LOGS IN THE ROAD: ELIMINATING FEDERAL RED TAPE AND EXCESSIVE LITIGATION TO CREATE HEALTHY FORESTS, JOBS AND ABUNDANT WATER AND POWER SUPPLIES

JOINT OVERSIGHT FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON WATER AND POWER

JOINT WITH THE

SUBCOMMITTEE ON NATIONAL PARKS, FORESTS AND PUBLIC LANDS

OF THE

COMMITTEE ON NATURAL RESOURCES
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OVERSIGHT FIELD HEARING ENTITLED "LOGS IN THE ROAD: ELIMINATING FEDERAL RED TAPE AND EXCESSIVE LITIGATION TO CREATE HEALTHY FORESTS, JOBS AND ABUNDANT WATER AND POWER SUPPLIES."

Monday, May 14, 2012
U.S. House of Representatives
Subcommittees on Water and Power, joint with the
Subcommittee on National Parks, Forests and Public Lands
Committee on Natural Resources
Montrose, Colorado

The Subcommittees met, pursuant to call, at 9:00 a.m., in Montrose Elks Civil Building, 107 South Cascade Avenue, Montrose, Colorado, Hon. Rob Bishop and Hon. Tom McClintock [Chairmen of the Subcommittee on Water and Power] presiding.

Present: Representatives Bishop, McClintock, and Tipton.

STATEMENT OF THE HON. TOM McCLINTOCK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. MCCLINTOCK. The Subcommittee on Water and Power, and National Parks, Forests and Public Lands, will come to order. I want to welcome all of you to today's hearing. I am Congressman Tom McClintock from Northern California. I am Chairman of the Water and Power Subcommittee. I am joined here today by Congressman Rob Bishop from Utah, the Chairman of the National Parks, Forests and Public Lands Subcommittee, and we are here today at the request—in fact, I might say the insistence—of Congressman Scott Tipton, who is also with us today.

[Applause.]

Mr. MCCLINTOCK. We are here today to take testimony on a hearing entitled "Logs in the Road: Eliminating Federal Red Tape and Excessive Litigation to Create Healthy Forests, Jobs, and Abundant Water and Power Supplies."

To begin today's hearing, I would like to defer to our distinguished colleague, Congressman Tipton, for a few introductions.

Congressman Tipton?

Mr. TIPTON. Thank you, Chairman McClintock. And I would also like to recognize and thank Chairman Bishop from Utah for being here as well. This is an important topic, I think, for all of us out of the Western states.

Mr. Chairman, today we are privileged to have the Montrose High School ROTC, led by Cadet Lieutenant Zach Gibson, and they will be posting the colors and lead us in the Pledge of Allegiance.

Gentlemen and ladies?

[Pledge of Allegiance.]

Mr. MCCLINTOCK. Thank you, Congressman Tipton.

We will now begin with 5-minute opening statements, beginning with mine.

Today's hearing has a ponderous title, but it is a national policy imperative. Eliminating Federal red tape and excessive litigation is, indeed, the only path to create healthy forests, jobs, and abundant water and power supplies.

I again want to thank Congressman Scott Tipton for his leadership on these issues and for pressing to have this field hearing conducted today here in Montrose, a community that bears the wounds of the "greens gone wild" policies of recent years.

An old forester——

[Applause.]

Mr. MCCLINTOCK. An old forester in my district summed up the problem we are here to assess very well when he said, "The excess timber is going to come out of the forest one way or the other. Either it is going to be carried out or it will be burned out, but it will come out."

A generation ago, we carried it out, and the result was a thriving economy and a healthy forest. But then a radical and retrograde ideology was introduced into our public policy, transforming sound forest management practices into what can only be described as benign neglect. The result is now clear and undeniable: economically devastated communities, closed timber mills, unemployed families, overgrown forests, overdrawn watersheds, jeopardized transmission lines, rampant disease and pestilence, and increasingly intense and frequent forest fires. That is the story of Montrose, Colorado and Saratoga, Wyoming, and of Quincy and Camino and Sonora, little towns in my district in California's Sierra Nevada Mountains, all once thriving and prosperous communities that have been devastated by these policies.

When the mills in my district closed in 2009, the owner made it very clear that although the economic downturn was a catalyst, the underlying cause was the fact that two-thirds of the timber they depended upon was being held up by environmental litigation. Despite the recession, they still had enough business to keep the mills open and to keep those families employed if the environmental left had not cut off the timber that those mills depended upon.

This is not environmentalism. True environmentalists recognize the damage that is done by over-growth and over-population, and they recognize the role of sound, sustainable forest management practices in maintaining healthy forests. No picture I have seen paints a more vivid case for returning to these sound and proven forest management practices than an aerial photo of the Fraser Experimental Forest in Colorado a few years ago that is often called the Red Hand of Death.

The areas of that forest consigned to benign neglect forms a dead zone that looks like a red hand. Overgrown and unmanaged, bark beetles found it easy pickings. That is what the so-called environmental movement has done to our forests. It is surrounded by green, thriving, healthy forest in which excess timber was properly harvested, and the remaining trees had enough room to grow strong enough to easily resist the infestation all around it.

Now, we are told there is not enough money for forest thinning, and yet we used to have no problems keeping our forests thinned

and healthy when we sold commercially viable timber. The problem is that if they take place at all, timber harvests today are restricted to small-diameter trees. I mean, can you imagine a fishery or wildlife policy limited to taking only the smallest juveniles of the species?

Meanwhile, we know that of the $53 million of so-called stimulus funds allocated to the Forest Service in Colorado, only $16 million was allocated to address the bark beetle infestation, while the remainder went to such dubious projects as a bird tour road and solar panels. Fortunately, from what I have seen, the American public has awakened to the ramifications of these policies and has had a bellyful of them, and it is in the process of replacing the politicians responsible for them. I believe we are on the verge of a new era when proven practices and common sense will replace the ideological extremism that has dominated our forest policy for the past generation.

I am particularly interested today in suggestions of what needs to be done legislatively and administratively to unravel the paralyzing tangle of litigation, over-regulation, and endless deliberation that have misguided our Federal agencies so far away from their public trust.

I want again to thank Scott Tipton for his indefatigable leadership on this issue, and Rob Bishop, Chairman of the Subcommittee with direct oversight over our forests, for his efforts over many years to combat and correct these policies. I think that because of his steady leadership, we are now on the verge of being able to change those policies and produce a new era of healthy and thriving forests, as well as prosperous and secure forest communities.

And with that, it is my honor to yield to the gentleman from Utah, Chairman of the Subcommittee on Forests, Mr. Bishop.

[Applause.]

[The prepared statement of Mr. McClintock follows:]

Statement of The Honorable Tom McClintock, Chairman, Subcommittee on Water and Power

Today's hearing has a ponderous title but it is a national policy imperative: "Eliminating Federal Red Tape and Excessive Litigation" is indeed the only path to "Create Healthy Forests, Jobs and Abundant Water and Power Supplies."

I want to thank Congressman Scott Tipton for his leadership on these issues and for pressing to have this field hearing conducted here in Montrose, a community that bears the wounds of the "Greens Gone Wild" policies of recent years.

An old forester in my district summed up the problem we are here to assess when he said, "The excess timber is going to come out of the forest one way or another. Either it will be carried out or it will be burned out. But it will come out."

A generation ago, we carried it out and the result was a thriving economy and a healthy forest. But then a radical and retrograde ideology was introduced into our public policy transforming sound forest management practices into what can only be described as benign neglect.

The result is now clear and undeniable: economically devastated communities, closed timber mills, unemployed families, overgrown forests, overdrawn watersheds, jeopardized transmission lines, rampant disease and pestilence and increasingly intense and frequent forest fires.

That is the story of Montrose, Colorado and Saratoga, Wyoming, of Quincy and Camino and Sonora (little towns in my district in California's Sierra-Nevada)—once thriving and prosperous communities that have been devastated by these policies.

When the mills in my district closed in 2009 the owner made it very clear that although the economic downturn was a catalyst, the underlying cause was the fact that 2/3 of the timber they depended upon was held up by environmental litigation.

Despite the recession, they still had enough business to keep the mills open—and to keep these families employed—if the environmental Left had not cut off the timber, those mills depended upon.

This is not environmentalism. True environmentalists recognize the damage done by overgrowth and overpopulation and recognize the role of sound, sustainable forest management practices in maintaining healthy forests.

No picture I've seen paints a more vivid case for returning to these sound and proven forest management practices than an aerial photo of the Fraser Experimental Forest in Colorado a few years ago that is often called the "Red Hand of Death." The areas of that forest consigned to benign neglect forms a dead-zone that looks like a "Red Hand." Overgrown and unmanaged, bark beetles found it easy pickings. That's what the so-called environmental movement has done to our forests.

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We're told that there isn't enough money for forest thinning, and yet we used to have no problems keeping our forests thinned and healthy when we sold commercially viable timber. The problem is that if they take place at all, timber harvests are restricted to small diameter trees. Can you imagine a fishery or wildlife policy limited to taking only the small, juvenile of the species?

Meanwhile, we know that of $53 million of so-called "stimulus funds" allocated to the Forest Service in Colorado, only $16 million was allocated to address the bark beetle infestation, while the remainder went to such dubious projects as a "bird tour road" and solar panels.

Fortunately, from what I have seen, the American public has awakened to the ramification of these policies and has had a belly-full of them—and it is in the process of replacing the politicians responsible for them. I believe we are on the verge of a new era when proven practices and common sense will replace the ideological extremism that has dominated our forest policy for the past generation.

I am particularly interested today in suggestions of what needs to be done legislatively and administratively to unravel the paralyzing tangle of litigation, over-regulation, and endless deliberation that have misguided our federal agencies so far from their public trust.

I again want to thank Scott Tipton for his indefatigable leadership on this issue, and Rob Bishop, Chairman of the sub-Subcommittee with direct oversight over our forests for his efforts over many years to combat and correct these policies. I think that because of his steady leadership we are now on the verge of being able to change those policies and produce a new era of healthy and thriving forests as well as prosperous and secure forest communities.

STATEMENT OF THE HON. ROB BISHOP, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. BISHOP. I thank you. Thank you, Congressman McClintock and Congressman Tipton. Thank you for the invitation to come here. I had a unique way of getting here last night, but thank you for the invitation anyway. It is great to be with you here in this historic building and see how you have renovated it to a very useful purpose. I thank you for having that opportunity.

We all know that the Mountain Pine Beetle has turned much of Colorado, not to mention forests throughout the entire West, into simply a sea of dead and dying trees. We are almost on the 20-year anniversary of this problem, and we are also on the anniversary of 20 years of the government's failed forest policies that have allowed this native insect to reach epidemic proportions. It has impacted what is now 40 million acres nationwide. That is almost 20 percent of our national forest system that is affected by it.

A sharp decline in forest management—and I should say because of aesthetic, not scientific reasons—has left these forests in an extremely unnatural and unhealthy state, the result of which has been a feeding frenzy for the beetle, but also dead trees for the rest of us. This is not a unique problem. We have had hearings this

year in South Dakota and California. We have visited in Montana and Oregon, my home state of Utah. The causes are all the same, and the solutions are all the same. You have to thin the trees.

The problem involves the danger of falling trees that stop recreation, utility right-of-ways. They threaten our power grid. They threaten our water quality. They have catastrophic impacts on the communities. In this state they have led to fire, which has caused loss of property and, unfortunately, loss of lives, and left a landscape that is, bluntly, ugly.

We can change courses, but if we do so, it will require that we are not impeded by inflexible regulations, impeded by frivolous lawsuits and appeals, and we have to have access to the areas, road access to our forest areas. There is also a unique and specific economic impact from all these decisions we have to make.

In sum, as I am sure we are going to hear from the witnesses that we have here today, active management is better for the forests, and it is better for the taxpayer, and especially given the billions we are now spending on fire suppression, it is better for our Western communities that are forced to play host to this Federal Estate.

I want to thank Representative Tipton for his leadership on this issue, inviting us and our Subcommittees to Montrose to see firsthand the impacts of this issue and the paths toward addressing it. I look forward to hearing from our witnesses today, and I thank them for showing up.

With that, Mr. McClintock, I turn it back to you.

[The prepared statement of Mr. Bishop follows:]

Statement of The Honorable Rob Bishop, Chairman, Subcommittee on National Parks, Forests and Public Lands

As many of you are witness to each day, the Mountain Pine Beetle has turned most of Colorado, not to mention pine forests throughout the West, into a sea of dead and dying trees. Sadly, decades of the federal government's failed forest policies have in part allowed this *native* insect to reach epidemic proportions that have impacted over three million acres in Colorado alone. Bark beetles have so far claimed over 40 million acres nationwide—equal to nearly 20% of the National Forest System.

A sharp decline in forest management has left these forests in an extremely unnatural and unhealthy state, the result of which has been a feeding frenzy for the beetles but only dead trees for the rest of us.

These forest conditions present a multitude of challenges to beneficial use of our national forests. The danger of falling trees threatens access both for management and recreation, utility right-of-ways, and correspondingly the integrity of the power grid, as well as water quality and supply. These forests also impose an overwhelming risk of catastrophic to mountain communities in addition to compounding the aforementioned threat to multiple-use.

Finally, and to be blunt, the sight of a dead landscape is simply unappealing to many who come to enjoy their public lands across the Rocky Mountain West.

Fortunately, we are in a position to change course on this issue. Active, scientific forest management—when not impeded by inflexible regulations and frivolous appeals and lawsuits—can begin the process of restoring our forests. This epidemic was decades in the making and will not be curbed overnight, but it is important to ensure that our federal land managers have the flexibility to implement forest management projects and utilize our partners to maintain infrastructure that is necessary to ensure the long term health and productivity of the land and natural resources that have been entrusted to their care. In sum, and as I'm sure we'll hear from some of our witnesses, active management is better for the forests, better for the taxpayer—especially given the billions now spent annually on fire suppression—and better for our western communities that are forced to play host to this federal estate.

I thank Representative Tipton for his leadership on this issue and for inviting our subcommittees to Montrose to see firsthand the impacts of this issue and the path towards addressing it. I look forward to hearing from our witnesses.

Mr. MCCLINTOCK. Thank you, Mr. Bishop.

And now I am pleased to recognize our host today, Congressman Tipton.

STATEMENT OF THE HON. SCOTT TIPTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. TIPTON. Thank you, Mr. Chairman.

If I may, I would like to extend our thanks to the City of Montrose staff, which has been able to put this room together for us: Lisa DelPiccolo, the City Clerk; David Spear, the Records and Communication Manager; Jeff Sheets, the Information Technology Manager; Carolyn Bellavance, the Executive Assistant; and Bill Bell, the City Manager. I certainly thank you all for helping us put this together.

[Applause.]

Mr. TIPTON. Chairman McClintock and Chairman Bishop, I would like to thank you for convening today's hearing and taking the time to be able to come to Montrose to hear from the constituents of the 3rd Congressional District and across the West on this critical issue.

Properly managing our national forests is critical to Western economies and to our livelihoods; a healthy, natural environment; and affordable, reliable power and water supplies. Many of our Western national forests are currently threatened by unhealthy conditions, the bark beetle infestation that increases susceptibility to wildfire and damage wildlife habitat. These problems threaten lives and impact valuable jobs in the timber, energy and recreation industries, as well as countless indirect jobs in related industries. Increased fire risk also threatens Western water quantity and quality, and the generation and transmission of electricity. Through prudent forest management and the ability to access and actively manage timber resources, communities can support jobs that depend on valuable and viable timber industries.

Effective forest management fosters healthy forests, protects against wildfires, and safeguards the natural beauty and tourism draw the Western states provide, while maintaining dependable water and power supplies.

In 2010, Senator Mark Udall wrote the USDA Secretary Vilsack requesting that the Forest Service conduct a full review of the Mountain Pine Beetle outbreak to be able to determine what more can be done and what additional tools may be needed to be able to respond to the 2010 outbreak, and future outbreaks as well.

I would like to thank Senator Udall for his continued attention and commitment to this matter.

In the report produced in response to the Senator's request, the Forest Service cites routine litigation of Forest Service action approving timber harvesting and active management, drought, lack of allocation of resources to timber management, limited access to areas due to the inability to provide access roads and Federal land designations such as wilderness which precludes forest treatment,

as the primary contributing factors to the rampant bark beetle outbreak. The report also highlights the commercial thinning to reduce stand density in advance of the outbreak did not keep pace with the rate of the bark beetle infestation spread.

In Region 2 of the Forest Service, the timber industry has declined by 63 percent since 1986, according to the Forest Service report. It is time that we take active steps to be able to address the bark beetle epidemic and to partner with responsible stewards of our natural resources in the private sector who are willing to solve it. This will put people back to work.

For far too long, short-term solutions have been put forward which fall far short of addressing the long-term problem and remedies are being applied to broad, sweeping infestations. The 2002 Hayman fire, the largest in Colorado history, burned over 138,000 acres, costing nearly $40 million in fire-fighting costs, destroying 133 homes and forcing the evacuation of better than 5,300 individuals. This catastrophic event could very well happen again if our forests are left to burn; and, in fact, we are recently reminded of the dangerous risk of wildfire that Colorado faces.

As the summer season approaches, the probability of wildfire increases even further. It is my hope that this hearing on the interconnected issues of forest management will help highlight the problems that led to these conditions and lead to solutions that will reverse some of the damage that has been done, and help avoid similar catastrophes in the future.

Thank you, and I yield back.

[The prepared statement of Mr. Tipton follows:]

Statement of The Honorable Scott R. Tipton, a Representative in Congress from the State of Colorado

Thank you Chairman McClintock and Chairman Bishop for convening today's hearing and taking the time to come to Montrose to hear from constituents of the 3rd Congressional District and across the West on this critical issue.

Properly managing our national forests is critical to western economies and livelihoods, a healthy natural environment, and affordable, reliable water and power supplies. Many of our western national forests are currently threatened by unhealthy conditions and bark beetle infestation that increase susceptibility to wildfire and damage wildlife habitat. These problems threaten lives and impact valuable jobs in the timber, energy, and recreation industries as well as countless indirect jobs in related industries. Increased fire risk also threatens western water quantity and quality and the generation and transmission of electricity.

Through prudent forest management and the ability to access and actively manage timber resources, communities can support jobs that depend on a viable timber industry. Effective forest management fosters healthy forests, protects against wildfires, and safeguards the natural beauty and tourism draw that western states provide while maintaining dependable water and power supplies.

In 2010, Senator Mark Udall wrote to USDA Secretary Vilsack requesting that the Forest Service conduct a full review of the mountain pine beetle outbreak to determine what more can be done and what additional tools may be needed to respond to the 2010 outbreak and future outbreaks as well. I want to thank Senator Udall for his continued attention and commitment to this matter. In the report produced in response to the Senator's request, the Forest Service cites routine litigation of Forest Service action approving timber harvesting and active management, drought, lack of allocation of resources to timber management, limited access to areas due to the inability to provide access roads, and federal land designations such as Wilderness which precludes forest treatment, as the primary contributing factors to the rampant bark beetle outbreak. The report also highlights that commercial thinning to reduce stand density in advance of the outbreak did not keep pace with the rate of the bark beetle infestation spread.

In Region 2 of the Forest Service, the timber industry has declined by 63% since 1986 according to the Forest Service report. It is time that we take active steps to address the bark beetle epidemic and partner with the responsible stewards of our natural resources in the private sector who are willing to solve it, while putting people back to work. For too long, short term solutions have been put forward which fall short of addressing a long term problem, and small scale remedies applied to broad sweeping infestation.

The 2002 Hayman Fire, the largest in the Colorado's history, burned over 138,000 acres, cost nearly $40 million in firefighting costs, destroyed 133 homes and forced the evacuation of 5,340 people. This catastrophic event could very well happen again if our forests are left to burn and, in fact, we were very recently reminded of the dangerous risk of wildfire that Colorado faces. As the summer season approaches, the probability of wildfire increases even further. It is my hope that this hearing on the interconnected issues of forest management will help highlight the problems that led to these conditions and lead to solutions that reverse some of the damage that has been done, and help avoid similar catastrophes in the future.

Mr. MCCLINTOCK. Thank you, Congressman.

[Applause.]

Mr. MCCLINTOCK. Before I recognize today's witnesses, I would like to urge those in attendance to submit their own testimony for the record, since we are obviously limited in how many witnesses we can hear today. You can do so by filling out your thoughts on the paper at the table, or please see one of our staff members on how to submit comments electronically.

Could you guys raise your hands so people can see where you are?

They are staff members. Oh, they are right over here.

We will now hear from our panel of witnesses. Each witness' written testimony will appear in full in the hearing record, so I would ask that witnesses keep their oral statement to 5 minutes, as outlined in our invitation letter to you and under Committee Rule 4(a).

I also want to explain how our timing lights work. When you begin to speak, our clerk will start the timer, sort of like driving. When there is a green light, you have all the time in the world. When you have 1 minute left, there will be a yellow light, which means talk very, very fast. And when it turns red, for God's sake, stop.

[Laughter.]

Mr. MCCLINTOCK. I would now like to recognize Ms. Nancy Fishering, the Vice President of the Colorado Timber Industry Association from Montrose, Colorado to testify.

STATEMENT OF NANCY FISHERING, VICE PRESIDENT, COLORADO TIMBER INDUSTRY ASSOCIATION, MONTROSE, COLORADO

Ms. FISHERING. Thank you, Chairman Bishop and McClintock, and Subcommittee members. Thanks also for the support of Colorado Representatives Scott Tipton and Mike Coffman and our senators who have devoted time to our issues.

My name is Nancy Fishering. I am an officer and board member of Colorado Timber Industry Association and have served since 1996.

Mr. BISHOP. Is your mic turned on, ma'am?

Ms. FISHERING. Is it on now?

Mr. BISHOP. That is better.

Ms. FISHERING. There you go. It said green. It still says green. Sorry.

I am also a contracted timber project manager for the Montrose Economic Development Corporation, who recognizes the jobs that are at stake here in Montrose in the timber industry.

I have worked in all seven of the national forests in Colorado, and as some of the comments of——

Mr. BISHOP. Ma'am, I am sorry. They are still having a hard time hearing. Can you pull that right up to your mouth? Now try it.

Ms. FISHERING. Now?

Mr. BISHOP. There you go.

Mr. MCCLINTOCK. I think we have it now.

Ms. FISHERING. Can I get my green light to start all over?

[Laughter.]

Mr. MCCLINTOCK. Yes, we will do that.

Ms. FISHERING. Five minutes is not very long.

[Applause.]

