funding decisions based on projected equipment use and costs	<ul style="list-style-type: none"> ▪ Future funding needs would be more predictable. ▪ Over time, could result in a more evenly aged fleet of fire suppression equipment ▪ Could help avoid major fluctuations in capital funding of equipment purchases ▪ Could help control equipment maintenance costs 	<ul style="list-style-type: none"> ▪ Could be challenging to identify sufficient annual funds to meet planned equipment replacement
Use the Consolidated Equipment Financing Program to Finance the Purchase of Replacement Equipment		
Use the Florida Consolidated Equipment Financing Program, administered by the Department of Financial Services, to purchase equipment. The program provides a line of credit with repayment terms of up to five years to purchase equipment at low interest rates.	<ul style="list-style-type: none"> ▪ Could help meet the state’s current fire suppression equipment replacement needs with a lower initial outlay of state funds ▪ Would provide protection from future equipment price increases 	<ul style="list-style-type: none"> ▪ Requires on-going funding to make annual loan repayments ▪ Financing charges would result in a higher overall long-term cost for acquiring equipment

Source: OPPAGA analysis.

Options for Reducing Reliance on General Revenue Funding

While the Division of Forestry does not administer regulatory programs, it does provide services that are funded, in part, by general revenue (\$53.4 million) in addition to fees and assessments. If the Legislature wished to reduce general revenue funding for the division, it could consider increasing fees and assessments and eliminating some division services that are available from the private sector. Exhibit 4 summarizes these policy options and describes the advantages and disadvantages associated with each.

Increase fees and assessments for some functions

The Division of Forestry generates revenues from charging day use and camping fees at state forests, harvesting timber, selling tree seedlings from a division-administered nursery, and providing fire prevention services to private sector landowners. It also receives assessments from local governments to help defray the cost of providing wildland fire protection and land management assistance. Additional revenues could be generated by raising some fees and assessments, which would reduce the division's reliance on general revenue funding.

Increase recreational fees. One approach that could help reduce the division's reliance on general revenue would be to implement a variable fee structure for recreational uses of state forests. This could be done by authorizing the division's local forest managers to select recreation activities and set fee levels. For example, higher fees could be charged for higher use recreation areas, or for activities that require ongoing maintenance such as repair of damaged roads or trails. A prior OPPAGA report concluded that providing state forest managers more discretion over recreational fees could generate an estimated \$750,000 to \$1.5 million per year in additional revenues.⁵

The division could also establish a variable fee structure for camping in state forests similar to the one used by the Department of Environmental Protection's State Parks Program. The division currently charges a camping fee of \$15 per night for sites with water and electricity in all state forests. In contrast, state park camping fees range from \$12 to \$38 per night, depending on the location of the park.

Increase county assessments and/or private landowner cost shares. The Legislature may wish to consider increasing county fire protection and land management assessments, which serve as cost-sharing mechanisms for statewide fire protection and land conservation. The current county fire suppression assessment is three cents per acre, which has not been changed since 1935. This assessment is lower than the assessments imposed by other southeastern states such as Alabama (ten cents per acre) and Georgia (four cents per acre). Increasing Florida's county assessment to the level imposed by Alabama would generate an additional \$1.5 million per year while an increase to Georgia's assessment level would generate an additional \$218,650.⁶

In addition, the Legislature may wish to consider increasing county and private landowner contributions to the division's county forester function. County foresters provide land management advice to stimulate the production of timber while encouraging the wise use of forestlands and

⁵ *Forest Protection Program Meets Most Standards; Could Achieve Further Savings*, OPPAGA [Report No. 01-36](#), August 2001.

⁶ Estimates are based on 2006 projections of forest acreage.

improving the beauty of urban and suburban areas.⁷ The county contribution of \$3,000 per year has not been increased since 1963. A prior OPPAGA review found that the \$3,000 contributions paid by 39 participating counties covered only 6% of the costs of the county forester function.⁸ Increasing the county contributions to cover 40% of the cost of the positions would restore a cost share similar to the one that existed when the positions were initially established. Alternately, the Legislature could either discontinue appropriating funds to support these positions, or direct the division to establish an appropriate fee for providing services to private landowners. Counties that wished to continue these positions could support them from local revenues.

Eliminate services that can be provided by the private sector

The Legislature may wish to consider reducing division services that are available from the private sector. The Division of Forestry currently provides land management planning services that are also available in the marketplace, and operates a nursery that grows and sells seedlings.

Land management planning services. One of the roles of county foresters is to provide technical assistance to private landowners. Since the creation of this function in 1941, many of the services provided by these foresters have become available from the private sector. In addition, assistance with developing land management plans is available to some private landowners through the federal Forest Stewardship Program. However, county foresters continue to provide advice in areas such as timber production and managing forests for hunting for landowners with smaller acreage. There can be a high demand for this service in counties that require landowners to have a forest management plan on file in order for their lands to be granted agricultural classification, and thus qualify for a “green belt” tax assessment.⁹ It is likely that the private sector, which offers similar services to larger landowners, could meet this market demand.

