

LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor
Monica Huyg, Legal Counsel



Deputy Legislative Auditors:
James Gillett
Angie Grove

MEMORANDUM

TO: Legislative Audit Committee Members

FROM: Angie Grove, Deputy Legislative Auditor

CC: Mary Sexton, Director, Department of Natural Resources and Conservation
Bob Harrington, Administrator, Forestry Division

DATE: September 2009

RE: Performance Audit Follow-up 09SP-14: Prioritizing Forest Fuels Reduction Projects (orig. 06P-13)

ATTACHMENTS: Original Performance Audit Report Summary: Prioritizing Forest Fuels Reduction Projects

Introduction

In July 2007, we presented our performance audit, *Prioritizing Forest Fuels Reduction Projects*, to the Legislative Audit Committee. The audit made one recommendation to the Department of Natural Resources and Conservation (DNRC) to improve how DNRC coordinates and funds statewide fuels reduction activities. In June 2008, we conducted initial follow-up work to determine the implementation status of this recommendation. At that time, DNRC was in the process of implementing the report recommendation. At the same time, the Fire Suppression Interim Committee was reviewing wildland fire issues. The Committee's efforts included an examination of fuels reduction activities and several bills were being drafted regarding the wildland urban interface (WUI), fuels reduction, and other land management issues which related to the audit recommendation. As a result, follow-up work was postponed until the end of the 2009 Legislative Session. This allowed DNRC additional time to implement the recommendation and incorporate any legislation passed during the legislative session regarding fuels reduction activities.

Overview

The audit recommended DNRC develop criteria to coordinate and fund statewide fuels reduction activities by focusing on areas of greatest risk, using local land-use planning and in-house information, and improving the consistency of locally supplied fuels information. The department has implemented the recommendation by making several changes to its Fuels Reduction Program. In addition, four pieces of legislation were passed during the 2009 Legislative Session which related to the audit recommendation and DNRC's fuel reduction activities.

Background

DNRC is responsible for protecting Montana's resources from wildfires. It accomplishes this task by supporting fuels reduction activities on state and privately owned lands, managing state trust lands, and ensuring compliance with the Hazard Reduction Act. The federal government is the primary source of funding for fuels reduction projects. DNRC assists local governments and private landowners in acquiring federal grant funds by prioritizing projects and awarding the funds. Fuels reduction projects have received over \$9 million in federal funds over the last several years. However, the future of these funds are uncertain due to increasing pressure from other federal priorities which has raised concerns about the availability of funding local fuels reduction projects in Montana. Recent changes in federal policy also require the highest risk projects be funded. This change will result in more competition between states for limited amounts of federal funding to reduce forest fuels. As a result, our audit determined DNRC needed to improve its process for prioritizing fuels reduction projects to ensure Montana remains competitive in this arena.

Follow-up Audit Findings

The performance audit report included one recommendation to DNRC to improve how it coordinates and funds fuels reduction activities. The following summarizes the steps taken by DNRC to implement the recommendation. We have also summarized legislation passed during the 2009 Legislative Session that related to the audit recommendation.

Recommendation #1

We recommend DNRC develop criteria to coordinate and fund statewide fuels reduction activities that:

- A. Focuses efforts in areas of greatest risk as identified in regional and statewide fuels assessments.**
- B. Incorporates the use of local land-use planning practices and in-house information.**
- C. Requires the consistency of locally supplied fuels information.**

Implementation Status – Implemented

DNRC officials stated a forest fuels assessment and risk rating was incorporated into DNRC's spatial analysis program (SAP) to integrate it with other management concerns, such as sensitive species, forest health, and priority watersheds. Available data on the WUI boundary and fire risk assessments has also been integrated into the SAP as a data layer. This will be supplemented as DNRC implements SB131, requiring the agency to better define the WUI surrounding Montana communities (see the section regarding the 2009 Legislative Session for more information).

The Forestry Division also completed a reorganization to help improve coordination between fuels mitigation projects and other division forestry activities. The Fuels Mitigation Program was moved from the Fire and Aviation Bureau into the Forestry Assistance Bureau. This should improve coordination with other division forestry programs such as forest stewardship, forest health, biomass utilization and private forestry assistance. DNRC has also hired a new fuels reduction program coordinator to assist with coordination of fuels reduction projects. Additionally, DNRC officials indicated Montana is one of 17 western states included in a "West-Wide Assessment" of fuels, fire danger and other fire-related attributes. This project, expected to be completed by 2011, should result in an operable, interactive Geographic Information System program that will aid states in identifying high priority fuels treatment needs.

DNRC has also taken steps to improve integration of fuels mitigation projects with local planning practices, in particular with Community Wildfire Protection Plans, to help ensure the highest risk areas

receive priority when funding projects. Part of this process included hiring a part-time Geographic Information System (GIS) Specialist to survey Montana counties regarding their status on developing or updating their Community Wildfire Protection Plans. When completed, DNRC will make electronic copies available online on the department's website. The GIS Specialist will also collect data to help delineate the WUI and incorporate this information in the spatial analysis program. This information should assist in defining WUI boundaries surrounding Montana communities and help identify the state's fuels reduction priorities.

2009 Legislative Session

DNRC officials indicated there were four pieces of legislation passed during the 2009 Legislative Session that have potential impacts to the audit recommendation regarding fuels reduction projects.

SB131 - Require DNRC to Designate the Wildland-Urban Interface

This bill requires DNRC to identify and map the WUI in all 56 counties. To accomplish this, DNRC hired a part-time GIS Specialist to lead the effort to gather existing data on local efforts to define the WUI in conjunction with Community Wildfire Protection Plans. An estimated 50 percent of Montana counties currently have a defined WUI boundary identified in their Community Wildfire Protection Plan.

SB113 - State Land Fuel Reduction Pilot Program

This legislation provides the opportunity for DNRC to establish and implement a mechanized equipment fuels reduction pilot program, using private contractors, on state land that is located within the WUI. The purpose of the pilot program is to evaluate the feasibility of using privately contracted mechanized equipment for fuel reduction and fire suppression purposes on a long-term basis.

SB98 - Authorize Local Taxing Jurisdiction for Wildland Fuel Reduction Projects

This bill enables counties to impose a property tax levy for public or governmental purposes including "forest or grassland hazardous fuels reduction projects in areas near homes and communities where wildland fire is a threat." If implemented, counties may increase their ability to match federal fuels mitigation grant funding as required by most federal grants.

HB154 – Revise Use of the Fire Suppression Fund

This bill provides the option for unspent fire suppression funding (up to \$2 million) to be spent on fire prevention, fuel mitigation projects, and grants to purchase fire suppression equipment for county cooperatives.