Ms. FISHERING. Thank you. OK.

I have worked in all seven Colorado national forests on behalf of or with the timber industry in Colorado. We have lost an estimated 6 million acres of trees. Out of that 40 million, 6 million in Colorado have died in the past 10 years. Current insect flights right around the Montrose area are at some unprecedented levels. We have been partners, however, with the Forest Service to strategically try to tackle these issues.

The good news from my point of view is we have had strong bipartisan support to keep a stable forest products budget line item. Thanks to you all for your support on that item. However, it is flat, and flat, as you know in today's rising diesel costs and other employment costs, means we are actually going downhill in terms of having the allocation of funds that we need to do the work on the ground.

We give credit to this region. We have been working very hard on the issues you all have raised. This region had the highest accomplishment in 2011 of all the regions in the United States, and this success occurred in spite of having the lowest, one of the lowest budget allocations for regions in the United States.

We embrace some of the new authorities that have been given to us, such as stewardship contracting, the Collaborative Forest Landscape Restoration Project. We participate as members in the collaborative network throughout Colorado. And while supporting all these new initiatives, I worry about this hodge-podge of laws that the Forest Service has to work under, which I believe affects their effectiveness.

We believe the existence of mills is very important to keep the costs down and to get more acreage treated. We need you to know that the Montrose Sawmill has been out of work for the past four weeks due to a timber supply, not because it is not out there, but we have spring break-up problems where you don't actually access the wood for certain times of the year.

It is currently in receivership also due to the economy. It isn't all because of Forest Service issues and the litigation that you

spoke to, but we are ready and poised to re-open the mill as these legal issues wind through the system.

But we need to keep this mill and the other mills in Colorado, and to do that we need the skills of our loggers, and we need to find the efficient projects. We need a predictable, even supply of sawlogs. You would think with all the forest health issues there would be plenty, but actually right now we are looking at a potential not enough sawlogs to keep the mills open in Colorado.

So for that reason, we have some suggestions. We would like to see an increase nationally on a Forest Service target for timber sales from 2.6 billion board feet to 3 billion board feet. This would allow to get us more of a—you need a budget, and then get the supply that the mills and the loggers need. 3 billion board feet sounds like a lot, but we have to keep in mind that there are 22 billion board feet growing every single year in our national forests. So we don't begin to put a dent in the problem.

We also need to salvage dead trees, but we can't forget the green trees. The viability of an industry is when these trees stand dead for too many years, you need some green, good saw timber to mix in with the dead, or we don't have an economical plan to go forward and to keep up with our investments.

Regionally, we look at allocations. We need an equitable allocation across the United States and across the states, and within our states, because a mill can't pick up and go every time a forest health bug goes in a different direction. The mill is in Montrose. It is fixed in one place. The mill in Delta is fixed in one place. We need to keep in mind the economics of how to keep the timber industry alive.

Last, we have a whole list of small efficiencies that we know that could get us more timber tomorrow for not a lot more dollars spent, and would reduce the cost for the Forest Service. We have many non-essential projects that we do in a timber sale project. We have road packages and we have extra side work that we do, and that is good when there is an economy that can afford to support that. But right now, we need to be boots on the ground. Loggers need to take all obstacles away because we have too many acres that we need to cover.

We need to use more of the Healthy Forest Restoration Act where they have streamlined judicial review, which helps us not get bogged down in appeals that take the timber off the table.

There is a newly authorized pre-decisional administrative objection process that got passed through the appropriations bill this year. However, it needs to be implemented yesterday if we are going to, again, cut into some of the obstacles that we have to getting timber projects up on the ground.

We would like to see each—if you took every single timber project that has already been through collaboration, that has already been through the NEPA analysis, you would find more timber available tomorrow if you maximized every single one of those projects.

I see my red light went on, so I just have to say thank you for the honor of being able to testify. A lot of details you just can't get into in 5 minutes.

Thank you.

[The prepared statement of Ms. Fishering follows:]

Statement of Nancy Fishering, Vice President,
Colorado Timber Industry Association

Thank you Chairmen Bishop and McClintock and subcommittee members. Thanks also for the support of Colorado Representatives Scott Tipton and Mike Coffman and our Senators who have devoted time to our issues.

My name is Nancy Fishering. I am an officer and board member of Colorado Timber Industry Association and have served since 1996. I have also contracted to serve as the Timber Project Manager for the Montrose Economic Development Corporation which is a proactive community response to the Montrose sawmill receivership status. My background includes: 15 years working for the local sawmill currently in receivership, and two years working with my local governments to monitor the status and prospective purchase of the Montrose mill. My focus has been the retention of the jobs that have been held by many friends and former co-workers. I also have been a member of the various Colorado Forest Health Advisory boards and was honored to be appointed by three different Governors since 2001; and I have spent years working one-on-one with loggers and mills while problem solving on timber management issues on every National Forest in Colorado as well as collaborating with other public land agencies.

Today's hearing is important to our local community, our State of Colorado and to all who value the beauty and grandeur of the American West and the forested mountains that comprise our high country watersheds. Colorado forests provide abundant water through our headwater rivers which drain fully 1/3 of the landmass of the lower 48 states. We are sitting on the Western Slope of Colorado where 80% of the precipitation falls for the rivers in Colorado. This is truly an appropriate location for todays' discussion, and we welcome you.

Colorado's forests have experienced incredible and unprecedented scale forest health issues over the past 10 years. Over 6 million acres of trees have died during this relatively short time.

The numbers bear repeating since this state has been under siege since 2002:

- 2002 over ½ million acres burned—the most in any year of Colorado's recorded history;
- 2002-present over 50% of pinyon killed in SW Colorado, and ¼ million acres of subalpine fir died;
- 1996 to 2011 cumulative insect damages including over 4 million acres of trees killed by MPB in CO and Southern Wyoming; over 1.1 million acres of aspen died, over ½ million acres of spruce killed by the Spruce bark beetle and another 600,000 acres of spruce defoliated by the Western Spruce Budworm.

I would purport that no other single state has tackled so many different forest health issues in such a condensed period of time.

I represent the folks who work in the woods, who process the wood, and who have the primary role of performing forest health projects as designed by our public land agencies. Public land agencies control management on 68% of the forestland in Colorado. Our forest products companies log burned trees, dead trees, and green trees, we thin trees, grind and remove woody biomass and protect public health and safety by removing hazard trees. We are pleased to be partners with the United state Forest Service and Bureau of Land Management, and our Colorado State Forest Service. We also recognize the important role played by our many collaboratives throughout the state who study, discuss and support the management efforts required by these forest health events. I personally have devoted untold hours working side by side with local officials, ranchers, miners, water boards, public utilities, local environmental groups, academia, and concerned citizens who care deeply that the issues are addressed. Our industry performs the work with diligence and stewardship of the land as a primary concern. For example, in 1994 this county was a sponsor and driving force to create the Public Lands Partnership which is nationally recognized and one of the oldest collaboratives still working on public land issues.

After the forest health issues are discussed and defined, my priority is the ACTION. Today's hearing is focused on ACTION because never before have we had so many management needs under such challenging budget and credit conditions. Fellow forest products companies have said to me that Colorado is the canary in the mine. The most important lessons that I have learned boil down to two essential concepts: economics of supply and efficiencies.

Economics: Within Colorado we have a small but diversified forest products infrastructure. The mill in Montrose is the largest capacity mill in the state although operating under receivership poses operational challenges that have compromised

operating at maximum efficiency and scale. The Montrose mill and other family owned Colorado mills are primary processors of timber and have the capacity to create products that pay for logging thus reducing the costs of forest management. We also now have secondary processors such as our pellet mills and restoration forestry professionals who create value from older and smaller timber and biomass that must also be removed from the forests to mitigate risk of wildfire.

The processors in turn purchase materials from the loggers who buy timber from federal projects and perform tasks under service contracts where public land agencies *pay* to for services such as hazard tree removal along roads, trails, and campgrounds. I am sincerely concerned about the trajectory of timber supply outputs since processors are ultimately dependent upon a **steady, predictable supply** of **sawlog-quality** timber that can be economically processed into marketable finished products.

First, the good news. I am encouraged that the United States Forest Service (USFS) Forest Products budget line item has received strong bi-partisan support and has avoided cuts that would be devastating to our efforts.

We give a quick kudos to Region 2 who had the highest accomplishment of all Regions within the USFS for 2011. This Region 2 success occurs in spite of having one of lowest overall budget allocations among all the regions in the US.

I am encouraged that new authorities such as stewardship contracting and Collaborative Forest Landscape Restoration have been added to the Forest Service toolbox. The strong collaborative network throughout Colorado has used these tools to design and add new management projects while avoiding costly appeals. I have supported the creation of each of these tools while simultaneously having concerns about the patchwork of laws that we continue to weave which may ultimately undermine effective agency response. Collaboratives have an outstanding track record, however the process is time consuming, compromise is often at play which reduces pace and scale and effects product mix, and many will never truly understand the urgency of action that is felt by our membership who have hard earned money at risk and 'skin in the game.'

As we further pursue the USFS emphasis on collaboration, stewardship and Integrated Resource Restoration (IRR) budgeting we request specific requirements for efficiency and sawlog outputs. The collective tool box must still be implemented in light of the need to offer economical timber sales within reach of existing mills which make wood available on a competitive basis (i.e.—don't tie everything up in one Stewardship contract). Colorado remains uniquely at risk if this provision is not followed since so much of the Colorado forestland is under the jurisdiction of the USFS and essentially the only source of sawtimber.

These attainments are important to the timber industry. We know that the existence of robust processing capacity is the best, most cost-effective tool for forest health and removal of the fiber. Why? Because the primary and secondary processors can purchase the timber, pay the loggers a living wage, add value, and then market lumber, pellets or energy at a profit. Without both profitable timber processing, the presence of skilled loggers, timber management options to dispose of the millions of dead trees are much more limited and expensive.

The nearby Montrose sawmill is the largest capacity mill in the state and the mill that has processed the vast majority of conifer over the past 10 years is in receivership due to the devastating effects of the recession on the housing sector. In 2008 Intermountain Resources had processed 90% of the beetle killed timber in Colorado according to USFS records. In order to maintain this vital element of the limited infrastructure left in Colorado, and to retain the skills of my colleagues, we need to be very aware of the economics of the myriad decisions and projects chosen to address forest health. We must find that 'sweet spot' of efficient projects, a predictable and even supply of sawlogs, correct costs, and profitable return in order to 'close the sale' and entice the investment to keep this mill and the jobs it supports, and strengthen all Colorado companies that work in the forest.

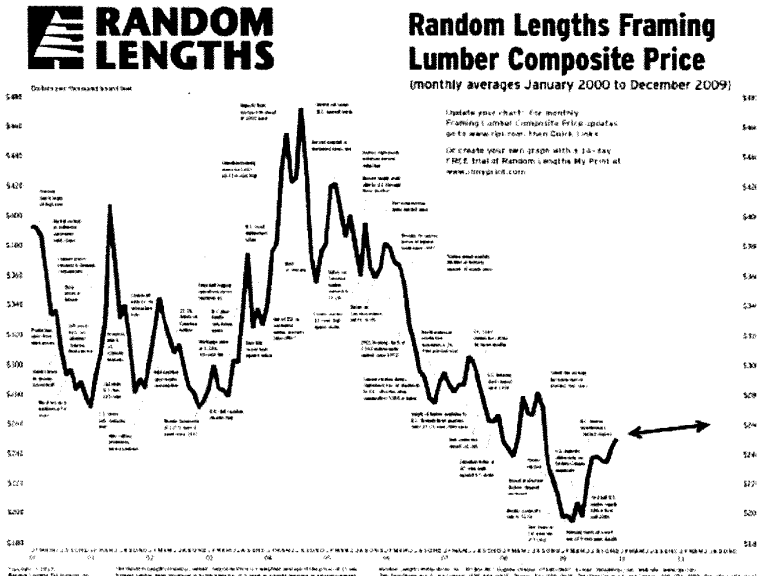
The industry constantly monitors project level issues that can overcome a timber contract purchaser. Our goal is to stay profitable and keep working so each and every issue must be addressed as we partner in the day to day operations to address forest health.

A quick summary of issues we face include:

- Need to maximize sawlog-quality material in every timber project from conventional timber sale contracts, to stewardship contracts, to service contracts, to Indefinite Duration Indefinite Quality (IDIQ) contracts. With adequate sawlog supply the various processors will complement each other rather than cannibalize each other.
- Need road packages and stumpage fees that are designed at a scale affordable in today's forest product markets. The following chart shows the recent his-

tory of lumber markets which is a fundamental challenge as we treat forest health projects.

Market Challenges



- Steadily increasing acreage in roadless, wilderness, or wildlife habitat restricted areas such lynx management units decreases the acreage available for timber harvest or mitigation for the risks of catastrophic fires. In the case of the Southern Rockies Lynx Amendment there are implications that may restrict long term management of young regenerated stands that should be thinned to maintain vigor and health.
- The Forest Service Appraisal system has shown increasing flaws and needs to receive a major adjustment to be accurate in today's economy. A national team is currently being formed to study this important issue on viable pricing.
- Many contracts continue to contain restrictive clauses that severely affect the economics of logging
- The Forest Service lacks tools to **quickly** and efficiently make and implement decisions in response to bark beetle epidemics. Timing is critical since insects are moving at unprecedented rates. Fire funding and personnel are immediately available, but a similar mechanism is lacking for insect epidemics.
- Expectations for industry to participate in forest planning takes an unconscionable length of time as in the case of the Grand Mesa, Uncompahgre, Gunnison National Forest plan which first began in 1999 and has no closure as of this date.
- Last a recent court case has essentially determined that forest logging roads are 'point sources' of pollution and must now comply with highly bureaucratic and costly processes that could seriously disrupt all timber forest health projects.

Each of these issues receive attention and are works in progress with the Forest Service, but the patchwork of old laws and new laws and shifting priorities create a huge challenge and uncertainty for Forest Service staff as well as our industry. Since the early 2000's, the Colorado Congressional delegation has been actively engaged on many of these fronts and have supported numerous pieces of legislation to assist this unwieldy system. We have not successfully passed many good ideas.

We all want a system that is rational, environmentally sound and one that is economically viable and sustainable. We fear the patchwork approach that adds laws while not removing antiquated processes designed for a different time.

We are thankful that we have investors willing to build and operate in such challenging and often uncertain conditions.

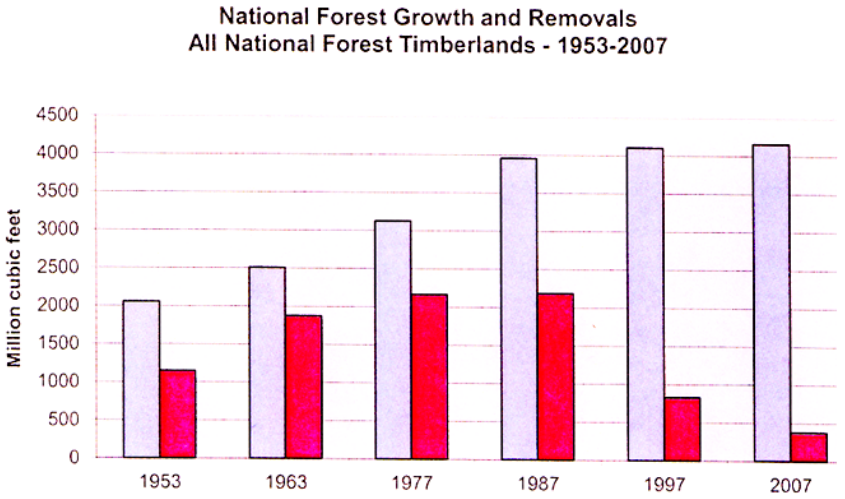
Within our industry we see several overriding disturbing trends at this vulnerable time in the recovery of forest products sector:

The flat Forest Service budget and cuts in mutually dependent line items has resulted in a declining trajectory of outputs or sawlog supply for Colorado companies. This is a trend that can and should be addressed immediately.

Our solution would be to rely on the historic tools of requiring definitive timber outputs. With the underlying bi-partisan support on timber management we can and should monitor timber outputs.

Nationally, we ask for an immediate increase in Forest Service targets from 2.8 to 3.00 BBFT.

Keep in mind that 3 BBFT is a small target compared to the estimated 22 BBFT of **annual growth** on national forest timberlands. We are losing the battle of thinning the forests to reduce fuels. In a recent biomass conference we learned that for every ton of material removed from the forest, another 18.2 tons of material is simultaneously being regenerated. If one factors in the acres affected each year by insect and disease and this ratio goes up even further. Colorado was mentioned as the state with the highest ratios in any western state.



In our view, immediately raising the timber targets is both logical and long overdue.

As we add the restoration initiative as a Forest Service management priority, (but add no new funds) we need to identify sawlog outputs as a mandatory component. All contracts need to collectively contribute to a supply of merchantable timber. Even when forest health projects are targeted to remove hazard trees, small diameter, dead or dying trees and the unending supply of slash, we request a conscious decision to add a merchantable sawlog component. More sawtimber equals additional supply for mills, lower costs resulting in more acres of management.

We further believe that sawlog outputs need to include both the salvage of dead trees AND the proactive management of our still green forests. Good forestry demands attention to both and the long term viability of industry will depend on it.

Regionally we ask for a budget and resulting timber supply that will allow the Forest Service to address health issues *equitably* across the states.

The mill in Montrose was purchasing logs from every national forest in Colorado while processing right here in Montrose. For this mill and the other mills in Colorado to survive for the long-term, supply must be balanced geographically. If we lose the projects nearest each mill infrastructure, in order to chase the newest forest health issue, then the cost-effective processing will disappear. These investments are fixed in bricks and mortar, and the mill owners have limited margins to purchase wood further and further afield. As their costs of timber management rise,

fewer acres will be treated. Recently mill owners have asked the Forest Service to add green timber to the forthcoming supply since standing dead timber slowly deteriorates and a green program will be essential to keep a sustainable industry—long term—in Colorado.

Importantly we ask for efficiencies. We seek increased management opportunities when we maximize Forest Service authorities to operate more efficiently.

- Suggestions here Suggestions here include:
  - improve streamlined project planning/analysis;
  - seek timber outputs that match the supply needs of infrastructure;
  - reduce non-essential costs on many of our projects.
  - use HFRA in order to benefit from streamlined judicial review;
  - implement the newly authorized pre-decisional administrative objections process as soon as possible;
  - implement each project to the maximum extent permitted under the NEPA analysis—several more trees per acre multiplied by the numerous projects within the state adds up to significant additional sawtimber and return per project;

Quickly tapping into simple solutions such as these and others appearing in the recent FS report on "Increasing the Pace and Scale of Restoration" will allow instant results. We can increase management through economically rational, and ecologically sustainable projects that meet the needs of industry and the needs on the ground.

I am very committed to the timber entrepreneurs who have put their valuable investment dollars on the line in order to operate in an extremely challenging economy. I don't want to see one more job lost, or more shrinkage in a small but important industry.

I am honored to testify, and I would be delighted to work with you to give additional detail to quickly enhance an efficient, environmentally sound forest health strategy.

Mr. MCCLINTOCK. I understand, Ms. Fishering. Thank you for your testimony.

[Applause.]

Mr. MCCLINTOCK. And I apologize. I didn't see a yellow light go off there.

Ms. FISHERING. I didn't either. Can I talk another 5 minutes?

Mr. MCCLINTOCK. It is going to go from green to red, so hit the brakes.

I would like to now recognize Mr. J.R. Ford, President of the Pagosa Cattle Company from Pagosa Springs, Colorado, to testify.

Welcome.

STATEMENT OF J.R. FORD, PRESIDENT, PAGOSA CATTLE COMPANY, PAGOSA SPRINGS, COLORADO

Mr. FORD. Thank you for inviting me here today.

I am a small businessman in Pagosa Springs that manages large ranch holdings throughout the state owners. We have had the same problems that you guys all talked about in the forest on our own private land. In working on this for the last few years, we have come up with a solution using information that we took from a feasibility study from McNeil Technology that they did for us on timber supply and new upcoming technologies that are coming out to get rid of the biomass that had no market.

We have also been working with the renewable energy lab on the ideas. We put together a group called Mixed-Conifer Working Group in Pagosa Springs that is made up of the environmental community in the Four Corners, industry, the government, local and state and Federal, and have come up with a description of our forests in which we think we can make them healthy.

All of our mills are gone. The land has been stripped of any mills that were there in our county. So we are 6 or 7 hours away from any site to be able to take sawlogs.

So what we plan on doing, if we can get going forward with overcoming some of our log problems, is that we would like to be able to take everything that is 12 inches and smaller that needs to be thinned to make for a healthy forest and take that to wood chips at the point of harvest, chip that material, haul it off in hook-lip boxes to a site in which we would treat it from there.

We would take larger material, the sawlog, the saw timber material that was 12 inches and larger. We would haul that to a small band mill sitting on the same site that the wood chips would be on, and take the slabs off the outside of it so that we could send off the cans and the squares, wholesale them out to whoever could actually take them to the next step of use.

We would take all those wood chips, convert them into synthetic gas through an energy technology called gasification using technology out of Canada, and that synthetic gas we would convert to—we would take that synthetic gas, run it through an internal combustion engine, and we would make one-third the power for our small community. We use about 15 megawatts of power in Archuleta County. Thinning between 1,500 and 2,000 acres a year to a description that has been put together by the Forest Service or by government agencies, and with the environmental community in our neighborhood, we can take that material and produce 5 megawatts of power in our community.

But we do have some log problems. We have our logs that we have to get out of the way also, and one of them is timber supply. We need a long-term supply. If you expect private enterprise to step up and come up with some of this new technology, they have to know that they are going to have a long-term supply to be able to invest the large amount of capital that we are going to.

So these stewardship contracts need to be spread out. They need to be longer than 10 years, some of them into 15, 20 and 25 years, so that a person who is getting ready to sign a long-term stewardship contract, or a long-term power purchase agreement like we are with our local coop, which they have stepped up to come to the table with a 15-year power purchase agreement, we know we need a 15-year supply from the Forest Service in which we can take those wood chips from the Forest Service and from the private and make this project work.

The public support, we have broad public support in Archuleta County because what we have done is we have sized our project to our community. We are going to thin the forest and make it healthy within a 50-mile radius, and we are going to use those wood chips to make electricity and sell it in the same 50-mile radius. We don't have the haul issues that a lot of other projects might have, and I think that is key. When you start getting over a 50-mile radius and you are hauling products other than logs, it is not profitable.