A prior OPPAGA report estimated that eliminating the Division of Forestry’s role in providing most land management planning services for private landowners would save over \$1 million annually. The Legislature could direct the Division of Forestry to provide current estimates of the cost of providing these services, which would assist the Legislature in making a decision about reducing the county forester role in developing land management plans and encouraging the private sector to assume this function.

State nursery. The Division of Forestry operates the Andrews Nursery in Chiefland, Florida to produce bareroot pine seedlings for reforestation efforts in Florida. The seedlings are for planting in state forests, and are also available for sale to non-industrial private landowners, corporate landowners and state and federal agencies. As private sector nurseries provide similar services, the Legislature may wish to consider discontinuing support of the state nursery. The Legislature may also wish to direct the department to prepare a cost and benefit analysis of nursery operations, and justify its continued involvement in operating a nursery.

⁷ Section 589.28, F.S.

⁸ *Forest Protection Program Meets Most Standards; Could Achieve Further Savings*, OPPAGA Report No. 01-36. August 2001.

⁹ Pursuant to s. 193.461, F.S., (Florida’s “Greenbelt Law”), forested land is included in the definition of “agricultural purpose” that qualifies land to be assessed based on the agricultural value of the land instead of its value for development.

Exhibit 4
Options for Reducing the Division of Forestry's Need for General Revenue Funds

Option	Advantages	Disadvantages
Increase fees and assessments for some functions		
Increase recreational fees	<ul style="list-style-type: none"> ▪ Increasing recreational fees would reduce the need for general revenue to support land management functions ▪ A variable fee structure would allow the department to charge higher fees for activities with higher maintenance requirements 	<ul style="list-style-type: none"> ▪ Higher fees may result in a lower demand for recreational services ▪ Increased fees could be a barrier to participation by lower income citizens
Increase county fire suppression assessments	<ul style="list-style-type: none"> ▪ Would reduce the need for general revenue to support wildfire suppression functions ▪ Since fees have not been modified since 1935, an increase would more closely align county contributions with current costs 	<ul style="list-style-type: none"> ▪ Would create a new financial obligation for local governments
Increase county and private owner cost share for county foresters, or eliminate state funding for positions	<ul style="list-style-type: none"> ▪ Would help cover the cost of salaries for these foresters, who primarily serve local purposes ▪ Establishing fees for private landowners would help fund the county forester positions, and avoid unfairly competing with private sector foresters who provide similar services ▪ Counties that see value in county forester services could assume responsibility for funding if state contribution were decreased or eliminated 	<ul style="list-style-type: none"> ▪ Counties may not be willing to pay increased fee ▪ Private landowners may be less likely to implement good land management practices if they had to pay more for services ▪ May affect the state's ability to prevent wildland fires
Eliminate services that can be provided by the private sector		
Eliminate providing land management planning services that are available from private sector foresters	<ul style="list-style-type: none"> ▪ Would avoid competition with private sector foresters who provide similar services 	<ul style="list-style-type: none"> ▪ May hinder state's ability to detect pest and disease outbreaks in forested land, as state employees would no longer be present in these areas ▪ Private consultants may not be interested in providing services to small landowners ▪ Private consultants may focus on managing for a profit, while state foresters promote good stewardship of the land ▪ May affect the state's ability to prevent wildland fires
Eliminate the state nursery	<ul style="list-style-type: none"> ▪ Reducing the states role in producing seedlings could stimulate private sector activity 	<ul style="list-style-type: none"> ▪ Obtaining seedlings from private providers could result in higher costs for reforesting state forest lands

Source: OPPAGA analysis.

Appendix A

The Division of Forestry Met Standards for 5 of 12 Performance Measures in Fiscal Year 2006-07

In the table below, the program's performance measures that met standards in Fiscal Year 2006-07 are shown in the shaded rows.

Land Management

	Actual Performance Fiscal Year 2006-07	Standard Fiscal Year 2006-07
Percent of state forest timber producing acres adequately stocked and growing	63%	61%
Number of acres of state forests managed by the department	1,016,029	1,007,000
Number of hours spent providing forest-related technical assistance to non-industrial private landowners	30,817	32,000
Number of hours spent providing forest-related technical assists to public land management agencies	9,152	13,300
Number of state forest visitors served	909,122	650,000

Wildfire Prevention and Management

	Actual Performance Fiscal Year 2006-07	Standard Fiscal Year 2006-07
Percent of acres of protected forest and wildlands not burned by wildfires	98.6%	99.12%
Percent of threatened structures not burned by wildfires	85.6%	98.5%
Number/percent of wildfires caused by humans	3,309/74%	3,200/78%
Number of wildfires detected and suppressed	4,634	4,025
Number of acres authorized to be burned through prescribed burning	1,824,604	2,300,000
Number of acres of forest land protected from wildfires	25,380,158	25,380,158
Number of person-hours spent responding to emergency incidents other than wildfires	3,975	3,000

Source: OPPAGA analysis of information provided by the Florida Department of Agriculture and Consumer Services.