Cancellation clauses are a big problem. We are getting ready to invest $22 million in our project, and the Forest Service wants to put a $250,000 cancellation cost. Our problem is, what happens

when you cancel? We are sitting there with a $20 million project with no supply.

Two options that we see happening there is we see either going to the USDA, and on the USDA loan guarantees on the government side of that equation, there would be 100 percent non-recourse loan. So if the government does not supply the material, does not supply our acreage, then we turn around and we are not liable for the rest of that loan. On the producer side, it would be set up just like any other USDA loan guarantee. So that would be one side, or a universal cancellation clause at the Washington level at which you could have multiple, multiple, lots of stewardship contracts, and then they could turn around then and draw off of one large bonding issue up in Washington, instead of putting that burden on each independent district and the forest.

Product other than logs. It needs to be totally removed. We are leaving too much of this material sitting on our forest floor and creating other health issues and other fire issues. If you can remove that and use it into the gasification technology that we are looking at, you broaden out your business plan and you are getting multiple uses from that.

I am going to run out of my time. So stewardship contracts are something that I think need to be moved along. Right now, too much evidence is put on large landscape stewardship contracts, and there needs to be a pot of money put into these small, community-scale projects that have been designed by the local community.

Thank you.

[The prepared statement of Mr. Ford follows:]

Statement of J.R. Ford, President, Pagosa Cattle Company, Inc., Member, The Mixed-Conifer Working Group

Hello, I am J.R. Ford and this is a great opportunity for me to speak to a joint oversight field hearing, thank you for the invitation. Today I am here representing a few organizations, as one often does in a rural community. These organizations are: Pagosa Cattle Company, Inc; Renewable Forest Energy, LLC and The Mixed-Conifer Working Group. It is from my involvement with these organizations that I am here today to offer my insight (which hopefully will help).

Pagosa Cattle Company, Inc: I have owned for over 21 years providing ranch management dealing with forest health, forest fuel reductions, river restoration, land restoration management, forest restoration and rangeland management. These management experiences have brought me to the task of starting up a company; Renewable Forest Energy, LLC which plans to build a 5Mwe gasification power plant run on woody biomass. The process for removal of biomass from the forest is at its prime. New European equipment options provide point of harvest mobile tree chipping at a fraction of traditional costs. However for both companies to be successful, securing a long term supply of material must be secured. Included with my written testimony is a presentation of the project(s) overview labeled as Exhibit A.

Below is an outline of some of the stepping stones these organizations have taken. I will begin with the project concept and progress to the hearing today.

- 2003—2009: The concept for forest thinning, locating the correct type of forest equipment as well as solidifying what would be done with the biomass removed. In our case the biomass will be used for a 5MWe gasification power plant.
- August 2009—RFQ AG–82X9–S–09–0275 on Turkey Springs Biofuels Demonstration (TSBD) 288 acres. A test project was in order to determine if the forest health objectives were on track as well what are the cost estimates to perform the forest thinning. The designations and descriptions were met and the "pre-settlement" look could be achieved well within budgetary goals. The ground compaction studies were within the normal disturbance parameters.
  - October 2009—TSBD awarded to Pagosa Cattle Company
  - Fall 2009—Forestry equipment ordered from Sweden

- June 2010—Notice to Proceed on TSBD from Forest Service
- November 2010—Public Tour of TSBD
  - This test project, along with all of our contracts, has been open to the educational impact studies, students, professors and industry professionals. All have visited and collected data to test the impact of likewise projects.
- August 2011—TSBD complete—field data conclusive that project objectives could be met.
- June 2010—Forestry equipment delivered—first Bruks mobile whole tree chipper in the U.S.A. from Sweden
- June 2010—Private land contract on 1400 acres with the objective of forest health and biomass removal.
- September 2010—Mixed-Conifer Working Group officially forms
  - "This second meeting of the Mixed-Conifer Working Group focused on the purpose of the working group and an understanding of USFS planning and NEPA related to timber sales and fuels projects." http://ocs.fortlewis.edu/mixedconifer/meetings.htm
  - For over 21 months local citizens, environmental groups, government & tribal agencies and various other vested parties have been meeting to present a collaborative presentation for the future health of the San Juan forest. People from all across the state have met with this group. Their educational website can be found at: http://ocs.fortlewis.edu/mixedconifer. This group helped design a sustainable sized community project(s) focused on ponderosa pine and mixed-use conifer forests health.
- March 2011—Our interest in a long term stewardship contract is expressed directly to the Forest Service based on the TSBD outcomes along with the collaborative Mixed-Used Conifer Working group.
- August 2011—RFP on Pagosa Long Term Stewardship Contract AG–82X9–S–11–9002
  - The PLTS contract not only allows the original vision of taking biomass to energy but also will help reestablish the logging industry in Southwest Colorado where it has been dormant for many years.
  - November 2011—Request for 60 day extension on all bid proposals for PLTS
  - January 2012—Request for 60 day extension on all bid proposals for PLTS
  - March 2012—extension deadline for PLTS
- September 2011–2012 Hired Mountain Studies Institute to research: pine beetle reduction through the wood chipping process; increase in ground water supply due to additional infiltration; increase in tree hydration due to reduced trees stems per acre.
- TODAY—a joint oversight field hearing entitled *"Logs in the Road: Eliminating Federal Red Tape and Excessive Litigation to Create Health Forests, Jobs and Abundant Water and Power Supplies"*

The other organization that I am here representing is The Mixed-Conifer Working Group of which I am a charter member. The mission statement for the working group as taken from their website http://ocs.fortlewis.edu/mixedconifer is: "The Upper San Juan Mixed Conifer Workgroup is committed to collaborative approaches to improving the health and long-term resilience of mixed-conifer forests and the communities located near them in southwest Colorado. The Workgroup will focus on strengthening understanding, sharing knowledge and lessons learned, developing management approaches, initiating high priority projects, and monitoring results using an adaptive framework." The Mixed-Conifer Working Group resource documents are listed here with links to the webpage: Working Definitions; Study of forest fragmentation on the Pagosa District by McGarigal and Romme; *N*ational Forest Foundation Grant for the Upper San Juan Mixed Conifer Working Group; Historical Range of Variability and Current Landscape Condition Analysis: South Central Highlands Section; Southwestern Colorado & Northwestern New Mexico; Mixed–Conifer Forests in Southwest Colorado: A Summary of Existing Knowledge and Considerations for Restoration and Management; All Vegetation Map; All Vegetation Map/w Roads; 2010 Forest Health Report—Colorado State Forest Service; Report from the October 2010 Mixed Conifer Workshop, report by the CFRI. The Mixed-Conifer Working Group is a volunteer group comprised of 25% environmentalists, 25% conservationists & local citizens; 25% industry professionals and 25% state and federal employees. Here are only a few of the participants; Colo. Div of Parks and Wildlife, Mountain Studies Institute, San Juan Citizens Alliance, Renewable Forest Energy, Colorado State Forest Service, Pagosa Ranger District (USFS) and the

Archuleta Office of Emergency Mgmt. Exhibit C to this written testimony is a briefing paper regarding this work group.

Having the support of your community is a key factor for success with any project and the collaborative efforts of the organizations I represent here today are essential to public education on forest health in Southwest, Colorado. Gaining public support is important. All of these organizations enjoy the working relationships and are confident that the locals of the areas support the forest health interest. It is my recommendation that any intermountain west community that is interested in the health of their forest to create a similar working group.

After two years participating with The Mixed-Conifer Working Group and over 21 years experience managing large ranches; time has shown me that there is work to be done to get over the barriers that keep community sized forest health project streamlined and viable. The top nine obstacles with corresponding recommended solutions; as seen through my experiences with: the bidding process as contractor for Pagosa Cattle Company on USDA's RFP (request for proposals) and the collaborative and educational processes of the Mixed-Conifer Working Group are listed below.

1. GUARANTEE LONG TERM SUPPLY: Aligning the biomass supply with a local electrical cooperative and a sound business plan for private sector investors. Investors return on investment for our project requires a 15 year minimum alignment.
   - The current law should be amended to allow for stewardship contract time parameters to increase the span to up to 25 years.
2. PUBLIC SUPPORT: There is a large need to educate the public as well as hold open meetings in order to gain the necessary support to understand and accept all that is needed to be performed in order to achieve a health forest. We describe the forest look as "pre-settlement" reducing the tree stems per acre in order to obtain many benefits.
   - From 21 months of meetings through The Mixed-Conifer Working Group which is made up of volunteer group comprised of 25% environmentalists, 25% conservationists & local citizens; 25% industry professionals and 25% State and Federal employees the public support has increased and become focused on a main goal of getting the forest healthy.
   - It is my recommendation that any intermountain west community that is interested in developing a sustainable solution to their forest health problems, create a similar working group.
3. CANCELLATION CEILING/GOV. BONDING REQUIREMENTS: This is a crucial step in order to protect the contractor however the current bonding requirements inflate costs to unappealing levels. To protect contractors investment.
   - Establish a universal stewardship contract cancellation ceiling fund at the Federal level to help alleviate the regional bonding burden.
   - Contractors can look to the USDA loan guarantee program. If their program had 100% guarantee on the government side of contract default.
4. POL: Total removal and utilization of all POL (products other than logs) within a Forest Service contract. Reduce fuels loading in order to protect WUI (Wildland Urban Interface).
   - Whole tree chipping at point of harvesting.
   - New gasification technology is available. Gasifying all woody biomass by chipping all POL for gasification in a power plant to produce electricity.
5. IMPLEMENTATION: It has been our experience that the Forest Service regularly shares information regarding the opportunities for grants to initiate studies, or education research tied to biomass utilization.
   - It has been our experience that the Forest Service has not set aside funds for actual implementation of biomass utilization contracts.
   - If the Forest Service has a heightened concern in the unknown biomass market then it would be my recommendations that smaller community scaled forest health projects are funded. This will created awareness and field data results to quantify future biomass contracts.
6. HAUL DISTANCE: The Forest Service does not appear to take into account the significance of the cost transportation of forest products, like biomass for product from source to plants. This is contrary to knowledge that hauling of conventional forest products, like sawtimber, is typically the most expensive aspect of converting standing trees to products.
   - Reduce the haul distance of forest products. It is our recommendation to limit the distance to approximately 50 miles or less from contract area.
7. VALUATION OF FOREST PRODUCTS. Currently, the Forest Service assumes trees in the small sawtimber range (beginning at 8"dbh up to 12" dbh)

have substantial value in the market place. Current market conditions do not reflect this assumption.
- We feel that the best economic way to restore local forests around WUI (Wildland Urban Interface) is for stewardship contracts to contain a price for the POL (products other than logs) removal service and the 12" dbh and larger should be sold as sawtimber by the ton at market rates.
- Basically stating that 8–12" dbh material should be considered POL.

8. BALANCE: We have found that the Forest Service prefers to fund large scaled "landscaped" projects instead of community scaled forest health projects.
   - Finding a balance to both large and community scaled projects is our recommendation. Bigger landscaped projects do not always mean better value. Creating and implementing community scaled forest health contracts will help build sustainable communities and contract completion.
9. TIME VALUE: Amount of time and investment that a contractor spends working on a Forest Service stewardship contract all the while not knowing if the Forest Service has the capability to fund the project.
   - Secure and reserve funds for community scaled forest health projects.

In closing it is my intent to create a commercial viable business in which total forest product removal (sawtimber and POL) is achieved, leaving no residual fuels on the forest floor—as currently too much biomass (all) is left on the forest floor increasing fire risk. This business plan has been modified to ensure that all the Forest Service needs to create a health forest with minimal ground disturbance is achieved while creating industry in a rural community. This last bid process with the Forest Service has proved a little frustrating as a private sector business holding financial investors interests while working out all the contractual details has proven difficult, but that is why we are all here today at this hearing. I hope that we will leave the hearing today with concrete ways to change the current laws surrounding the USDA FS stewardship contracting process.

Mr. MCCLINTOCK. I would now like to recognize Mr. Clint Georg, Partner of the Alden Group from Englewood, Colorado to testify.

STATEMENT OF CLINT GEORG, PARTNER, THE ALDEN GROUP, ENGLEWOOD, COLORADO

Mr. GEORG. Chairman McClintock, Chairman Bishop, Congressman Tipton, thank you for inviting me to be here today.

I have the same issue as Ms. Fishering. Can you hear me now?

Mr. MCCLINTOCK. Yes.

Mr. GEORG. I'm a member of a group of investors who own a sawmill property in Saratoga, Wyoming. The Saratoga Mill has been idle since 2002 and is one of the only two large sawmills left in this region, the sawmill here in Montrose being the second one. Our group intends to reopen the Saratoga sawmill, but the success of this venture will be dependent on reversing the impact of policies and regulations that have decimated the Colorado sawmill industry in the past few decades.

Having viable sawmills is beneficial to the region in many ways. First, these two sawmills provide the forests in Colorado with the only large, commercially viable means to help alleviate the impact of the massive insect infestations and reduce the potential for massive wildfires.

Second, operating sawmills are necessary for the long-term health of Colorado's uninfected forests as a means active forest management required to enhance the forests' future resilience to fire as well as numerous types of insects and diseases.

And third, these sawmill operations provide a meaningful economic driver for the area. Simply put, operating these sawmills uses the free market forces to help remedy a pressing need in Colo-

rado and Wyoming, as well as provides support for the long-term health of the vast forests in this region.

A viable sawmill industry in Colorado will require three things: first, a stable supply of timber sales from the United States Forest Service. The supply must be geographically close to the sawmills, in sufficient quantity to support the needs of those mills, and it must be sustained at those levels on an ongoing basis beyond the current need of removing infected trees. This is largely a matter of resource allocation. For example, we believe doubling the volume of timber sold from the Northern Colorado area is necessary to support the Saratoga Mill at efficient production levels.

It is my understanding that doubling the timber sales in this area requires adding just 11 people to the current staff. The U.S. Forest Service should prioritize timber contract processing to achieve this staffing level. The payback would be revenues from direct payments for the timber sold, the reduced costs of stewardship contracts, and the potential savings from reduced wildfire risks.

The commitment for long-term access to this timber is necessary to justify the long-term nature of these investments and additional investments such as those that hold great promise using bio-mass and other means. But those investments are not justified without a stable, long-term supply of timber.

Second, the timber sales must be economically viable. Viability is determined by the composition of the timber being sold and the performance requirements under those contracts. Lodgepole pine, the type of tree most widely infested, has relatively low commercial appeal, so the timber contracts must be written in a way that harvesting is not cost prohibitive.

And third, the industry must comply with current environmental regulations, but it needs protection from malicious environmentalist actions such as those that destroyed the timber industry in other parts of this country.

To understand this, we need look no further than Arizona where, in 1996, an environmental group won a court injunction that temporarily shut down logging on all national forests in Arizona and New Mexico. As a result, the Arizona timber industry is now largely extinct. Since then, Arizona has had the five largest forest fires in its history. For more than a decade, that state's government has desperately been trying to find financial incentive and other means to reestablish the Arizona timber industry but has been unsuccessful. It simply is not economically feasible to replace what was lost.

In Colorado, what remains of the timber industry must be viewed as a precious resource for the state. It needs to be protected, because if this industry, and in particular if these two mills are lost, like in Arizona, they will not be replaced.

There is an opportunity for the last two large sawmills in this region, using effective private enterprise, to aid in the near and long-term timber management needs of Colorado and Wyoming. For this to happen, it is essential for the U.S. Forest Service to provide an adequate, long-term, stable supply of timber under economically viable terms. It is also essential that the timber industry be provided protection from an unreasonable use of environmental laws and regulations such as those which has destroyed other regional timber industries.

Thank you for your invitation to speak at this hearing. Thank you.

[The prepared statement of Mr. Georg follows:]

Statement of Clint Georg, Partner, The Alden Group, LLC

Dear Chairmen McClintock and Bishop and Members of the Committee, thank you for prioritizing your time to learn about the needs of the remaining timber industry in this region. Thank you for inviting me to be a part of this hearing.

I am a member of a group of investors who own the sawmill property in Saratoga, WY. The Saratoga mill has been idle since 2002 and is one of only two large sawmills left in this region—the mill in Montrose is the other one. Our group intends to reopen the Saratoga sawmill, but the success of this venture will be dependent on reversing the impact of policies and regulations that have decimated the Colorado sawmill industry in the past few decades.

Having viable sawmills is beneficial to the region in many ways:

1. These two sawmills provide the forests in Colorado with the only large, commercially viable means to help alleviate the impact of the massive insect infestations and reduce the potential for devastating wildfires.
2. Operating sawmills are necessary for the long-term health of Colorado's uninfected forests as a means of active forest management required to enhance the forests' future resilience to fire as well as numerous types of insects and diseases.
3. These sawmill operations provide a meaningful economic driver for the region. This can be measured in the value of products produced from the timber, the hundreds of jobs for sawmill employees, loggers and truck drivers, and the positive impact to all the small businesses and communities that directly and indirectly benefit from the economic activity of the timber industry. To the extent that fires are reduced, there is also an economic benefit to the public—for instance the combined costs of just three of the large fires in Colorado since 2002 has exceeded $500 million.

Simply put, operating these sawmills uses the free market forces to help remedy a pressing need in Colorado and Wyoming as well as provides support for the long-term health of the vast forests in this region.

A viable sawmill industry in Colorado will require three things:

1. **A stable supply of timber sales from the USFS. The supply must be geographically close to the sawmills, in sufficient quantity to support the needs of those mills and it must be sustained at those levels on an ongoing basis beyond the current need of removing infected trees.** This is largely a matter of resource allocation. For example, we believe doubling the volume of timber sold from the Northern Colorado area is necessary to support the Saratoga mill at efficient production levels. It is my understanding that doubling the timber sales in this area requires adding just 11 people to the current staff. The USFS should prioritize timber contract processing to achieve this staffing level. The payback would be revenues from direct payments for the timber sold, the reduced costs of stewardship contracts, and the potential savings from reduced wildfire risks. The commitment for long-term access to this timber is necessary to justify the long-term nature of these investments and additional investments such as those which hold great promise for using bio-mass from the forest for generating clean-renewable energy. But those investments are not justified without a stable, long-term supply of timber.
2. **The timber sales must be economically viable. Viability is determined by the composition of the timber being sold and the performance requirement under those contracts.** Lodgepole pine, the type of tree most widely infested, has relatively low commercial appeal, so the timber contracts must be written in a way that harvesting is not cost prohibitive.
3. **The industry must comply with current environmental regulations, but it needs protection from malicious environmentalist actions such as those that destroyed the timber industry in other parts of the country.** To understand this, we need look no further than Arizona where in 1996 an environmental group won a court injunction that temporarily shut down logging on all national forests in Arizona and New Mexico. As a result, the Arizona timber industry is now largely extinct. Since then, Arizona has had the five largest forest fires in its history. For more than a decade, that state's government has desperately been trying with financial incentive and other means, to reestablish an Arizona timber industry but has been unsuccessful—it simply is not economically feasible to replace what was lost. In Colorado, what re-

mains of the timber industry must be viewed as a precious resource for the state. It needs to be protected, because if the industry, and in particular if these two mills, are lost, like in Arizona, they will not be rebuilt.

There is an opportunity for the last two large sawmills in this region, using effective private enterprise, to aid in the near and long-term timber management needs of Colorado and Wyoming. For this to happen, it is essential for the U.S. Forest service to provide an adequate, long-term stable supply of timber, under economically viable terms. It is also essential that the timber industry be provided protection from an unreasonable use of environmental regulations such as that which has destroyed other regional timber industries.

Thank you for your invitation to speak at this hearing. Your leadership is a critical component in the future of this industry. I would be happy to answer any questions.

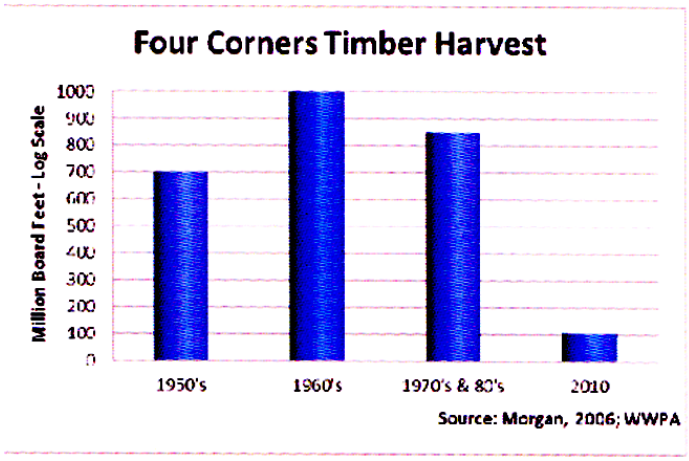
FOLLOWING IS INFORMATION SUPPORTING THE STATEMENTS ABOVE:

HISTORY OF THE COLORADO TIMBER INDUSTRY

A once vibrant industry, built up over a century, has been decimated due to the lack of access to Colorado's abundant timber resources.

To understand the current crisis facing the forests in Colorado, it is helpful to review the history of the Colorado timber industry. The Colorado timber industry began in the 1860s when vast tracts of virgin forests were harvested to support mining, railroads and housing development in the state. Following World War II, with strong housing markets and public policy encouraging timber production on National Forests, timber harvests for industrial products in the Four Corners States increased from about 700 million board feet (MMBF, Scribner log scale) annually during the early 1950s to a peak of approximately 1,000 MMBF in the late 1960s.

During the 1970s and 1980s, harvest volumes dropped somewhat with harvests during the late 1980s averaging about 850 MMBF annually. Timber harvests from the region dramatically declined during the 1990s, caused largely by decreases in the harvests from National Forests caused by litigation related to threatened and endangered species and reduced Federal budget levels.



This litigation caused the USFS to dramatically reduce the volume of timber sold in the Colorado from the high in the 1960s down to an average of just 40—45MMBF per year from 2003–2007. The reduced supply of timber could no longer support the needs of the timber industry and the effect in Colorado was dramatic; two oriented strand board mills closed, one in Olathe and the other in Kremmling; a large sawmill in Walden closed in 1994; three of Colorado's largest multi-national mills closed in 2001 and 2002; a large independently-owned mill at South Fork closed in 2001 (after 50 years of operation); and nine other medium-sized mills and dozens of small mills have closed their doors since 1982.

Unfortunately, timber management in the Colorado forests is dependent upon an active timber industry for timber stand improvements using treatments that har-

vest wood products. With the majority of local mills closing, the industry has reduced capacity to harvest timber (logs can only be economically shipped short distances). Consequently, over the years, the Colorado forests have experienced increased stand density and an accumulation of ladder-fuels; conditions that have directly led to the large-scale wildfires and insect epidemics now facing the state.

Today, if we do not count the two dozen very small operators with 10 or fewer employees, there are just two medium sized and one large operating mills in Colorado. Moreover, the large sawmill in Montrose is financially troubled and operating under receivership. A second large sawmill in Saratoga, WY is well located to service the northern Colorado forests (where the heaviest concentration of beetle killed pine is located), but has been idle since 2002 when it was shut down due to a lack of logs.

THE ROLE OF THE USFS IN THE COLORADO TIMBER INDUSTRY

The United States Forest Service manages the vast majority of timber in Colorado and controls the destiny of the Colorado sawmill industry.

Any discussion of the Colorado timber industry requires a discussion of the USFS. Nearly 68 percent of Colorado's forests are in federal ownership and nearly three-quarters of the state's high-elevation, commercially attractive species such as spruce-fir, lodgepole pine and aspen are located on USFS lands. In contrast, the majority of the Colorado forests controlled by private lands are low elevation species. This creates a situation where even modest size lumber operations in the state cannot survive without purchasing timber directly or indirectly from the USFS. Of course, this was conclusively demonstrated by the failure of so many Colorado timber operations discussed above over the years when the USFS dramatically reduce the amount of timber sales. The 40–45 MMBF of timber sold annually in 2003-2007 was clearly inadequate to support a healthy timber industry as the single remaining large sawmill in Colorado, and the one just north in Saratoga, Wyoming, both require 40 MMBF annually to operate even a single shift (and to operate efficiently, should run multiple shifts).

Currently the restrictions on timber sales in this area appear to be primarily an issue of funding and resource allocation. With a tightening federal budget, fiscal allocations to the region are projected to fall and the volume of timber projected to be sold in this region in the coming years is expected to be only a fraction of the timber that could be sold, as identified by the USFS in its internal forecasts.

Fortunately, the amount of funding necessary to spur the Colorado timber industry appears to be fairly modest, particularly in light of the benefits. To understand the funds needed, it is helpful to understand the process the USFS has to go through to prepare a timber sale.

PROCESS TO PREPARE USFS TIMBER SALES

An understanding of the process and resources required by the USFS to prepare a tract of timber for sale.

Before committing to a timber sale at a particular site, the Forest Service is required to analyze virtually every environmental impact that might result from making that sale and to document in detail the results of those analyses. The process requires compliance with the National Environmental Policy Act (NEPA), and in the case of programmatic Land and Resource Management Plans, the National Forest Management Act (NFMA). Several of the key documents developed for a typical timber sale are the environmental assessment, biological evaluation, decision notice, and "Finding of No Significant Impact." The process involves the work of trained foresters, wildlife experts, hydrologists and archeologists and can take 1.5 to 3 years to complete.

Historically once this work was done and the decision to go forward with the sale was made, the process entered an appeal phase where the public could enter an appeal of the decision. Recently, this has been changed to an objection phase which is intended to streamline the process, but historically this phase has taken 1 to 5 years when caught up in litigation.

Once the objection process is over, the Forest Service identifies the particular stand(s) of timber for the sale, puts a boundary around the unit, marks the trees if required, measures the trees, notes defects and other characteristics that help define the volume and other specifics of the sale. This field process takes about six months to a year. The rest of the process is office work that can be done in a matter of weeks. All told, the process typically takes about 3 to 3.5 years to complete.

The primary limiting factor of increasing the amount of timber sales, in light of the process required to prepare the timber sales, appears to be an issue of resource allocation or funding levels. The resources are primarily the staff required to pre-

pare the timber sales. In the northern region of Colorado, the USFS employs six foresters, two wildlife experts, an archeologist and a hydrologist and perhaps one other individual in preparing the current level of timber sales. The Saratoga sawmill could process nearly double the annual amount of timber in the sales that are projected to be prepared by this team for the Medicine Bow—Routt, Arapahoe—Roosevelt and White River Forests over the next several years. Doubling the level of timber contracts would require doubling, or adding eleven people, to the staff to prepare those sales. The cost of this increased staff could be offset by the revenue generated from those contracts, the reduced cost of stewardship contracts as well as the potential cost reductions from the reduced risk of fire in the logged areas.

The second factor influencing an assured timber supply to the industry is the current inability of the USFS to make long-term commitments on the volume of timber sold in out years. The USFS service develops a five year forecast of timber sales in the region. Execution of this plan is dependent on a number of factors, but the primary factor is the allocation of resources which is an annual event. The annual nature of the funding helps to discourage any investment in the industry in this region because meaningful investments typically require multi-year paybacks. The USFS and industry need to find a means of a multi-year commitment for the timber supply in order to incentivize addition investments.

POINT NO. 1: A MINIMUM REQUIREMENT FOR AN ACTIVE AND HEALTHY TIMBER INDUSTRY IN COLORADO IS THE ALLOCATION OF ENOUGH FUNDING FOR THE USFS TO OFFER A SUFFICIENT NUMBER OF TIMBER CONTRACTS TO SUPPORT SAWMILL OPERATIONS IN THE REGION.

BENEFITS OF THE SAWMILL INDUSTRY TO COLORADO

And active sawmill industry in Colorado benefits the people, economy and environment.

An active timber industry in Colorado, supported by an appropriately increased volume of USFS timber sales, provides a number of benefits to Colorado and the forests in the area. First is the economic impact to the state.

Today Colorado, a state rich in timber supply, imports more than 90 percent of the wood products consumed in the state from other states and countries. Increasing timber harvests in the state can be used to spur economic growth measured in the products produced from those timber harvests, the hundreds of jobs for sawmill workers, loggers and truck drivers and all the direct and indirect benefits to the communities and small businesses supporting the economic activity of the timber industry.

As an example, I recently spoke with the mayor of a small town that previously had a small operating sawmill. After that sawmill closed in 2009, families left town to find work and there was a 40% drop in the number students attending the local school. Without a means to replace those jobs, the mayor expects that the town will need to close the school. If that happens, the mayor has told me that it will be hard to get young families to move there—effectively a death sentence for the town. This is a scenario that has been repeated across the country since sawmills represent an industry often better suited to rural areas rather than to big cities.

Point No. 2: Colorado and the region have an opportunity to spur economic growth with a resurgence of the timber industry in the state.

In addition to providing economic advantages, the timber industry is essential to maintaining a healthy forest. Today, increased public support for the timber industry in our area is largely the result of the widespread devastation caused by the mountain pine beetle.

Mountain Pine Beetle Devastation

Mountain pine beetles have been part of the natural cycle in Colorado forests for eons, however the extent of the current infestation and the amount of destruction it has wrought is unprecedented. The scope of the infestation was due in large part to the high density and lack of age diversity of the forests. In Colorado, mountain pine beetles attack mature ponderosa and lodgepole pine. In nature, periodic fires and other devastating events thin forests and create an age diversity that limits the impact of a pine beetle outbreak. Where fire is suppressed, timber harvesting creates the same advantageous environment. However in Colorado, years of fire suppression and years without a vibrant sawmill industry produced a situation in many of the high country forests of dense, mature, eight inches in diameter or larger lodgepole pine; precisely the habitat in which mountain pine beetles thrive. When the epidemic started, there were not the natural age barriers to slow it and the high density of the forests meant the beetles could quickly spread.

The impact on the state of the pine bark beetle should not be understated:

There is an economic impact to the state in reduced recreational activities such as hiking, camping and skiing due to: scenery changes; reduced wind protection; and safety hazards from falling dead trees.

For individual landowners with affected trees on their properties, the financial impact includes: property value reductions; erosion issues from increased water yields; and wood and tree branch disposal challenges.

And of course, the impact of mountain pine beetle killed trees results in an increased potential for wildfire which may result in: loss of life and property; reduced real estate values; changes to tourism-based economies; long-term costs of water supply and reservoir clean-up; and safety hazards from falling dead trees.

Wildfires

Two notable Colorado fires are the Fourmile Canyon fire in 2010 and the Hayman fire in 2002. The Fourmile Canyon fire burned 167 homes, cost $10 million dollars to fight and resulted in $217 million in property damage. The Hayman fire was the largest fire in Colorado history and burned 138,000-acres.

The costs of these fires are large by any standard but, according to The Western Forestry Leadership Coalition, a State and Federal government partnership, an accounting of costs should include: suppression costs; other direct costs (private property losses, damage to utility lines, damage to recreation facilities, etc.); rehabilitation costs, indirect costs (lost tax revenues, business revenue and property losses that accumulate over the longer term); and additional costs (these included hard to quantify cost such as extensive loss of ecosystem services, aesthetic and scenic beauty, wildlife existence value, the economic cost of the loss of human life are included here).

With this full accounting, the economic cost to the state for the 2002 Hayman fire was $208 million, the 2002 Missionary Ridge fire was $153 million and, of course the total cost of the 2010 Fourmile fire canyon fire greatly exceeded the $227 million of direct costs.

It is widely accepted that the lack of forest management has resulted in a heighten danger of these massive fires and that more can be expected. Unfortunately, fire danger increases again in approximately 15 to 20 years when the trees killed by the pine bark beetle rot and fall down, adding woody material to the young trees and other fine fuels growing on the forest floor. A fire in this arrangement is difficult to suppress and will pose additional safety hazards to firefighters. Severe wildfires of this type burn at higher intensities and for longer durations which can be very detrimental to plant communities, soils, and watersheds.

There is no practical way to stop a large scale mountain pine beetle epidemic once it has begun and to lessen wildfire hazard it is critical to reduce the number of dead, dry trees as well as infected trees that will eventually die. Removing these trees has often meant that the property owner (including the USFS) has paid to have the trees removed.

The most cost effective removal of these trees, and the only practical method on a large scale, is to have a commercially viable means of harvesting and selling the timber. There have been a number of articles in the media highlighting various companies trying to make use of the beetle killed timber including companies making wood flooring, furniture, log cabins and heating fuel. There has also been, in one case, $76 million of federal grant money invested in trying to use wood chips from beetle killed trees as a source for cellulosic ethanol that would break America's "addiction to oil". Unfortunately the ethanol experiment failed without solving the issue of how to operate on a commercially viable scale and all the other commercial efforts in the state for timber usage only equal a fraction of the capacity of either the Montrose or Saratoga sawmills.

The USFS, facing a dwindling commercial timber industry and needing to remove vegetation and perform other activities to promote healthy forest stands, reduce fire hazards, or achieve other land management objectives, was granted authority in 2003 to issue Stewardship contracts for forest management. This authority, which expires in 2013, is being used by the USFS in Colorado and Wyoming to pay private companies to provide forest management and remove infected trees from critical areas.

One of the benefits of stewardship contracting is that some of the cost of treatment is offset with the value of the logs removed in the course of the work. Having an outlet for these logs increases the value of the logs and will ultimately reduce the USFS Stewardship contracting costs. Currently, the largest insect infestations are in Northern Colorado, a relatively long distance from the sawmill in Montrose. Once the Saratoga sawmill is operating, the value of the logs in this area will increase and the USFS will be able to pay less for Stewardship contracts.

The Montrose mill and the Saratoga mill are each capable of processing 40 MMBF of timber annually on a single shift. Operating at multiple shifts, these two large sawmills will only harvest a small portion of the Colorado forests—even operating on two shifts, a sawmill of this size would take more than a thousand years to treat all the timber in Colorado—but these sawmills offer the only large scale method of processing timber and they do so while paying for the timber. This benefits the USFS both directly through revenues from timber sales and indirectly through the reduced cost of stewardship contracts in the area. In all, these sawmills provide a cost effective means of removing infected trees in the Colorado and Wyoming region.

Colorado Spruce and Ponderosa Pine Forests

It must be noted that although the mountain pine beetle continues to be Colorado's most damaging forest pest, this is not the only significant threat to Colorado's forests. The same beetle is also attacking an increasing amount of ponderosa pine forests; 275,000 acres in 2011 alone. Also, the spruce bark beetle, the second greatest insect threat to the state, is causing extensive mortality in Colorado's spruce forests and as of 2011 had already infested 262,000 acres of Engleman Spruce. Controlling the impact of these infestations, similar to lodgepole pine infestations, requires removal of the timber and emphasizes the importance of an active sawmill industry servicing the state.

Point No. 3: Large sawmill operations provide a cost effective means of timber management that is not matched by other commercially viable options.

Long-term Forest Management

When faced with widespread infestations now prevalent in Colorado, there is a clear and pressing need for removal of as much infected timber as possible. However, ongoing timber harvests in sustainable quantities are also necessary for the long-term health of the forest.

Forests, left completely without human intervention, are subject to a pattern of natural disturbances resulting from wildfires and windstorms and have adapted to these periodic cycles. Lodgepole pine is an example of one species adapted to this cycle. High-severity fire is the primary type of disturbance shaping the structure of lodgepole pine. The fires clear large areas of tree cover and help control disease and insect pests, and expose mineral soil seedbeds. The lodgepole pine cones open as a result of the high heat from these fires and release their seeds to grow and regenerate the forests in the now-cleared area. Natural wildfires typically burn sections of the forests and help maintain varying age distributions that also control the spread of invasive insects and disease.

Although wildfire is a key part of the ecology of many forest species, the control of wildfire that is necessary to protect human life, communities, watersheds, and fish and wildlife resources means that these forest types must now be maintained by other measures. The Society of American Foresters recommends that clear cutting be used in the development and care of these types of forests since clear cutting closely resembles the natural process and is the preferred means of assuring of prompt (or successful) regeneration. Clear cutting is also the preferred method of harvesting lodgepole pine for commercial uses as lodgepole pine has low commercial appeal and other types of harvesting are cost prohibitive. In the past, and perhaps still today, there has been much public confusion about clear cutting and its effects on the environment. The purely visual impact of a clear cut commonly leads to negative perceptions that manifest an array of misconceptions about sustainability, impacts to soil, water and wildlife, and the compatibility of timber management with recreation.

Good forest management requires different types of timber harvests; in uninfested, healthy spruce forests, thinning is the preferred approach while in healthy lodge pole pine forests, clear cutting remains one of the best methods to create conditions conducive to regeneration.

While today the focus for helping keep Colorado's remaining timber industry alive is understandably because of the very visible impact of the mountain pine beetle, there should be equal concern about encouraging this industry to harvest timber from our green forests as a means of maintaining the health of those forests for the future. Conversely, if those forests are left to rely only on natural processes, we can expect insects, diseases and fire to return in the future and have negative impacts on our forests.

POINT NO. 4: Healthy forests require an active timber industry and should be encouraged even in areas not currently affected by the mountain pine beetle.

Basics of operating a sawmill in today's economic environment

For sawmills to be financial feasible, timber must be available in a commercially reasonable manner.

The sawmill industry in general is facing significant economic challenges. In the ten years from 2000 to 2010, the number of operating sawmills in the western United States dropped from 287 mills to just 170, a 40% reduction. The decline was due to many factors including a dramatic decrease in lumber prices following the housing burst and escalating fuel prices which have a major cost on hauling the logs to the sawmills.

The economics of operating sawmills is also greatly affected by the timber characteristics. Both of the large sawmills, in Montrose and Saratoga, are stud mills meaning they primarily produce 2X4 studs for framing timber. Studs can be produced from lodgepole pine or Engelmann spruce, with lodgepole pine being the predominate species now available because of the insect infestations. Unfortunately, lodgepole pine is also a species with relatively low economic value. It is typically a smaller diameter tree and that results in relatively more waste when processed into lumber. Spruce, on the other hand, is typically a larger diameter tree and generates relatively more lumber for the volume of timber used.

In Colorado, the value of both lodgepole pine and spruce will diminished as they die and the longer they remain dead in the forest. A tree killed by the pine bark beetle starts drying out and as it does, the sun and other factors cause it to dry out unevenly. This creates cracking (or "checking") and twisting ("spiraling"). Both these conditions reduce the amount of lumber that can be recovered from a particular volume of timber. The longer a tree remains in the forest, the more deterioration can be expected. Finally, after a period of time, (the actual timeframe depends on various factors, but could be about 5 to 7 years) the trees will be too deteriorated to be of economic value for the sawmills. Furthermore, if the weakened stand of trees are blown down by high winds, the timber cannot be economically recovered. The mountain pine beetle is infecting nearly all the lodgepole pine in the state, so there is a limited window of years where the sawmills will be processing dead timber. In the long-run, the sawmills will need to operate using predominantly green sources of timber.

A further complication is the lack of universal acceptance of beetle kill lumber. Although the mountain pine beetle does not affect the structural integrity of the timber, beetle-killed pine has a distinctive blue stain that can affect its acceptance. As an example, in 2009, Big Horn Lumber, a midsized sawmill operating in Laramie, WY closed citing a lack of market for blue stained pine. In another example, Lowes and Home Depot, have declined to carry beetle killed lumber in their stores.

The USFS, in preparing the timber in this region for sale will have a great impact on the sustainability of the sawmills. The USFS can make these timber sales more attractive to the sawmill operators by including a higher percentage of spruce or not-yet-dead lodgepole pine, or larger diameter trees. Other factors affecting the value of the sale include the cost of the timber (the "stumpage"), the costs for road maintenance, slash deposits and the requirement to remove trees that are not large enough to meet minimum logging size (Product Other than saw Logs—POL).

POL is a major concern for the future of the sawmill industry. The method specified for removing POL will impact the value of the sale particularly if the terms of the sale require the loggers to remove this product from the forest. In some cases, there are economic uses for the POL, such as pellets and fence posts, but material to be removed and processed is expensive to transport relative to the value of the product and in Colorado there is simply not enough demand for the POL and it becomes a liability for the sawmill. As an example, for one recent sale that we analyzed, the cost of removing the POL was several times more expensive than the actual cost of timber and this made that contract uneconomical to bid (we were not the only ones to reach this conclusion, that contract received no bids).

It is important to note that there appears to be a clear push by the forest service and others to find a use for POL. In some cases this push has led to a hope that new technologies will use bio-mass such as POL to help manage forests. In fact there are technologies such as co-generation and biomass gasification that have the promise of using a significant amount forest material such as the POL or sawmill by-products to produce clean energy. However, these processes only operate profitably in conjunction with sawmills, not independent of sawmills. We believe there is an economically viable possibility of building a biomass gasification or co-generation operation that is supported by the sawmill operations, but only after the sawmill

operations are back running profitably and only after a long-term source of timber is assured.

Finally, it is also important to understand that the chance of bringing either one of these two sawmills up and operating efficiently is not without substantial risk to the investors. Before the Saratoga sawmill can be restarted, and perhaps before the Montrose sawmill is transferred out or receivership, the investors will need to have a sufficient supply of timber, on economically viable terms under contract from the USFS.

POINT No. 5: For the timber industry to survive in Colorado, the USFS contracts must be prepared in a way that is financially feasible for the sawmills.

ENVIRONMENTALIST THREATS TO THE COLORADO TIMBER INDUSTRY.

While environmental laws have effectively helped protect the environment from abusive practices, they have also been used to decimate the timber industry to the detriment of the very forests they were intended to save.

Undoubtedly the greatest single cause for the demise of the timber industry in the Rocky Mountains has been the impact of the environmentalist movement. The environmentalist movement of the late 1960's began when a controversy developed over the practice of clear cutting and terracing on steep slopes. The final result of the controversy was passage of the National Forest Management Act of 1976 (NFMA) which set guidelines for clear cutting.

The seventies also saw passage of The National Environmental Policy Act of 1969, signed into law January 1, 1970, which mandated that the environmental impacts of proposed Federal projects be comprehensively analyzed and The Endangered Species Act of 1973 which provided for protection of rare, threatened, and endangered animal and plant species. A watershed event occurred on August 7, 1986, when the U.S. Forest Service acted to protect the northern spotted owl from decline and extinction by limiting timber sales in mature portions of National Forests where the animals live.

Combined, a long series of governmental actions and court decisions stemming from these environmental policies resulted in a reduction of more than 75 percent of the timber harvested annually from public lands. Perhaps the clearest example of the impact of the environmental movement, and a warning of what could yet happen in Colorado, is the case of the Arizona timber industry.

The Arizona Timber Industry

For much of the 20th century, a variety of factors combined to interrupt the historic fire cycles over much of Arizona's native forests. This resulted in forests overstocked with small diameter trees, creating a "ladder fuel" situation, which placed millions of acres of Arizona forestland at risk for catastrophic fires. Similar to what is now happening in Colorado, the increasingly destructive cycle of insects, diseases, and wildfire in Arizona's ponderosa pine and pinyon-juniper forest ecosystems poses a significant risk to personal health, animals, watersheds, and property.

In the 1980s, Arizona had an active timber industry that helped maintain the heath of the forest and the industry harvested an average of 400 million board feet of timber annually. However beginning in the 1980s, a Tucson-based environmental group, the Center for Biological Diversity, charged that the U.S. population of Mexican spotted owls had shrunk to just a few thousand because of logging in the old-growth ponderosa pines. The group ultimately won a 1996 court injunction that temporarily shut down logging on all national forests in Arizona and New Mexico. Within a few years, applying more legal pressure on behalf of all affected species, it forced the Forest Service to reduce logging by 70 percent and limit the harvest to trees less than 16 inches in diameter. Years of legal battles had greatly diminished the Arizona timber industry and by 1996 it was largely extinct and the amount of timber harvested from Arizona forests was almost exclusively fuel wood.

> "We squashed the timber industry and the Forest Service, and dictated the terms of surrender" in the Southwest, said Kieran Suckling, the director of the Center for Biological Diversity.

But environmentalists' celebrations were cut short by a 2002 conflagration: The Rodeo-Chediski fire burned 467,000 acres (732 square miles), destroyed 400 homes and cost more than $43 million to fight. This was the largest fire in Arizona history until 2011, when the Wallow fire consumed 538,000 acres in eastern Arizona, destroying 32 homes and costing more than $79 million to suppress.

Three more of the largest Arizona fires, the Cave Creek Complex (2005)—244,000 acres, Horseshoe Two (2011)—222,954 acres, and Willow (2004)—120,000 acres have

all occurred subsequent to the demise of the Arizona Forest Industry. In total, those five fires consumed nearly ten percent of all of Arizona's forests (equivalent to more than 2 million acres if in Colorado). Decades of reduced logging coupled with active fire suppression had made Arizona's famous 2.4-million-acre ponderosa pine belt the most overgrown and flammable thickets in the West.

According to the Arizona's governor office, the Rodeo-Chediski fire in 2002 (along with a smaller fire in 2003), elevated awareness about forest ecosystem conditions and wildfire risks in Arizona. However, by that time it was also recognized by the Arizona agencies that the only cost effective management technique was to involve the timber industry—an option no longer available to the state. Even Kieran Suckling, the director of the Center for Biological Diversity, the very person and organization that had done so much to destroy the timber industry, recognized the need for harvesting timber and in 2009 signed a deal with entrepreneur Pascal Berlioux to try and restart a timber industry in Arizona.

Berlioux's company, Arizona Forest Restoration Products, hoped to do restoration work on at least 600,000 acres over 20 years, cutting only trees that are smaller than 16 inches. In turn, the Center for Biological Diversity promised not to file lawsuits against this work, and to defend the effort in court if other groups sued. Unfortunately, despite collaborative efforts by the State of Arizona, the USFS and others, reestablishing a timber industry has thus far proven to be too great a challenge. Berlioux has since shied away from making the $250 million investment that he estimated would be required to establish a timber operation in Arizona and no new mills are being built in this area.

Without the prospect of reestablishing an active sawmill industry and in an effort to "create a viable, sustainable industry that is an effective tool in restoring and maintaining healthy forests", the state sought to use government and financial incentives to create a new, different kind of timber industry using new technology and new products that lacked legitimate markets. Perhaps predictably, these efforts have failed and instead the USFS in Arizona is paying for forest management under stewardship contracts at a rate of about $420, on average (and sometimes as much as $1,000) for each acre treated.

The obvious lesson from Arizona is that under the existing laws, the public, and specifically environmentalist groups, can use litigation and other methods to destroy the timber industry. Once lost, the industry cannot be expected to be reintroduced into a region, even with coordinated support and financial incentives from the USFS and state and local governments. To this point, the sawmill equipment in Saratoga was idled and left in place; something that is fairly unusual. If this equipment had been liquidated (as was the equipment in the Big Horn mill in Laramie) and had to be replaced, there would be no conceivable economic justification for restarting the mill.

At this time, the USFS is operating timber sales in Colorado with what it calls "social license". This means the public generally supports efforts to harvest trees that have been insect infested. The Colorado public has a high degree of awareness of the impact of beetle killed pine because, among other reasons, a) the dead trees are very visible around highly trafficked areas such as the I–70 corridor and around ski areas such as Steamboat Springs and others, b) there have been many news articles in print and on television regarding beetle-killed pine, and; c) the increasing frequency and severity of large forest fires in the state over the past few years has heightened the awareness of the danger of large tracts of dead trees.

As a result of this awareness, the USFS generally has social license to conduct timber sales in the areas where structures and other human development meet or intermingle with undeveloped wildland; wildland-urban interface (WUI) areas. What is less certain is the USFS' social license to operate timber sales in non-WUI areas.

It will be important to have timber sales in the non-WUI. First, nearly 20% of Coloradoans live close to nature, surrounded by that wilderness high-risk space and the state's population is projected to blossom in the next 30 years—with much of the growth expected to occur in those woodsy areas. Moreover, active timber sales in non-WUI areas are required to maintain the forest health in those areas. In particular, the spread of insect infestation of the Colorado spruce forests cannot be stymied without the ability to harvest infected timber in non-WUI areas. In addition, essential water supplies are at risk from falling trees because of the damage wildfires can cause to watersheds. Within the heart of the outbreak in Colorado and Wyoming, in non-WUI areas, are the headwaters for some of the rivers supplying water to 13 western states.

Dead timber that is not harvested is subject to massive blow downs in the coming years. At the very least, this will impede the rate of regeneration in those forests. What is more, for those blow downs that catch fire, the conflagrations will burn hot-

ter than fires in standing timber and will destroy nutrients in the soil necessary for regeneration.

There is a great deal that is unknown about the long-term impact of the massive kill-off of the forests in Colorado, but there is much to be concerned about in untreated areas. The long-term consequences of the outbreak will be most dramatic in untreated areas where the shift in tree species composition will influence timber and water production, wildfire behavior, wildlife habitat and other forest attributes.

The ability of environmental groups to limit timber harvest to WUI areas, to the detriment to the long-term health of the forests, is a situation that, if unchecked, can easily destroy the remaining timber industry in this region. Political leadership will be required to find a solution allowing sawmills long-term access to timber harvests from national forests in Colorado, both in WUI area and in non-WUI areas.

Point No. 6: Environmental activism has been a significant influencer on the decline of the timber industry, ultimately to the detriment of the FORESTS.

Point No. 7: A regional timber industry should be viewed as a highly beneficial asset that once lost, is unlikely to be reestablished due to the high cost of investment and the uncertainty of long-term returns.

Mr. MCCLINTOCK. Thank you, Mr. Georg.

I would now like to recognize Mr. Dan Jiron, a regional forester of the Rocky Mountain Region for the U.S. Forest Service from Golden, Colorado to testify.

STATEMENT OF DAN JIRON, REGIONAL DIRECTOR, ROCKY MOUNTAIN REGION, U.S. FOREST SERVICE, GOLDEN, COLORADO

Mr. JIRON. Good morning, Mr. Chairman. Thank you both for the opportunity to come, and thank you, Mr. Tipton, for convening this hearing.

The Forest Service recognizes the need for a strong forest industry to help accomplish forest restoration work. A vibrant industry can provide both workforce and the know-how to undertake mechanical treatments and other restoration activities. Maintaining a viable industry is vital to Colorado. A loss of this industry would significantly impact our ability to accomplish forest health and reduce safety and health issues associated with dead and dying trees.

There have been some successes. We have two CFLR projects here in Colorado. One is right in our backyard, on the Western Slope. The Uncompahgre Plateau Collaborative Forest Restoration Project in 2011 provided 63 direct jobs and 124 total jobs. In this project, we have treated over 10,000 acres and produced 6.5 million board feet.

As members of the Subcommittee are well aware, the West is experiencing a beetle epidemic, and that is occurring all over the Rocky Mountain region in Region 2. Bark beetles have killed over 40 million acres of conifers in the western U.S. since 2000.

The Chief of the Forest Service has committed to spending $101 million on bark beetle work throughout the western regions for Fiscal Year 2012. The Rocky Mountain Region's share is $33 million. Regionally, we have prioritized our forest health efforts focusing on safety, resiliency and recovery. In 2012, we expect to accomplish nearly 16,000 acres of fuel reduction, hazard tree removal, and noxious weed work.

Timber volume to sell in 2012 within the region is slightly up from last year. We are at approximately 193 million board feet for

Fiscal Year 2012, and that compares to 189 million board feet in 2011. This year we plan to sell 91 million board feet in Colorado, compared to 82 million board feet in 2011.

Stewardship contracting is one tool that helps us to acquire restoration services by offsetting the value of the services received with the value of products removed with a single contractor agreement.

In addition, we have a front range long-term stewardship contract over on the other side that was awarded in 2009, and it was one of only three such contracts in the nation. This is a new way of doing business for the Forest Service, which will reduce treatment costs and facilitate the utilization of low-value products. We are currently exploring additional opportunities for long-term stewardship contracts within the region.

The region continues to work with partners and permittees to address threats to infrastructure, including power lines, roads and communities. In an effort to streamline our NEPA, the region developed a large-scale power line EIS that covered the three forests that were most heavily impacted by beetle mortality. We are committed to working closely with power line companies where they are interested in more aggressively treating the transmission corridors.

I would also mention in South Dakota we have taken several steps in NEPA to assist us to move faster and more efficiently, and the Black Hills has been a leader in helping us to carry out work related to restoration.

Here on the West Slope, the last two large sawmills in Colorado, Intermountain Resources and Delta Timber, are here. Market declines in the last five years and a regional focus on mountain pine beetle had left the timber industry with some high-priced contracts sold prior to the market decline. The region has worked diligently over the last several years to provide forest industry relief where possible, and to promote healthy forests through active management.

In August of 2011, Forest Service Chief Tidwell authorized that contracts awarded prior to July 1, 2008, meeting certain conditions, could be mutually canceled. In total, nine purchasers benefitted from this authority regionally, and seven benefitted within Colorado.

The Forest Service will continue to strive to adapt and improve our ability to meet our mission of sustaining the health, diversity and productivity of the nation's forests and grasslands for present and future generations. Our goal is to employ existing industry, expand local business opportunities, and create jobs. Doing so will require working closely with our partners, including Congress and local governments.

I thank you for your time and availability and look forward to answering your questions.

[The prepared statement of Mr. Jiron follows:]

Statement of Daniel (Dan) Jiron, Regional Forester, Rocky Mountain Region, U.S. Forest Service, U.S. Department of Agriculture

Mr. Chairman, Congressman McClintock, Mr. Chairman, Congressman Bishop, and Members, thank you for the opportunity to come before these subcommittees. I would also like to specifically thank Colorado Congressman Tipton and Colorado

Congressman Coffman for requesting this field hearing. I am the Regional Forester for the Rocky Mountain Region, consisting of Colorado, Wyoming, South Dakota, Nebraska and Kansas. Thank you for inviting us here today.

Nationally

Today, people understand that forests provide a broad range of values and benefits, including biodiversity, recreation, clean air and water, forest products, erosion control and soil renewal, and more. We have national forests in 42 states and Puerto Rico that comprise a land area of nearly 193 million acres. Our mission is to sustain the health, diversity, and productivity of the Nation's forests and grasslands for present and future generations. The Forest Service does this through working with numerous federal, state, tribal, and local partners, citizens, and industry.

The Forest Service also recognizes the need for a strong forest industry to help accomplish forest restoration work. A vibrant industry can provide both the manpower and the know-how to undertake mechanical treatments and other restoration activities. Forest industry also lowers the cost of restoration to the taxpayer by recovering value from forest products. The Forest Service is committed to increasing the number of acres being mechanically treated by 20% over the next three years. This increase would allow the Forest Service to increase the number of acres and watersheds restored across the system, while supporting jobs and increasing annual forest product sales to 3 billion board feet of timber. A critical part of this effort is building public support for forest restoration and management activities.

In January 2012 the Chief announced the Accelerated Restoration Initiative to increase the pace and scale of restoration and improve both the ecological health of our forests and the economic health of forest-dependent communities. An additional benefit of this restoration work is job creation. For example, through implementation of the Collaborative Forest Landscape Restoration Program (including the use of stewardship contracts), the proponents of projects on national forest lands anticipate creating or maintaining 1,550 jobs. The benefits of maintaining a robust forest industry flows not only to local communities but also to our public lands because the agency relies on local forest contractors and mills to provide the work force to undertake a variety of restoration activities. In addition, a study has shown that for every 1 million dollars spent on activities like stream restoration or road decommissioning 12 to 28 jobs are generated.

Two CFLR projects are here in Colorado. The Uncompahgre Plateau Collaborative Forest Restoration Project was estimated to have provided 63 direct jobs and 124 total jobs in FY 2011. In FY 2012, it is anticipated to leverage funds in the amount of $430,300 to complete more resource management. As a result of implementing this project, 2,218 acres were restored, 893 acres were reforested, 1,828 acres of forest vegetation were improved, 2,871 acres of wildland-urban interface hazardous fuels acres were treated, 3,065 acres of non-wildland-urban interface hazardous fuels acres were treated, and 6.57 million board feet (MMBF) were sold.

In addition, restoring the health and resilience of our forests generates important amenity values. Healthy, resilient forests and grasslands are magnets for outdoor recreation, with more than 170 million visits per year to the National Forest System. These visits lead to jobs and economic opportunity.

In order to accomplish the hundreds of thousands of acres of natural resource projects we do across the country each year, we continuously strive to increase efficiency in our National Environmental Policy Act (NEPA) process. The Agency has initiated a NEPA learning networks project to learn from and share the lessons of successful implementation of streamlined NEPA analyses. The goal of this effort is to ensure that the Agency's NEPA compliance is as efficient, cost-effective, and up-to-date as possible. Specifically we are looking at expanding the use of focused environmental assessments (EAs) and iterative environmental impact statements (EISs), expanding categories of actions that may be excluded from documentation in an environmental assessment or an environmental impact statement, and applying an adaptive management framework to NEPA. Our landscape-scale NEPA projects will also increase efficiencies by analyzing across broad swaths of land, avoiding repetitive NEPA analysis.

Beetle Epidemic

As the members of the Subcommittees are well aware, the West is experiencing a beetle epidemic, and this infestation is changing the way our forests will look in the future. Susceptible tree and stand conditions combined with recent droughts and rising temperatures have contributed to significant forest mortality. Bark beetles have killed over 40 million acres of forests in the western United States since 2000.

The beetles causing most of this mortality are native insects, including mountain pine beetle, western balsam bark beetle, fir engraver, spruce beetle, and Douglas-

fir beetle. The mountain pine beetle outbreak in the central Rocky Mountains is larger than any previously recorded outbreak in the Region, affecting over 6.6 million acres in Colorado and Wyoming. Damage was most widespread and dramatic in dense, aging, homogeneous lodgepole pine forests that dominate many mountainous areas of Colorado, Wyoming, Montana, Idaho, and Utah. Some of these outbreaks are occurring at higher elevations than in the past. Most notably, high-elevation whitebark pines have been killed on sites previously thought to be too cold for serious beetle outbreaks. These changes in beetle activity are related to warmer winter temperatures that have led to quicker development and higher survival rates for over-wintering insects. In Colorado, we are experiencing an epidemic of high beetle populations and susceptible hosts because:

- Warming results in higher beetle numbers and survival.
- A lack of two weeks at minus 40 degree C in winter means more beetles survive the winter.
- Warming allows for beetles to move up the hill and attack higher elevation lodgepole pine and other species of pines like whitebark.
- Warming and drought cause trees to be less resilient.

The Chief of the Forest Service has committed to spending $101.4 million on bark beetle work throughout the western regions in FY 2012. The Rocky Mountain Region's share is $33 million.

The Region has focused initial efforts on most heavily impacted areas around the White River, Routt and Arapaho Roosevelt National Forests. We are now prioritizing our forest health efforts across the entire region focusing on safety, resiliency and recovery.

Within the bark beetle area, the Region has worked with partners to address threats to the infrastructure, including powerlines, roads and communities. For example, the Forest Service developed the large-scale powerline EIS that covers the 3 national forests most heavily impacted by beetle mortality. The Region remains committed to working closely with the powerline companies where they are interested in more aggressively treating the transmission corridors.

Forest Management and Restoration Program including Stewardship Contracting

Timber volume that the Forest Service anticipates offering in 2012 within the Region is comparable to previous years—approximately 193 million board feet (MMBF) in FY2012 compared to 189 MMBF in FY2011. The amount of timber sold in the last five years within Colorado averaged 98.5 MMBF annually.

Stewardship contracting has increased greatly in Region 2 over the last 12 years, and it is an integral part of the forest management program, particularly for the treatment of low-value dead or dying vegetation caused by insect epidemics, or other low-value hazardous fuels. This tool helps the Forest Service to acquire additional restoration services. Stewardship contracting allows the Forest Service to offset the value of the services received with the value of forest products removed pursuant to a single contract or agreement.

In FY2011, Region 2 awarded 44 stewardship contracts for the treatment of 13,100 acres. Since the authority was originally enacted in 1999, the Region has awarded more than 196 stewardship contracts and task orders treating more than 70,500 acres.

Through stewardship contracts, Region 2 has been incorporating more biomass into sales to encourage utilization in pellets, bioenergy, biochar or other nontraditional products. For example, the Front Range Long-Term Stewardship Contract was awarded in 2009, and includes biomass utilization through pellets, decorative bark, horse bedding, and other forest products. We are entering into the fourth program year of the 10-year contract. This is a new way of doing business for the Forest Service, which will reduce treatment costs and facilitate the utilization of low-value products.

Mills and the Economy

In its efforts to restore the health and resilience of our national forests, the Forest Service faces some obstacles—the lack of industrial capacity, the economic downturn, high transportation costs, and low product values. These are the main factors that contribute to high treatment costs, which limit the use of stewardship contracts and affect the economics of timber sales within the Region.

Delta and Montrose are home to the last two large sawmills in Colorado—Intermountain Resources and Delta Timber.

Market declines in the late 2000's and a regional focus on mountain pine beetle treatments have left the timber industry holding high priced contracts sold in the early to mid 2000's. Many of the remaining contracts were ineligible for relief meas-

ures afforded to the industry in the 2008 Farm Bill. Any loss of the timber industry negatively impacts the Forest Service's ability to battle the beetle epidemic and reduce fire risks associated with this epidemic.

Commercial harvest utilizing a viable timber industry is the most efficient means to economically treat stands and restore landscapes, while supporting local economies. The Colorado forest industry provides the ability to actively manage vegetation and fuels on National Forest System lands, including salvage of dead and dying timber, and proactive treatments to maintain forest health and resilience, with the bonus of treating more acres at a lower cost. Employing existing industry, expanding local businesses, and creating local jobs maintains and increases capacity for managing the many acres of treatment identified in landscape restoration plans and Community Wildfire Protection Plans through a sustained workforce and stewardship capacity in loggers, foresters, saw millers, and truck drivers. Unfortunately, these critical land management partners and tools have greatly diminished in other regions and states.

The Region has worked diligently over the past several years to provide timber industry relief where possible and to promote healthy forests through active management. We have had challenges of course, and I am well aware that the largest mill in the state is still in receivership.

On August 2, 2011, Forest Service Chief Tidwell authorized the mutual cancellation of certain contracts awarded prior to July 1, 2008. The timber prices paid by purchasers prior to the forest products economic decline were higher than the market could bear in recent years. This authority allowed purchasers to mutually cancel sales that were no longer economically viable, and provide for continued operation of more economically viable timber sales. In total, nine purchasers benefitted from this authority regionally and seven benefitted within Colorado. The result is a more financially viable industry and maintenance of local jobs, to allow forest management to continue into the future when the market recovers. The Region is evaluating the reoffer potential and developing timelines to reoffer this volume as quickly as possible, where viable.

In summary, the Forest Service will continue to strive to adopt and improve our ability to meet our mission of sustaining the health, diversity and productivity of the Nation's forests and grasslands for present and future generations. Doing so will require working closely with our partners, including Congress and local governments.

It is my hope that the information that I have provided covers the interests of the Subcommittees with regard to the Forest Service. I thank you for your time and availability, and I look forward to answering your questions.

That concludes my prepared statement.

Mr. MCCLINTOCK. Thank you, Mr. Jiron.

At this point I am pleased to turn the gavel over to the distinguished Chairman of the National Parks, Forests and Public Lands Subcommittee, Mr. Bishop, who will conduct the remainder of the hearing.

Congressman Bishop.

Mr. BISHOP. [Presiding.] Thank you.

That is not in the script.

[Laughter.]

Mr. MCCLINTOCK. Yes, it is right here.

[Laughter.]

Mr. BISHOP. But we have other testimony to hear.

Let me go back to our next witness. Mr. Shoemaker, I would like to recognize you, the Executive Director of the Wilderness Workshop for Carbondale, Colorado, to testify. The same rules, 5 minutes, please.

STATEMENT OF SLOAN SHOEMAKER, EXECUTIVE DIRECTOR, WILDERNESS WORKSHOP, CARBONDALE, COLORADO

Mr. SHOEMAKER. Thank you. Thank you, Chairman Bishop, Chairman McClintock, Representative Tipton. I appreciate the opportunity to present to you today.

I am the director of a local grassroots, community-based, nonprofit conservation organization over in Carbondale, Colorado, over the hill from here, and I think today, though, I will speak mostly from my experience as the vice-chair of the Colorado Bark Beetle Cooperative, which is really most relevant to the issues today.

I have been with the Colorado Bark Beetle Cooperative, which is a broad, diverse, multi-stakeholder collaborative effort that is based in the bark beetle theater over in the 10 counties of Northern Colorado, and it has been self-charged with raising awareness about the bark beetle issue starting back in 2006, 2005, when there is a famous story about a state legislator who took a bark beetle down to the State Legislature in a little vial and he said, "I'm here today to talk about beetles," and the response was "I don't understand what a band from England in the '70s has to do with anything in Colorado."

The point is that there wasn't a lot of awareness about the scale and the intensiveness of the bark beetle epidemic.

The Bark Beetle Cooperative has done a great job of raising awareness about the scale and the impact that the beetle epidemic has had on Northern Colorado, and we have done a great job of hammering out agreement across a broad set of stakeholders in terms of what the priorities are for addressing those impacts. The priorities we identified were protecting life, property, critical community infrastructure, communities, and water supplies.

We took that broad agreement, which was full spectrum—Nancy was at the table, other representatives of the timber industry, and some very conservative county commissioners from Grant and Jackson County—and we all came to agreement, and we took that agreement to Washington, D.C. and were successful in getting a whole bunch of money and attention focused on Colorado and addressing impacts to beetles. Something on the order of $70 million has resulted from our efforts to build agreement and focus attention on mitigating the impacts to Colorado.

Fortunately, all that agreement has created a bunch of NEPA-ready projects that are on the shelf, but only about a quarter of those NEPA-ready projects have actually been accomplished. In other words, the hold-up there is not agreement, it is not litigation or appeals. It is funding to get the projects done. As we heard, the lodgepole pine has little market value, and that is a challenge because somehow we have to get these priority life-safety mitigations accomplished, but it is hard to do without any funds, and I think we would like to see more funds flow to the Forest Service to enable this mitigation work to get done.

One thing we are focused on also is building what is called a zone of agreement. The Governor's Forest Health Advisory Council chartered a group called the Lodgepole Pine Zone of Agreement Group to come up with a broad set of principles that outline where the agreement is, where the consensus is on how to address lodgepole pine. Principally, the purpose of the study was to agree on a set of forest management goals and objectives and means of achieving them that could be mapped, and wood volume and type can be quantified, laying the basis for wood supply certainty. That is a quote from the Governor's Forest Health Advisory Council's charter to the Lodgepole Pine Zone of Agreement Working Group.

The point is we recognize that you need a certainty of wood supply in order to make an investment decision and to scale up for the capital investments, and our contention is that the best way to do that is to pull together local collaborative processes, like the Colorado Bark Beetle Cooperative or the Ponderosa Pine group down in Southwest Colorado, or what we will hear from the Uncompahgre Partnership group up next, to hammer out what that agreement is, and within that zone of agreement you can actually map, then, where the wood is, what kind of wood it is, and what kind of value it is. That, then, can lay the road map for providing the certainty in wood supply over a long period of time.

I think, in short, collaboration is the grease that can get things going. Collaboration is the grease that can get wood products out of the wood, into the market, and creating jobs and feeding our economies.

Thank you.

[The prepared statement of Mr. Shoemaker follows:]

Statement of Sloan Shoemaker, Executive Director, Wilderness Workshop

Chairman McClintock and Chairman Bishop, thank you for the opportunity to testify on this important issue.

My name is Sloan Shoemaker and I am the Executive Director of the Wilderness Workshop based in Carbondale, CO, just over the pass from where we sit today. Wilderness Workshop was founded immediately after the passage of the Wilderness Act of 1964 and has since successfully advocated for Congressional designation of nearly 500,000 acres on Colorado's Western Slope.

But because ecosystems don't stop at wilderness boundaries, the Wilderness Workshop actively engages in the discussion about how the matrix of public lands beyond wilderness areas are managed. Our interest is simple—protect the ecological integrity of public lands so that the innumerable benefits and ecosystem services that flow off of them will continue to undergird the healthy communities and strong economies of Colorado's central mountains.

That's why I've been engaged with the Colorado Bark Beetle Cooperative since 2006. I am currently the President of the CBBC non-profit corporation and vice-chair of the Steering Committee. CBBC is a policy level collaborative addressing the ecological, social, and economic impacts of the mountain pine beetle outbreak. CBBC is comprised of a broad spectrum of stakeholders including the timber industry, forest energy industry, conservation organizations, local government, emergency management, USFS, BLM, Colorado State Forest Service, utilities, private property owners, water managers, wildlife managers, interested citizens and more.

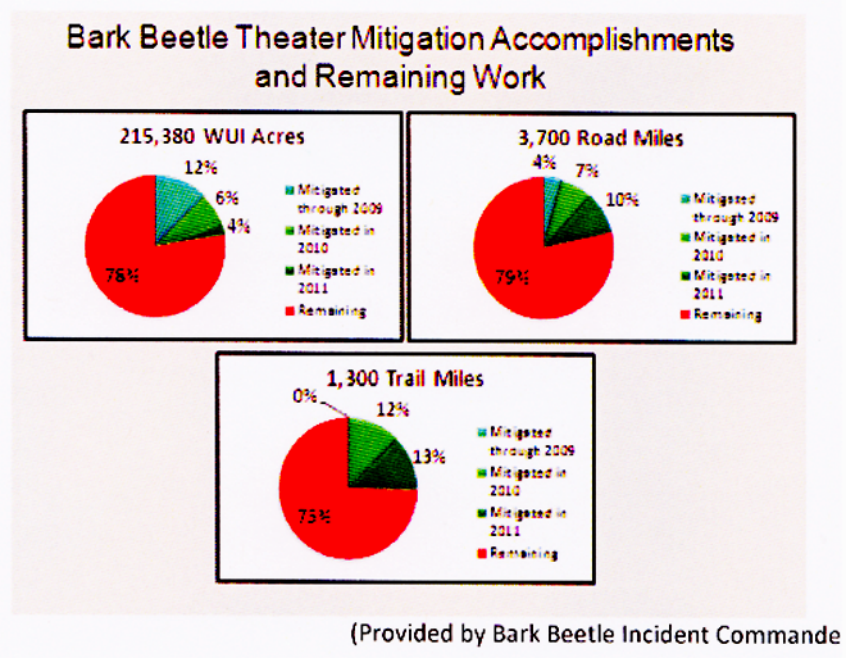
Collaboration is the grease

CBBC has worked hard to hammer out agreement on priorities for treating the affects of the bark beetle epidemic. Those priorities include the protection of life, property, communities, critical community infrastructure and water supplies. This broad, diverse stakeholder agreement unified the Colorado Congressional Delegation behind these mitigation priorities and effectively leveraged agency attention and new resources to the state of Colorado. Below is a summary of increased funding resulting from CBBC and partners efforts from 2006 to 2010:

- $12,000,000, Department of Defense via Senate Interior Appropriations Committee
- $44,550,000, Department of Agriculture via FS
- $10,000,000, ARRA funding
- $42,882, National Forest Foundation
- $50,000, Donations from CBBC members
- $5,000,000, State of Colorado through passed legislation
- $300,000, County cost sharing grants
- $50,000, Colorado State Forest Service revolving loan fund

CBBC is proud to have raised public, congressional and agency awareness of the significant impact that bark beetles are having on our mountain communities. And, CBBC is proud that this awareness has translated into chainsaws running in the woods to mitigate those impacts. The hard work we've done to build consensus has leveraged nearly $70,000,000 worth of on-the-ground work that has reduced the haz-

ards facing our communities, created jobs, and supplied wood to the wood products industry. Yet, there's still a long way to go—as of the end of 2011, less than a quarter of the NEPA ready mitigation work has been accomplished.



This point bears emphasis. This mitigation work—215,380 WUI acres, 3700 miles of roads, 1300 miles of trails, and 460 recreation sites—has cleared NEPA with no appeals or litigation. So after three years of an all-hands-on-deck effort, why does 75–79% of this urgent mitigation work remain unfinished? There's not enough money to get it done.

What about the market?

The best and brightest minds in Colorado have been struggling for years to figure out how to get this wood to pay its way out of the forest. But, as a 2011 report [1] states:

> Dead standing trees and most green standing trees in the Colorado and Wyoming outbreak area have little or no commercial value due to size, condition, accessibility or marketability. In fact, they have negative value because they must be removed at a cost. p. 10

The economic recession and downturn in the housing market have killed demand for structural wood products. And, the longer the beetle killed lodge pole pine stands, the more defective it becomes, even further reducing its already marginal value. These issues are exacerbated by trade agreement issues with Canada which has been dumping its wood products on U.S. markets. Several pellet mills have sprung up to seize the opportunity this vast wood supply seemingly presents. But, they have limited capacity and...

> ...utilization of large quantities of biomass material is still years away. The benefit/cost ratio for converting municipalities to biomass-fueled heat or power does not favor use of biomass when compared to natural gas because natural gas costs less at this time. p. 12 [2]

The bottom line: there isn't a market solution for mitigating beetle kill hazards in a timely manner. It must be paid for with public funds. There's more NEPA ready work on the shelves, indeed several years worth, than there is money to pay

[1] Review of the Forest Service Response: The Bark Beetle Outbreak in Northern Colorado and Southern Wyoming. A report by USDA Forest Service Rocky Mountain Region and Rocky Mountain Research Station at the request of Senator Mark Udall, September 2011

[2] *Ibid.*

for it. These means that even the triaged, highest priority human health and safety related tree removal isn't getting done at the necessary pace due to lack of funds.

It's ironic that this hearing is titled "Logs in the Road." The CBBC's collaborative efforts to build consensus around mitigation priorities cleared the road for the USFS to launch a vast hazard tree mitigation effort across the three national forests in the beetle theater. The USFS calculates 25 acres of tree mitigation per road mile making this a 92,500 acre linear clearcut. In a previous day, clearcutting 92,500 acres across 3 national forests would be tangled up in appeals and litigation for years. But this NEPA sailed through. Unfortunately, only 600 miles have been treated to date and the agency is struggling to find the funds to keep moving forward. Given that an estimated 100,000 trees are falling per day in Northern Colorado and Southern Wyoming, *there will literally be logs in the roads*...not as a result of excessive litigation or red tape...but due to lack of funding. Downsized government has come home to roost.

Industry and Zones of Agreement

Though today's economics work against a robust timber and wood products industry in Colorado, it is critical that industry remain viable and at the table as it will play a key role in on-going forest management. Colorado will never be a major timber production state. Our growing seasons are too short and our wood quality is too poor to ever support a massive timber program. However, there is room for appropriately scaled industry. In fact, industry is essential to helping meet mitigation and restoration goals. But, how much industry is enough?

One promising way to answer that is to work within the collaborative framework to identify a zone of agreement (ZOA). Industry needs certainty upon which to build a business plan. The ZOA can provide that certainty. If all stakeholders can agree on a set of forest management goals and objectives and the means of achieving them, that agreement can be mapped and wood volume/type can be quantified, laying the basis for wood supply certainty. Industry can then scale and invest appropriate to this supply over the long term.

The recently disbanded Colorado Governor's Forest Health Advisory Council chartered the Lodgepole Pine Zone of Agreement Working Group in April 2010. "The underlying purpose...is to help the FHAC better understand what wood supply would be available to sustain wood industries in the LPP zone over the long-term, not just during the period of salvaging standing dead trees."[3] Due to time and resource limitations, the LPP ZOA group stopped short of a fine filter quantification of wood supply across the LPP zone. However, it did develop a process framework for converting the philosophical ZOA into an operational ZOA using Summit County as a case study.

While this approach may seem time intensive and unwieldy, sometimes we have to go slow to go fast. The most valuable lesson learned from the numerous collaboratives around the state is that time invested upfront to build trust, deepen communication, explore differences and hammer out agreements expedites projects to the ground and creates the climate of certainty necessary to sustain a robust but appropriately scaled industry. Effective collaboration can improve the rate of implementation more effectively than trying to reduce environmental reviews and public involvement. The formula is simple; develop locally-relevant science within a solid collaborative process thoroughly supported by local agency and community leadership to arrive at a strategy that does not result in appeals or litigation—science, collaboration, and leadership.

Protecting water supplies

Millions of people rely on water from watersheds now dominated by beetle killed lodgepole pine trees. Given how vast the epidemic is and how few resources are available to address its impacts, a strategically targeted approach to protecting water supplies is imperative. The first order of business is to treat hazard trees that threaten to fall on or block water delivery infrastructure. This infrastructure is readily locatable and hazardous trees that threaten it can be readily identifiable and treated. Hazard tree removal also reduces fuel loading around infrastructure to reduce or eliminate direct impacts from wildfire.

A larger and more worrisome threat is posed by the risk of massive post-fire debris flows. This threat isn't restricted to beetle killed forests. *Any fire dependent forest will eventually burn,* posing the same debris flow hazard to reservoirs and the water supply system. Again, because of the scale of the potential problem and the

[3] Colorado Governor's Forest Health Advisory Council, Lodgepole Pine Zone of Agreement Working Group Report. April, 2010. Colorado Forest Restoration Institute.

fact that predicting where the next fire will be is impossible, a targeted and strategic approach that will give the most bang for the buck is warranted.

A group of scientists, land managers and water suppliers was convened in the fall of 2007 to examine ways to protect Front Range water supplies. The Data Refinement Work Group was formed with the purpose to "identify and prioritize those watersheds that provide or convey water used by communities and municipalities. This identification of watersheds will, in turn, assist in prioritizing watersheds for hazard reduction treatments or other watershed protection measures."[4] Four components were identified to assess watershed risks. They are:

- wildfire hazard
- flooding or debris flow hazard
- soil erodibility
- water uses ranking

These layers are then overlain to develop a composite hazard ranking.

This watershed assessment methodology identifies and prioritizes sixth-level watersheds based upon risks to water supplies posed by debris flows and increased sediment yields following wildfires that could have impacts and is intended to be the first phase of the process. It results in the identification of Zones of Concern that warrant a closer look. Because the data is too coarse at the 6th level watershed scale, the next step is convening local stakeholders with expert knowledge of the watershed to focus at a finer scale on these Zones of Concern. This will result in identification of specific treatment areas, methods and priorities for on-the-ground projects. Having been fairly widely vetted, there's general consensus and comfort that this strategic approach to water supply protection has great merit, especially in time when resources are few and priorities must be identified to yield the most efficient use of the very limited resources available. Because this methodology is scientifically sound and enjoys broad support, resulting projects are likely to be uncontroversial and the biggest barrier to implementation is likely to be funding.

How did we get here and what happens next?

No discussion of the bark beetle epidemic is complete without reflecting on how we got here and looking forward at what future forests might look like.

> Across vast acres in the West, even-aged stands of pine forests have formed as a result of years of fire suppression and large-scale, intense logging at the turn of the century. Many of these tree species life histories are fire-adapted, and lodgepole pine, for example, naturally regenerates in the presence of fire. These homogeneous and overly dense forests have provided an extensive food source for beetles, and they have responded with large population build-ups. In addition, climate change has resulted in warmer winters that have not been cold enough to reduce beetle populations. This phenomenon, combined with multi-year drought, has allowed beetles to proliferate at higher elevations and latitudes and has resulted in more beetle generations per year in some areas.[5]

This intersection of macro-scale factors has allowed the beetle outbreak to cross a threshold, blooming into an epidemic at a scale impossible to stop. It seems each successive generation must relearn this lesson.

Forest managers threw everything they had at the spruce bark beetle outbreak on the Flattops in the 1940–50s to no avail. The mountain pine beetle got a head of steam in the 1970s and managers tried to cut their way ahead of it, again to no avail. Some long time Forest Service personnel relate that they've been fighting the beetle and losing their entire careers. When the public first started becoming aware of the current epidemic, the cry went up to fight the beetle and do everything in our power to stop it. "Six or eight years ago, we were under a lot of public pressure to stop the beetles from spreading further," says Steve Currey, director of bark beetle operations on the Medicine Bow-Routt National Forests in Colorado and Wyoming. "Now people understand that this thing is too big, and really impossible to stop."[6]

The beetle killed LPP forests are routinely referred to as devastated but this characterization misunderstands what is actually happening. While the millions of acres of dead LPP are visually arresting, this isn't an ecological disaster. LPP is an early successional species that co-evolved with this sort of disturbance and consequently

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[4] Front Range Watershed Protection, Data Refinement Work Group. Protecting Critical Watersheds In Colorado From Wildfire: A Technical Approach To Watershed Assessment And Prioritization, Executive Summary, February 2009, p. 2.

[5] Western Bark Beetle Strategy—Human Safety, Recovery and Resiliency, U.S. Forest Service, July 11, 2011, p. 4

[6] Ibid. p.4

regenerates quite well. The beetle attacked the larger, overstory trees killing many but not all. Mortality has been heterogeneous, with isolated pure LPP stands showing 100% mortality while others retain a significant amount of surviving large canopy trees. These survivors lay the foundation for a structurally diverse, mixed age class future forest.

> The beetles have selectively killed the larger trees, whereas most smaller trees and saplings have survived. Often obscured by the red crowns of the larger dead or dying trees, small trees usually are at least as abundant in a surviving understory as dead trees are in the overstory. All of these diverse stand structures are grouped together, however, in the reported acreages of "destroyed" forest.[7]

Further, shade tolerant species like Engelmann Spruce, sub-alpine fir, and Douglas fir have established in the understory of what from a distance look like homogenous LPP forests. Also, aspen trees are now showing up in places where previously there was a homogenous stand of LPP. With the removal of a live overstory, these suppressed understory species are released and thriving on the newly abundant resources (water, sunlight and nutrients) available to them. This advanced regeneration is the future forest already established, ensuring that future forests will be much more heterogeneous and diverse than the one it's replacing.

Whole books could be written about future fire behavior in the beetle killed LPP. There's understandable concern about fire severity and rate of spread in the vast dead LPP forest. But, researchers are demonstrating that it's much more complicated than the simplistic equation that dead trees equal greater fire hazard. Studies show that wind, temperature and humidity have a greater impact of fire behavior than the structural changes wrought by beetles. "It's important to remember that nobody is saying beetle-killed forests won't burn," Turner says. "They will burn perfectly well. The point is that they will burn no more severely than a comparable green forest."[8] The point is that local ecological context and climatic conditions the day of burn matter and broad generalizations serve no purpose. In any case, the fact remains that the highest probability for surviving wildfires lays in treating the fuels within 40 meters or so of structures at risk.[9] If I was a local fire chief, I'd be more focused on educating residents in my district about the common sense measures they can take to protect the Home Ignition Zone than the condition of fuels in the backcountry.

CBBC has chartered a special Future Forests Committee tasked with developing a nuanced understanding of the variability in numbers, sizes, and species of surviving trees and the species diversity and distribution of natural regeneration to get a handle on what future forests will look like if left alone. Armed with this understanding, the committee will then initiate a dialog with local communities to explore what their vision for future forests is. Comparing that vision to the trajectory forests are naturally on will reveal areas of conflict where desired future conditions diverge from the forest's trajectory. This will then inform where forest management actions in the mid- to long-term must occur to reset the forest trajectory towards the desired future condition.

Is NEPA a log in the road?

A 2003 GAO report to Congress found that only ***3%*** of hazardous fuels reduction projects in 2001–02 were litigated affecting only 100,000 acres of the 4.7 million acres authorized by NEPA decisions in those years.

A 2010 GAO report to Congress found that only ***2%*** of hazardous fuels reduction projects in 2006–08 were litigated affecting only 124,000 acres of the 10.5 million acres authorized by NEPA decisions in those years.

Congress recently attached a rider to the FY12 omnibus spending bill that the President signed into law requiring a fast-track process that limits citizen participation by applying the streamlined HFRA pre-decisional objection process to every project implementing a Forest Plan. The rider provides:

> FOREST SERVICE PRE–DECISIONAL OBJECTION PROCESS
> SEC. 428. Hereafter, upon issuance of final regulations, the Secretary of Agriculture, acting through the Chief of the Forest Service, shall apply section 105(a) of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 15 6515(a)), providing for a pre-decisional objection process, to proposed ac-

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[7] Rocca, Monique E. and Romme, William H., *Beetle-infested forests are not "destroyed,"* in Frontiers in Ecology. The Ecological Society of America, publisher. P. 71.

[8] Bark Beetles and Fire: Two Forces of Nature Transforming Western Forests. Fire Science Digest, Issue 12. February 2012. p.6.

[9] Cohen, J. D. (2000). Preventing disaster, home ignitability in the wildland-urban interface. Journal of Forestry 98(3): 15–21.

tions of the Forest Service concerning projects and activities implementing land and resource management plans developed under the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1600 et seq.), and documented with a Record of Decision or Decision Notice, in lieu of subsections (e), (d), and (e) of section 322 of Public Law 102–381 (16 U.S.C. 23 1612 note), providing for an administrative appeal process:

Provided, That if the Chief of the Forest Service determines an emergency situation exists for which immediate implementation of a proposed action is necessary, the proposed action shall not be subject to the pre-decisional objection process, and implementation shall begin immediately after the Forest Service gives notice of the final decision for the proposed action: *Provided further,* That this section shall not apply to an authorized hazardous fuel reduction project under title I of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6501 et seq.).

This is an extreme fix for what is apparently more a problem in lore than reality. This is especially troubling because NEPA is essentially conservative in intent—it seeks to hold the government accountable to its citizens. Insulating government from review just means making government less accountable. Further streamlining of NEPA has the perverse effect of allowing government bureaucrats in DC to get away with whatever they want with less public oversight and accountability.

NEPA allows everyone to participate, gives everyone a voice, and opens the courthouse door to all who would hold the government accountable. And, NEPA isn't biased towards one side or the other and provides the opportunity for everyone to have a voice based on the study process required by NEPA. While the conservation community is well known for its skillful engagement in the NEPA process, here are two examples of where miners successfully navigated the NEPA process.

This year, an individual uranium prospector filed suit against DOI for putting 1 million acres of lands off-limits to mining near the Grand Canyon. He didn't even have a lawyer. What he had was NEPA, which permitted him to provide comments to the agency showing why he thought uranium mining could occur without harming the environment. And it gave him rights when he thought BLM had broken the law. While I don't agree with the substance of his suit, I will defend his right to intervene in the process. What could be more American than a single individual trying to hold the government accountable? Should we make it even harder for him—and for others—to do so?

Another mining interest used the NEPA process to challenge and enjoin a uranium leasing program they felt wronged by. A key point to the NEPA injunction issued by Judge Martinez on the DOE uranium leasing program is that the problems at the lease sites and the narrow analysis carried out by private contractors were brought to the DOE's attention in 2006. Instead of taking public input seriously, DOE kept its head in the sand and is now addressing these issues pursuant to court order and oversight. Judge Martinez agreed that DOE failed to comply with NEPA which never would have happened if the public was denied the right to appeal and litigate. From the conservation community's perspective, there are a few key factors at play that result in project level NEPA delaying on-the-ground action. The lengths entrenched agencies go to avoid disclosure of serious problems is a real culprit. Litigation does not succeed unless an agency truly botches the job. Outsourcing the job to government contractors with deep ties to industry is also a key failure. Our federal agency experts should be doing the analysis, not industry.

Further, agencies can be their own worst enemies, turning a simple NEPA process into an analysis black hole. Our experience suggests that this results from agencies trying to make appeal proof NEPA documents for controversial or unjustifiable projects. As discussed above, a more effective and efficient way to avoid appeals and expedite projects to the ground is through upfront collaboration to build the agreement that allows projects to sail out the back end uncontested.

Mr. BISHOP. Thank you.

We will next hear from Ms. Leigh Robertson, who is a grant writer for the Education Outreach Coordinator, and this is why I got the gavel now, so I can pronounce this word. Uncompahgre?

Ms. ROBERTSON. Uncompahgre.

Mr. BISHOP. Fine, OK. Uncompahgre.

[Laughter.]

Mr. BISHOP. You don't have that word in Utah, I'm sorry.

The Uncompahgre Partnership from Ridgway, Colorado.

You have 5 minutes, ma'am.

STATEMENT OF LEIGH ROBERTSON, GRANTWRITER, EDUCATION/OUTREACH COORDINATOR, UNCOMPAHGRE PARTNERSHIP, RIDGWAY, COLORADO

Ms. ROBERTSON. Thank you, Congressmen, for this opportunity to testify. As you mentioned, I represent Uncompahgre Com, a nonprofit that promotes forest health in ways that provide positive impacts on local economic, cultural and ecological values. We are also a partner in the Western Colorado Landscape Collaborative, along with local offices of the Forest Service, Bureau of Land Management, Colorado Parks and Wildlife, Western Area Power Administration, and Tri-State Generation and Transmission Association. Our local collaborative is working hard to improve the resiliency of our forests, and I would like to share some information about this valuable model.

To give an example, in July of 2002 the Burn Canyon Fire charred over 30,000 acres. The Forest Service made plans for a salvage logging sale in the canyon after the fire. Environmental groups were concerned about the potential for ecological damage from logging operations. By discussing the issues and working together, various interested parties were able to come up with a win-win solution. This included developing a multi-party monitoring partnership to determine the impacts of salvage logging. This stopped appeals by environmental groups of two other timber sales within the canyon and helped two small, local timber companies stay in business. As a result, harvesting and processing of wood products resulted in an estimated return of over $1,460,000. In addition, logging, trucking and sawmill businesses spent over $770,000 in the region for goods and services.

Another example is the Uncompahgre Plateau Collaborative Forest Restoration Program. By involving local stakeholders early on in the planning process, environmental concerns were addressed, and there were no appeals of the NEPA document, which has resulted in several stewardship contracts. This environmental assessment has led to over 29,000 hundred cubic feet of timber to local mills and has provided 229 part- and full-time jobs.

In addition, we've worked with partners such as WAPA and Tri-State when planning forest treatments. This has resulted in larger and more effective treatments that reduce the likelihood of wildfires destroying power lines and the associated disruption of power and communication to thousands of people, property damage, and possible loss of human life. These treatments also improve wildlife habitat and forest diversity. So far, over 2,000 acres of power line treatments have been accomplished.

Currently, the Forest Service and local partners are planning for the next phase of the CFLR project. The NEPA document for the Escalante Project Area will cover approximately 142,000 acres. There are a number of benefits to planning for large landscapes such as this: the ability to implement many forest treatments under one NEPA document, which provides for greater efficiency and coordination. Wildlife, recreation, industry and environmental concerns can all be effectively addressed and resolved up front with stakeholders. The more profitable treatments, such as logging of

spruce trees, can help offset the costs of ecosystem restoration treatments, such as the thinning of small-diameter pine trees, which are not profitable to log commercially. Money can be leveraged among several partners, and projects can be planned to keep naturally ignited fires compartmentalized between treated areas and existing roads.

While we have been able to work successfully within existing environmental regulations, we do see other areas that could be improved. This includes increasing the authority of local land managers to move on projects and collaborate with other partners, and other items mentioned in my written testimony. We encourage Congress to keep supporting collaboration, such as through continued funding for the Collaborative Forest Landscape Restoration Program. The CFLR Program not only encourages local stakeholder involvement, but also promotes sharing of knowledge among the various projects across the U.S., which improves efficiency.

I would also like to mention that the collaborative work we are doing with Tri-State and WAPA is so unique that the transmission forum members from Canada, the United States and Mexico will be meeting this September in Montrose to learn about this effective model. This kind of partnership between the utilities, Colorado Parks and Wildlife, Uncompahgre Com, the BLM and Forest Service can only continue to grow if collaboration is encouraged and supported in the Federal agencies.

I thank you for your time.

[The prepared statement of Ms. Robertson follows:]

Statement of Leigh Robertson, Education/Outreach Coordinator, Uncompahgre/Com, Inc.

Congressmen, thank you for this opportunity to testify.

My name is Leigh Robertson, and I represent Uncompahgre Com, a nonprofit that promotes forest health in ways that provide positive impacts on local economic, cultural and ecological values. We are also a partner in the Western Colorado Landscape Collaborative, along with local offices of the Forest Service, Bureau of Land Management, Colorado Parks and Wildlife, Western Area Power Administration and Tri-State Generation and Transmission Association.

Our local collaborative is working hard to improve the resiliency of our forests, and I would like to share some information about this valuable model.

To give an example, in July of 2002 the Burn Canyon Fire charred over 30,000 acres. The Forest Service made plans for a salvage logging sale in the canyon after the fire. Environmental groups were concerned about the potential for ecological damage from logging operations. By discussing the issues and working together, various interested parties were able to come up with a win-win solution. This included developing a multi-party monitoring partnership to determine the impacts of salvage logging and preventing one timber sale located on steep land that would have required the construction of new roads. This stopped appeals by environmental groups of two other timber sales within the canyon and helped two small, local timber companies stay in business. As a result, harvesting and processing of wood products resulted in an estimated return of over $1,460,000. In addition, logging, trucking and sawmill businesses spent over $770,000 in the region for goods and services.

Another example is the Uncompahgre Plateau Collaborative Forest Landscape Restoration Program (CFLRP). By involving local stakeholders early on in the planning process, environmental concerns were addressed, and there were no appeals of the NEPA document which has resulted in several Stewardship contracts. This Environmental Assessment has led to over 29,000 ccf of timber to local mills and has provided 229 part and full-time jobs.

In addition, we've worked with partners such as the WAPA and Tri-State when planning forest treatments. This has resulted in larger and more effective treatments that reduce the likelihood of wildfires destroying power lines and the associated disruption of power to thousands of people, property damage, and possible loss

of human life. These treatments also improve wildlife habitat and forest diversity. So far, over 2,000 acres of power line treatments have been accomplished.

Currently, the Forest Service and local partners are planning for the next phase of the CFLR project. The NEPA document for the Escalante Project Area will cover approximately 142,000 acres. There are a number of benefits to planning for large landscapes such as this:

- The ability to implement many forest treatments under one NEPA document, which provides for greater efficiency and coordination
- Wildlife, recreation, industry and environmental concerns can all be effectively discussed and resolved up front with stakeholders
- The more profitable treatments, such as logging of spruce trees, can help offset the costs of ecosystem restoration treatments, such as the thinning of small diameter pine trees—which are not profitable to log commercially
- Money can be leveraged among several partners, and
- Projects can be planned to keep naturally-ignited fires compartmentalized between treated areas and existing roads.

While we have been able to work successfully within existing environmental regulations, we do see other areas that could be improved. These improvements could include:

- Getting federal budgets to the local field offices before the end of the current fiscal year.
- Increasing the authority of local land managers to move on projects and to collaborate with other partners,
- and other items mentioned in my written testimony.

We would encourage Congress to keep supporting collaboration, such as through continued funding for the Collaborative Forest Landscape Restoration Program. The CFLR Program not only encourages local stakeholder involvement, but also promotes sharing of knowledge among the various projects across the U.S., which improves efficiency.

Thank you for your consideration of this testimony.

Further suggestions for things that could be improved:

- Currently, collaborators can only request federal funds 30 days before they will be used. It can be very hard to predict when funds will be needed due to factors such as weather and contractor's schedules. It would be helpful if the local forest supervisor had the ability to extend that time up to 90 days.
- Ongoing changes in policies and new regulations can have a dramatic effect on local offices—reducing efficiencies, morale and employee production.
- The Forest Service often values timber too high, which can prevent local contractors from bidding on timber sales. It makes more sense to listen to the local timber industry reps and see what price is economically feasible. If the Forest Service keeps the valuation a little lower, industry contractors can bid up the price.
- The recently added additional layer in the state BLM organization causes less efficiency and hinders local managers in moving effectively to meet their land management objectives. We'd rather see that money going to add more field-level employees.
- Additional regulations imposed on collaborators (in formal participating agreements) increase costs for these organizations. This makes it very challenging in this economy.

Other Comments:

- We don't see any need to circumvent the NEPA process. Logging of beetle-killed trees could have detrimental environmental affects in some areas, so the process provides necessary safeguards. If planning efforts include stakeholders in the early stages, appeals can often be prevented.
- The collaborative approach mentioned above, e.g., involving stakeholders and working across large landscapes is also effective in other areas, such as coordinated weed management and the Colorado Plateau-wide native plant program.
- In addition to the Forest Service, the BLM has been an important partner in this process, e.g., many power line treatments were conducted on BLM land.
- Another critical component of our success has been the use of the various funding sources in implementing programs across agency boundaries to benefit our broad landscape approach to healthy public lands.
- We applaud your efforts to get out to local communities to hear the issues of concern, since each locale has their own specific challenges. As you can see, the need to log beetle-killed pine to improve forest health isn't an issue on the Uncompahgre Plateau. Here, pine trees aren't even a species that local

loggers and mills want to buy. Spruce is the tree that is economically feasible to log and mill. That said, we are doing all we can to:

- improve forest resiliency to minimize future outbreaks of insect infestations and reduce the likelihood of catastrophic wildfires, and
- provide local jobs, recreational opportunities, and move towards ecosystem health in a collaborative, science-based manner.

We encourage Congress to continue supporting this effective approach.

Mr. BISHOP. Thank you, and I will say Uncompahgre properly from now on, because I will never say it again.

[Laughter.]

Mr. BISHOP. All right. Thank you.

We will next turn to Mr. Downie, who is the David—no. Yes, Mr. Downie, one page too soon. The Director of the Vegetation Management and Ancillary Service Program for Xcel Corporation, from Denver, Colorado.

STATEMENT OF JIM DOWNIE, DIRECTOR, VEGETATION MANAGEMENT AND ANCILLARY SERVICES PROGRAM, XCEL ENERGY, DENVER, COLORADO

Mr. DOWNIE. Mr. Chairman and members of the Committee, thank you for the opportunity to share our perspective. Public Service Company of Colorado is the largest investor-owned utility in Colorado, with approximately 1.7 million customers. In Colorado we have approximately 4000 miles of electric transmission lines, of which 760 are on U.S. Forest Service lands.

My remarks will focus on the ongoing efforts by Xcel Energy to maintain its electric transmission rights-of-way as required by the Colorado PUC and in compliance with Federal regulators to better ensure the safe, reliable delivery of electricity while taking into consideration the Forest Service's efforts to ensure forest health, and the very real challenges of both Xcel and the Forest Service face every day in advancing these efforts.

To put the utility issue in perspective, it is important to understand that, although utility corridors make up less than 1 percent of acreage involved in the current MPB epidemic in Colorado, the impact of one tree coming into contact with electric lines starting a fire, or a wildfire damaging or destroying transmission lines could have far-reaching consequences for many residents of Colorado and perhaps other states.

We have long worked in partnership with the Forest Service to perform vegetation management around electric facilities located on Federal lands and more recently with collaborative groups like the CBBC.

Despite this, challenges remain. There are three main operational challenges, all with ties to overall forest health. First is NERC implemented the Vegetation Management Standard in 2007 in response to the 2003 Northeast blackout. Essentially, this standard has a zero tolerance for tree-related outages. The most practical and cost-effective way for us to ensure that doesn't happen is to remove all incompatible vegetation from rights-of-way.

But essentially, the issue is we have FERC and NERC saying don't have any tree outages, and sometimes the Forest Service and, more importantly, their critics saying that we want trees there, maybe to screen the lines so you can't see it and that kind of stuff.

So we have competing Federal mandates and inconsistent policies impacting national lands. Our progress on Federal lands has been inconsistent, ranging from removal of incompatible vegetation to limited removal.

The second issue is, beginning in 2008, the impact of unprecedented levels of mountain pine beetle activity left thousands of dead trees within striking distance of our facilities. We have managed that very successfully. We have removed about 200,000 trees in the last several years. They were all hazard trees, and we greatly appreciate the assistance the forest has been able to provide regarding this, but we are all frustrated by legal and regulatory constraints that prevent us from performing this work more efficiently, effectively and safely.

The last issue is the bark beetle infestations have brought about an awareness of the potential for radiant heat that can damage and destroy transmission structures. In the MPB epidemic area alone, 76 percent of our transmission structures are made out of either wood or aluminum, which obviously are very sensitive to heat. Some transmission lines are more critical than others, with many providing electricity to hundreds of thousands of customers.

In the event of a fire, transmission lines can be short-circuited by smoke. This is usually a short-term problem. However, if a fire completely destroys structures, the loss of the lines ability to serve electricity can be long-term. In other words, it is out of service until we can repair it or rebuild it. Losing multiple structures or more than one transmission line at the same time from fires can create an even greater challenge for our customers.

We are keenly aware that the challenges facing our company are occurring in the context of a much larger one the Forest Service faces with regard to forest health. We are most appreciative of the leadership shown by the Forest Service to address the situation, and we also are very appreciative of the leadership shown in the Congress by the two committees represented here, as well as Senator Udall and his tireless efforts on the matter.

In seeking to address the situation in the long term, it has become clear to us that existing Federal laws are a significant barrier to enabling the Forest Service and utilities like us to work together in a comprehensive way to address the two main challenges, which are again trees coming in contact with the lines and the potential for wildfire damage.

The moment we step onto lands outside the rights-of-way, we face a significant legal challenge. The property is owned and managed by the Forest Service, and the utilities are not the stewards of these lands. The challenge is that such lands are now impacting our infrastructure, which is critical to the health, safety and welfare of our modern society. Although we do not have the legal control for these areas outside our permits, some have argued that utilities like ours should somehow be responsible for the conditions that were created by events wholly outside of our control.

In sum, the laws and regulations governing forest management do not provide flexibility for the Forest Service and companies like ours to effectively and efficiently and safely address forest health/fuels treatments in areas immediately adjacent to our rights-of-way and sometimes on the right-of-way. One needs to look no further

than right here where, as Ms. Robertson and Mr. Jiron have noted, there are some great projects and great success stories with WAPA and Tri-State working on Forest Service lands and leaving a really great end product.

Because of that common interest, addressing this matter in such a way where we can access these areas in a swift but limited manner, without shouldering extensive liability, we believe should be a priority.

Thank you, Mr. Chairman, for the chance to share our views. I would be happy to answer any questions.

[The prepared statement of Mr. Downie follows:]

Statement of James S. Downie, Director,
Vegetation Management & Ancillary Programs, Xcel Energy

Mr. Chairman and Members of the Committee

Good Morning, My name is James S. Downie. I am the director of vegetation management and ancillary programs for Public Service of Colorado, which is an Xcel Energy company. Today I am representing Xcel Energy.

Thank you for the opportunity to share our perspective.

Company Overview

Xcel Energy is an investor-owned electricity and natural gas company with regulated operations in eight Midwestern and Western states. Based in Minneapolis, Minn., we provide a comprehensive portfolio of energy-related products and services to approximately 3.4 million electricity customers and 1.9 million natural gas customers through our four wholly owned utility subsidiaries (Public Service of Colorado, Northern States Power –Minnesota; Northern States Power-Wisconsin; Southwestern Public Service).

In Colorado, we are the largest investor owned utility with approximately 1.7M residential, commercial and industrial customers.

In Colorado we have approximately 4000 miles of high voltage overhead electric transmission lines that serve large load centers, of which 760 are on U.S. Forest Service Lands. Statewide we have approximately 10,000 miles of distribution lines that serve primarily residential customers, of which 134 are on U.S. Forest Service lands.

My remarks will focus on the ongoing efforts by Xcel Energy to maintain its electric transmission rights-of-way as required by the Colorado Public Utilities Commission and in compliance with federal regulators to better ensure the safe, reliable delivery of electricity while taking into consideration the Forest Service's efforts to ensure forest health—and the very real challenges both Xcel Energy and the Forest Service face every day in advancing these efforts. To put the utility issue in perspective it is important to understand that, although utility corridors make up less than one percent of acreage involved with the current mountain pine beetle epidemic in Colorado, the impact of one tree coming into contact with an electric line starting a fire, or a wildfire damaging or destroying high voltage transmission lines could have far reaching consequences for many residents of Colorado and perhaps other states.

Vegetation Management on Public Lands: Opportunities, Challenges And Barriers

We have long worked in partnership with the Forest Service to perform vegetation management around electric transmission and distribution facilities located on federal lands and more recently with collaborative groups like the Colorado Bark Beetle Cooperative (CBBC).

Despite this, challenges remain on the relatively small footprint utility corridors make within the total acreage of the Forest. There are three main operational challenges, all with ties to overall forest health:

1. The North American Electric Reliability Corporation (NERC) implemented the Vegetation Management Standard (FAC–003–1) in 2007 as a response to issues highlighted by the 2003 Northeast Blackout, which was initiated by transmission lines sagging into the tops of trees. This Standard generally sets a "zero-tolerance" for any tree related outages from trees located within the existing right-of-way on lines >200kV. The most practical and cost-effective way to meet both the letter and spirit of this Standard is to remove all incompatible vegetation from these rights-of-way and implement a long-term

integrated vegetation management approach to this work that is environmentally responsible and sustainable. Xcel Energy has a program designed to accomplish this task and hundreds of thousands of incompatible trees have been removed from our rights-of-way in all eight states in the past five years, on both private and public lands. However, due to competing federal mandates and inconsistent policies impacting national lands, our progress on federal lands has been inconsistent, ranging from complete removal of incompatible vegetation to limited removal.

2. Beginning in 2008 the impact of unprecedented levels of bark beetle activity left thousands of dead trees within striking distance of our facilities. Xcel Energy has successfully used emerging technologies such as LiDAR and near infrared imagery to better manage this threat, both on and off the right-of-way, removing approximately two-hundred thousand hazard trees on both electric distribution and transmission facilities in the past several years. We greatly appreciate the assistance the Forest has been able to provide regarding this issue to date. However, we are all frustrated by legal and regulatory constraints that prevent us from performing this work more efficiently, effectively and safely.
3. Bark beetle infestations have brought about an awareness of the potential for radiant heat that can damage and destroy transmission structures in the event of a wildfire and thus highlights two needs from our perspective:
   a. Reducing ground fuel load within 50–60 feet of wood and aluminum structures and maintaining it below an acceptable threshold.
   b. Reducing the potential for damage to structures from crowning fires by reducing crown closure on portions of the forest adjacent to these structures.

We note that the above measures are estimates and they cannot guarantee that facilities will not be damaged by radiant heat in the event of a fire.

Of particular concern to us is that approximately 76 percent of the structures located within the current mountain pine beetle epidemic area are constructed of wood and aluminum. In addition, we recognize that the threat of radiant heat damage from wildfires may exist outside the epidemic area.

Some transmission lines are more critical than others, with many providing electricity to hundreds of thousands of residential, commercial and industrial customers.

In the event of a fire, transmission lines can be short-circuited by smoke. This is usually short-term problem. However, if a wildfire completely destroys structures, the loss of the lines ability to serve electricity can be long-term (i.e. out of service until the line is repaired or rebuilt). For example, during the 2002 Hayman fire Public Service Company lost one structure on a 230kV line near Cheeseman Reservoir. Because of the remote location, terrain and access restrictions it took about a week to replace this structure and get the line back in service. Losing multiple structures or more than one transmission line at the same time from fires could create even greater challenges to serve our customers.

We are keenly aware that the challenges facing our company are occurring in the context of a much larger one the Forest Service faces with regard to forest health and fuels treatment work. We are most appreciative of the leadership shown by the Forest Service to address the situation and we also are very appreciative of the leadership shown in the Congress, both by the two committees represented here as well as Senator Udall and his tireless efforts on the matter of bark beetle infestation across Colorado.

Indeed, but for the collective leadership of the Congress and the agency, the situation would no doubt be considerably more dire than it is today.

In seeking to address the situation in the long term, it has become clear to us that existing federal laws are a significant barrier to enabling the Forest Service and utilities like us to work together in a comprehensive way to address two main challenges. First is the reduction of the ever present potential for hazard tree contact and wildfire damage risk to electric facilities throughout the state of Colorado. Second is the ability for utilities to efficiently and effectively ensure compliance with federal regulations.

Here is why: we are issued permits to access the rights-of-way, for the purposes of maintaining our lines, including the sometimes limited removal of incompatible vegetation. In short, with the permits, we have the authority to manage those portions of Forest Service lands to some degree.

However, the moment we step onto lands outside the rights-of-way, we face a significant legal challenge—the property is owned and managed by the Forest Service and the utilities are not the stewards of these lands. The challenge is that such lands are now impacting our infrastructure, which is critical to the health, safety and welfare of modern society. Although we do not have the legal control for these

areas outside our permits, some have argued that utilities like ours should somehow be responsible for the conditions that were created by events wholly outside of our control.

The challenge we face, however, as alluded to earlier, is that such a situation creates potentially significant liabilities for us and our customers—while at the same time limiting our ability to efficiently and effectively address potential threats. The result: we are not in complete control of our own destiny in terms of providing electricity service, yet we and our customers could well be punished for it through higher costs and lost electricity supply should a fire on public lands destroy or damage our lines.

To be clear, we recognize that the Forest Service, too, is often limited to where, and how often, they can get to these areas due to a number of factors, not the least of which is limited resources.

In sum, the laws and regulations governing forest management do not provide flexibility for the Forest Service and companies like ours—and our contractors—to effectively, efficiently and safely address forest health/fuels treatments in the areas immediately adjacent to our rights of ways and sometimes on the right-of-way (e.g. use of mechanized equipment which in some areas is welcomed and other areas shunned). The potential impacts of this are clear.

For utilities, the Forest Service and collaborative groups like the CBBC there is a real intersection of protecting the public interest here.

Because of that common interest, addressing this matter in such a way where we can access these areas in a swift but limited manner, without shouldering extensive liability, we believe should be a priority.

Thank you Mr. Chairman for the chance to share our views. I would be happy to answer any questions.

Mr. BISHOP. Thank you.

[Applause.]

Mr. BISHOP. We now turn to Mr. Dodd, who is with the Enviro Land Management from Whitewater, Colorado.

You are still with us even though you don't have a name tag.

STATEMENT OF DAVID DODD, ENVIRO LAND MANAGEMENT, LLC, WHITEWATER, COLORADO

Mr. DODD. OK. Thank you for the opportunity. Thank you, Chairman Bishop and McClintock and Representative Tipton. We really appreciate you being here. It is really a breath of fresh air to get someone on the same side that we have been on for the last 20 years.

My name is David Dodd. We own DDI Equipment. We started in 1978 in Steamboat Springs. We started out selling forestry equipment, and then we later moved to Grand Junction.

In 2001, we seen that the forestry sawmills were closing and there was a real negative impact on the ability to obtain sawlogs from the Forest Service. So we started a company called Enviro Land Management, and that company was designed to go in and service. At the time, we thought because of the lack of management on the U.S. Forest Service ground, that there was going to be an opportunity to go in and actually be paid to work and service, which we are right now, the thinnings and the removal of product.

So at this point in time, we have about 15 full-time employees, and then we have, maybe in peak season, which we are approaching now, we might have 25. We have a modest fleet of equipment with fellers, bunchers, forwarders, log trucks and chip trucks.

Right now we also have four current contracts with the Forest Service. We are just closing in on finishing a 3,000-acre fuels mitigation project in Arizona. Then we have a project at Vail and Summit County and Steamboat Springs.

These types of projects are expensive for the Forest Service and for landowners, which is part of what we do is do mitigation for private, which we used to do probably 50 percent. Now it is down to 10 percent because of the economy. So 90 percent of what we do is government agencies.

The logs that you are seeing this morning on our truck out there was what we called POL, product other than lumber. A big portion of the forest that we do treat is not exactly sawlogs. That came off a project which is 100 acres in Summit County, and all of those logs coming off of that project are what we call POL, product other than lumber, or product that is real difficult to find a place to do something with, like Mr. Ford mentioned, that is a good place to go.

In our opinion, the sawmill here in Montrose and the opportunity in Saratoga is huge because there are not a lot of places to take timber, even in a multi-state region, right now.

We provide about 200 to 300 loads of logs to Montrose a year, which is a small percentage of what the total needs are, but it is very important to us to have that opportunity. It also helps reciprocal when we go to bid jobs, that we know we are going to have some money to help pay for that project with better sawlogs.

Although most of our projects we have to remove the POL as well as the sawlogs, so it actually becomes sort of a liability to us unless we can find a place to take that material. A couple of years ago we were doing a job in Eagle and we had—it was a private landowner, and he was very meticulous and wanted everything off of the ground, and we had to take 100 loads. We had to chip all the logs with the undesirable material, the slash and undesirable logs, and we took 100 loads to the dump in Eagle County and had to pay them to take the loads.

So there is a big opportunity that we could use to do something with that material, although the real tough part about any of that, with the mill and the POL, is that people that want to make an investment have to have assured that they are going to be able to have a sustainable supply of timber.

We did have an OSB mill, an OSB plant—that is oriental strand board—in Olathe, and that went by the wayside around 2004 or 2005. Those places are exactly what we need in this area to handle a big volume of material. We looked at what is going on in Arizona right now, which was brought up earlier. They are allegedly—it is pretty out there for public information, but they have a $300 million contract to deal with cleaning up the forest, which is 30,000 to 50,000 acres a year, and it is my understanding that they are negotiating with an OSB plant right now to facilitate that.

Anytime you talk about a 10-year stewardship or long stewardships, in our opinion, you had to have—I am color blind, by the way, so if I go over—you have to have a place to go with material. We looked at 10-year stewardship contracts and we declined to try to bid on those because you had to put a lot of time and effort into trying to find some place to deal with that material, just like Arizona. They have a 10-year huge contact, but you have to have a plan. And to take a plan, somebody on Wall Street or any bank, anybody else, is that, OK, show me how you are going to pay back the money. And, oh, by the way, the Forest Service could cancel the

clause because they could have an appeal from an environmental appeal that could stop the project. So it is not the Forest Service's fault.

Wrap it up?

Mr. BISHOP. I need you to finish, yes.

Mr. DODD. OK. Again, thank you for the opportunity, and we really appreciate you guys' interest in helping us.

[The prepared statement of Mr. Dodd follows:]

Statement of David Dodd, Enviro Land Management, LLC

Thank you Chairman Bishop, Chairman McClintock, and Representative Tipton for your interest in national forest management and the opportunity for me to testify this morning.

My name is David Dodd. We have owned and operated DDI Equipment in Grand Junction since 1979. We specialize in sales and service of forest vegetation management equipment, and we have worked with dozen of sawmills, loggers, and forestry contractors throughout Colorado, New Mexico, Arizona, and South Dakota. We also own a company called Enviro Land Management LLC (ELM) located in Whitewater, Colorado, just south of Grand Junction. ELM was started in 2001 to offer services in forestry and fuels mitigation. We are considered the pioneers of the industry and have a modest fleet of equipment, including feller bunchers, skidders, forwarders, wood grinders, log trucks, and chip trucks. We normally employ 15 people with up to 25 during our peak season.

We have 4 current projects with the U.S. Forest Service—a 3,000 acre fuels mitigation project that we are just completing near Prescott, AZ, and three roadside hazard tree removal projects in Summit County, and near Steamboat Springs and Vail, CO. We have a very good rapport with the U.S. Forest Service and the Colorado State Forest Service, and we enjoy working with both.

These types of projects are very expensive to the landowner, in some cases private landowners but most often the U.S. Forest Service. As long as there are adequate markets, forestry projects that include trees meeting sawlog standards makes a tremendous difference in the project economics, either reducing the cost to the landowner or allowing more acres to be treated.

In our opinion, the industry's largest challenge is markets for forest products. The Montrose sawmill (Intermountain Resources) is the best option for sawlogs. Our company delivers 200 to 300 loads per year to Intermountain Resources, which is a small percentage compared to the mill's total needs, but critical to our business and the economics of the projects we work on. The sawmill is a critical part of the ELM business plan as we work on projects from government agencies and private individuals.

These projects also require us to remove products other than logs (POL). With better markets, POL could be a great resource, but now it is a great liability. Depending on the contract, we have to remove down to a 3" top, and lop and scatter or pile for burning the unmerchantable slash, limbs, tops, and cull material. A biomass co-generation power plant is in the planning stages near Gypsum, CO, and that could be a tremendous outlet for the slash and unmerchantable small material. One of their biggest issues is the need for an assured supply of raw materials at the right price.

Our goal now is to do everything we can do to help Intermountain Resources survive, for the health of our business and for other logging and forestry contractors who depend on that mill. We continue to provide equipment, parts and service to a number of other contractors, and those jobs are critical both for the work they accomplish in the woods and for the jobs and economic benefits to local communities in western Colorado.

In Arizona, we believe the best option for small diameter trees is an oriented strand board (OSB) plant. That is under consideration in Arizona as we speak. The biggest challenge has been, and will be, a sustainable supply of raw materials, and whether the Forest Service can offer a predictable, sustainable supply, especially with the constant threat of appeals and litigation.

I understand the challenges with the federal budget, but in the long-run, it makes a lot more sense to do proactive work in our forests to reduce the potential for catastrophic fires and beetle epidemics, while simultaneously providing jobs and economic benefits in our local communities.

In closing, I want to thank you for the privilege of testifying here today. Managing the national forests is complex and I appreciate you taking the time to hold this

hearing to learn more about the issues and potential solutions. Our company is committed to sustainable forest management, jobs, families and communities. I would be delighted to work with you and your staffs in finding solutions to the issues discussed here today.

Mr. BISHOP. Thank you. That is my fault for not watching, either. But I have never heard the color blind excuse used before.

[Laughter.]

Mr. BISHOP. That is good, that is good.

Our final speaker, our final witness, last but not least, is Mr. Gary Wilkinson, who is the President of the San Juan Trail Riders Association in Durango.

Mr. Wilkinson.

STATEMENT OF GARY WILKINSON, SAN JUAN TRAIL RIDERS ASSOCIATION, DURANGO, COLORADO

Mr. WILKINSON. Thank you, Chairmen McClintock and Bishop, and Congressman Tipton, for providing me the opportunity to testify at today's field hearing.

My name is Gary Wilkinson. I have been involved in the motorsports industry for almost 45 years. I co-owned and managed Handlebar Cycle, a motorsports business, for 27 of those years. My business grew from a small operation to one that supported 10 families.

I am a native of Colorado and have lived in Durango since 1963. I am the second of four generations of the Wilkinson family who have had the privilege to enjoy OHV recreation on the public lands in Colorado. I am the president of San Juan Trail Riders, which is a 400-plus member organization dedicated to promoting responsible OHV recreation, and I currently serve on the Colorado State Parks OHV Subcommittee.

Colorado offers unique opportunities for motorized recreation throughout much of the state. The sport and the industry have enjoyed an increase in popularity by both residents and non-residents. Off-highway vehicle and snowmobile-based recreation contributes to the state's economy via the purchase of vehicles, expenditures incurred while on recreational trips, maintenance of vehicles, purchasing accessories, and other expenditures that support their activities.

A recent study conducted by the Lewis Berger Group gives us the best available data. According to that study, motorized recreation enthusiasts were estimated to have generated in excess of $1 billion in direct gross sales during the study period. Motorized recreation in Colorado is directly or indirectly responsible for over 12,000 jobs and $370 million in labor income and $107 million in indirect business taxes.

My family, and the local OHV groups that I have been involved with, have been active partners with the U.S. Forest Service for decades. We maintain trails and encourage a "stay the trail" ethic. It is important to note that the OHV community in Colorado has fully supported the 2005 policy limiting us to designated routes.

The 2005 Travel Rule was originally promulgated to address unmanaged OHV use. Instead, the agency has used the rule to make landscape-level changes to the existing road and trail infra-

structure. This is in addition to a steady stream of legislation, litigation, and other agency initiatives over the last three decades that has closed thousands of miles of roads and trails and eliminated tens of thousands of acres of snowmobile opportunities. Conversely, many millions of acres have been set aside for the exclusive use of non-motorized visitors.

Recently, several travel plans completed by the San Juan National Forest have followed a very distressing pattern. First, through the process to eliminate cross-country travel, the agency closes a significant percentage of the existing OHV opportunity. Once final, the environmental community steps in and seeks to close even more via litigation such as in the case in the Rico/West Dolores area, where a lawsuit threatens to close 14 different trails that I personally have ridden for more than 40 years. Lawsuits, in my opinion, don't protect the environment. This sort of litigation is part of the problem with public lands management today.

The problem isn't limited to United States Forest Service lands. Proposed BLM LRMP's for the Colorado Valley and Kremmling offices proposes closing 40 and 60 percent of the trails in those respective offices. They assert somehow that there will be zero economic impacts from these closures, which I find illogical.

The motorized community is deeply committed to improve the recreational experience for all public land users and to protect our natural resources. Colorado's OHV registration program brings in around $4 million a year. These funds are made available to address a variety of land use issues and further demonstrate our commitment.

Numerous studies, including one on wilderness prepared for Congress by Utah Representative Bill Orton, state that most citizens, including the elderly, children, most handicapped, and the poor, are almost entirely excluded from use and enjoyment of Federally managed lands by limiting vehicle access and facilities. A 2001 BLM study shows that a major reason for the increase in popularity of OHV use is an aging population who find OHV recreation an enjoyable way to visit public lands.

I do support managing some areas as primitive where vehicles are not allowed. However, Colorado has a plethora of areas that are set aside for the exclusive use of people who prefer non-motorized recreation. Those of us who prefer or because of limitations are required to use vehicles for access and recreation are being squeezed into smaller and smaller areas with each passing year.

According to a presentation U.S. Forest Service officials recently submitted, the total agency-wide acreage affected by the beetle kill since the outbreak began in 1996 is 41.7 million acres. You have heard that here today. Specifically in Region 2, some 10.7 million acres have been affected. Here in Colorado, the agency estimates some 6.6 million acres are affected. Over the next 10 years, they estimate that an average of 100,000 trees will fall daily as a result of the bark beetle epidemic. Beetle-killed trees now threaten thousands of miles of roads, trails and developed recreation sites. Our communities are also at risk as, in addition, beetle-killed forests now threaten essential water supplies and an estimated 550 miles of transmission and distribution power lines.

Mr. BISHOP. Mr. Wilkinson, I need you to sum up now.

Mr. WILKINSON. OK. While many in the U.S. Forest Service seem to acknowledge the problem, an overburdened regulatory system delays any real action. When, in the rare circumstance, the agency does complete the necessary analysis, the litigious environmental groups step in. These well-funded and philosophically driven groups seem to oppose even modest fuel reduction programs. These problems need solutions.

I believe that it is imperative that you become more involved in the processes which will ultimately determine the health and well-being of our public lands, while ensuring that they are fairly managed for all users. I am convinced that for us to have sustainable forests, we must demand that the decisions made by our public land managers be based on proven science, not ideology and perception.

Thank you for your time.

[The prepared statement of Mr. Wilkinson follows:]

Statement of Gary Wilkinson, President,
San Juan Trail Riders Association, Durango, Colorado

Thank you Chairmen McClintock and Bishop for providing me the opportunity to testify at today's field hearing.

My name is Gary Wilkinson I have been involved in the motorsports industry for almost forty five years. I co-owned and managed Handlebar Cycle from 1980 to 2007. Handlebar Cycle grew from a more or less mom and pop operation to a business that supported 10 families when I sold the business in 2007. I am currently employed at Handlebar Motorsports where I am the general manager.

I am a native of Colorado and I have lived in Durango since 1963. I am the second of four generations of the Wilkinson family who have had the privilege to enjoy OHV recreation on the public lands in Colorado. I am the president of San Juan Trail Riders which is a 400 plus member organization dedicated to promoting responsible OHV recreation and I currently serve on the Colorado State Parks OHV Subcommittee. I also hike, mountain bike, and in past years have enjoyed hunting and fishing in "Colorful Colorado."

Economic importance of Off Highway Vehicle and snowmobile recreation

Colorado offers unique opportunities for motorized recreation throughout much of the state. This is mainly due to the vast amount of appropriate terrain for off-highway motorized recreation. As such, the sport and industry of motorized recreation has enjoyed an increase in popularity in the state by both residents and non-residents. Off Highway Vehicle (OHV) and Snowmobile based recreation contributes to the State's economy via the purchase of vehicles, making expenditures while on recreational activity trips (day and overnight), spending money to operate and maintain vehicles, purchasing other accessories needed while riding (clothes, safety equipment), and making other expenditures for items that support their activities (food and fuel, etc.).

While most tourism and recreation economic impact studies under-represent the impact of OHV and Snowmobile recreation, the most recent (2009) study by the Colorado Off Highway Vehicle Coalition, conducted by the Louis Berger Group,gives us the best data to date. According to that study, which surveyed the economic activity in the 2007–08 season, motorized recreation enthusiasts were estimated to have generated over $784 million in total direct gross sales for motorized recreation throughout the year. This direct spending generated an additional $243 million in downstream gross sales due to additional economic activity. Motorized recreation in Colorado is directly or indirectly responsible for over 12,000 jobs and $370 million in labor income and $107 million in Indirect Business Taxes.

Decades of road, trail and snowmobile closures—a critical mass has been reached

My family, and the local OHV groups that I have been involved with, have been active partners with the USFS for decades. We've been involved in maintaining trails and encouraging a "Stay the Trail" ethic—even when the USFS allowed us to go anywhere, anytime! It is important to note that the OHV community in Colorado has fully supported the 2005 policy limiting us to designated routes.

Sadly, it has not worked out as advertized. The 2005 Travel Rule was originally promulgated to address "un-managed" OHV use. Instead, the agency has used the rule to make landscape level changes to the existing road and trail infrastructure. This is in addition to a steady stream of legislation, litigation and other agency initiatives that, over the last 3 decades, has closed thousands of miles of roads and trails and tens of thousands of acres of snowmobile areas. Conversely, many millions of acres have been set aside for the exclusive use of non motorized visitors.

Recently, several travel plans completed by the San Juan National Forest have followed a very distressing pattern. First, through the process to eliminate cross country travel the agency closes a significant percentage of existing OHV opportunity. Once final, the environmental community steps in and seeks to close even more via litigation such is the case in the Rico/West Dolores area where a law suit threatens to close 14 different trails that I personally have ridden for more than thirty years. The problem isn't limited to USFS lands. Proposed Bureau of Land Management, LRMP's for the Colorado Valley and Kremmling offices proposes closing 40 and 60% of trails in those respective offices. They assert somehow, that there will be zero economic impacts from these closures. These are just horrible plans which will result in huge negative impacts to those communities

This sort of litigation is part of the problem with public lands management today. When planning doesn't go exactly the way someone or a group prefers they can easily mangle the process via lawsuits. The motorized community is deeply committed to improve the recreation experience for both motorized and non motorized users. We work with our public land managers and stake holders to improve trail opportunities and protect our natural resources. We have a strong OHV registration program which brings to the table more than 4 million dollars each year. This money is made available in the way of grants. These grants fund all aspects of trail maintenance. It is too bad that the environmental groups won't work with the motorized community to provide trails for all users instead of filing frivolous lawsuits. Lawsuits don't protect the environment. Working cooperatively with trail users will.

Regulations that limit access harms the elderly and disabled

According to numerous studies, including a comprehensive study on Wilderness prepared for Congress by Utah Representative Bill Orton,, most citizens including the elderly, children, most handicapped, and the poor are almost entirely excluded from use and enjoyment of federally managed lands by limiting vehicle access and facilities. The Bureau of Land Management's National Management Strategy for Motorized Off-Highway Vehicle Use on Public Lands shows that a major reason for the increase in popularity of OHV use is an aging population who find OHV recreation a enjoyable way to visit public lands. And, if I may speak for my family, I would implore the Subcommittee to recognize that, without vehicle access, my family is essentially locked out of vast areas of Colorado's public lands.

I will not say that I do not support managing some areas as "primitive," where vehicles are not allowed. In fact, I have supported this type of management where it is appropriate. However, Colorado has a plethora of areas that are set aside for the exclusive use of people who prefer non-motorized recreation. Those of us who prefer, or are required to use vehicles for access and recreation are being squeezed into smaller and smaller areas. Each year, more and more of Colorado's scenic backcountry is available to those healthy enough to hike long distances.

Lack of effective response to the Bark Beetle outbreak questions the ability of the agency to properly manage its lands

According to a presentation our local USFS officials gave to the OHV community, the CITE HERE the total agency wide acreage affected by bark beetle (all beetles) since outbreak began in 1996 is 41.7 million acres. In Region 2 (Colorado, Wyoming, South Dakota, Nebraska), some 10.7 million acres have been affected by bark beetle (all beetles) since outbreak began. Here in Colorado the agency estimates some 6.6 million acres are affected. The agency estimates that over the next 10 years, an average of 100,000 trees will fall daily as a result of the bark beetle epidemic.

Visitors to USFS lands are affected not only by the visual impacts. Falling trees pose serious risk to human life and the infrastructure our rural communities rely on. Dead trees across the state have created heavy fuel loading which can result in intense, so-called "fatal wildfires." Beetle-killed trees now threaten thousands of miles of roads, trails and developed recreation sites. Our communities are also at risk. Beetle-killed forests now threaten essential water supplies and an estimated 550 miles of transmission and distribution power lines.

It is worthwhile to note the agency's own review of the Bark Beetle Outbreak in Northern Colorado and Southern Wyoming identifies Wilderness and Roadless as a contributing factor to the out-break and as a limiting factor as to how the agency

can respond. Only a tiny fraction (less than 15%) of beetle-killed areas are open to any sort of active management to address the situation. This is because budgetary and regulatory limitations—such as prohibitions on entering roadless areas and designated wilderness areas preclude those efforts. And yet, Colorado's new Roadless Rule increased "upper tier" roadless areas to 1.4 million acres from the previous 550,000acres.

To recreationists, this problem needs a solution. While many in the USFS seem to acknowledge the problem, an overburdened regulatory system delays any real action on the ground. When, in the rare circumstance, the agency does complete the necessary "analysis," the litigious environmental groups step in. These well funded and philosophically driven groups seem to oppose even modest fuel reduction programs. Often they oppose any and all efforts to remove excessive fuel loads.

In closing while I don't claim to be an expert in forest health I am convinced that for us to have sustainable forests we must demand that the decisions that are made by our public land managers be made based on proven science not ideology or probability.

Mr. BISHOP. Thank you.

[Applause.]

Mr. BISHOP. To all of those who have come distances to provide information and testimony here, we thank you very much for your testimony. Your written testimony will obviously always be included in the record, as well as the oral testimony, your answers to questions here as well.

Once again, we appreciate the input you have in here. I want you also to know that if there may be—just so you keep this in mind—additional questions for witnesses, we will ask you to respond to them in writing if we don't have enough time to go through this here.

We have a time when we must end this meeting, so I want to make sure that Mr. Tipton gets the opportunity first to have his questions asked and answered. We will go through several of those potential rounds. So I will turn to him for 5 minutes to ask some questions.

Representative Tipton.

Mr. TIPTON. Thank you, Mr. Chairman. Did I mention I am color blind?

[Laughter.]

Mr. TIPTON. I would like to, with unanimous consent, submit for the record a statement by Mr. Bruce Ward, who is the Founder of Choose Outdoors and the White House Champion of Change for Rural Colorado.

Mr. BISHOP. No objection.

[The prepared statement of Mr. Ward submitted by Mr. Tipton follows:]

Statement of Bruce Ward, Founder of Choose Outdoors and a White House Champion of Change for Rural America

The smoke is gone, but the fear remains. We have lived in Denver's "wildland urban interface" for decades because of our love of Colorado's beauty, but now the yearly "fire watch" causes us pause as we hold our breath hoping the forest around us doesn't burn. The most recent fire—the Lower North Fork –claimed at least three human lives, 27 homes, over 4,200 acres

The obvious question; Who is to blame? We should also ask—why are we suffering such fire catastrophes? Is this the truth behind Smokey The Bear's accusation—"only YOU can prevent Forest Fires!"

The Good News? We reduce or prevent future fires by promoting forest health. The Bad News? We may have to give up the easy answers of either blaming one person for "setting" each fire, and that there is nothing we can do to prevent these

fires. Understanding the cause and addressing it gives us the ability to stop tragic fires.

We need to stop thinking that trees live forever; like all living things they have finite life spans. This radical idea of recognizing the cycle of life means forest health is contingent on new trees. This requires us to challenge our belief that cutting trees is not "environmental" or "green". The old ethos of "Let nature take its course," and "in 500 years the earth will have healed itself" must be seen as flawed.

The problem has roots from when the West was being settled and clear cutting was considered expedient and necessary. We were more focused on creating a civilized west. The unintended consequence of endless fire suppression is now manifesting itself. Native Americans commonly set fires every Spring knowing it kept the trees and animals within stronger and saw fire as a tool used extensively prior to the white man's encroachment and restrictions.

The documented excesses of tree harvesting without environmental limits in the 19th and 20th Centuries created a culture that reacted by believing that cutting any tree was sacrilege, using products made from trees wasteful and uneducated. Tree Killers should feel guilty about their role in hastening the destruction of our planet.

We know many trees in nature would have life spans not much longer than the longest living human—yet we protect geriatric trees whose very nature is turning them toward fire and replacement. We can see the effects all around us as nature pushes to return to a balance allowing new trees to replace the old, the time has come to dispel that well intentioned but wrong environmentalist mantra that forbids "killing trees" and realize that interfering with nature is what creates the problem. Now is the time to embrace a new environmentalist culture that embraces planting new trees, that enjoys wood products from local sources because they come from renewable resources, provide jobs to rural economies, and most importantly bring our environment back into balance.

Undersecretary of Agriculture Harris Sherman asked for my help to increase the awareness of the mountain pine beetle epidemic and engage the private sector solutions to deal with millions of acres of pine trees dying and turning brown—our own potential "Katrina of the West". I reached out to stakeholders who shared their views that on the complexity and unprecedented magnitude of the epidemic.

I found caring citizens who were using "Rocky Mountain Blue Stain" wood; a community of environmentalists, lumberman, builders, lumber yards, pellet mills, furniture makers working together to take our blue wood and turn it into products that would help the forest heal. But even these efforts struggle against the mistaken belief that using wood is somehow bad.

The time is now to change decades of outmoded public perception that the only good forestry goal is to let our forests age, and how sustainable forestry is married to utilizing wood products in order to plant and grow new trees.

Mr. TIPTON. With regards to a statement that he had made that the beetle infestation is potentially the Katrina of the West. And with unanimous consent, I would like to submit that for the record.

Mr. BISHOP. It is already in.

Mr. TIPTON. This question I think I would like to have for all of our panelists, and it is pretty simple and straightforward. Just a yes or no I think will probably suffice.

Do you think that the bark beetle infestation, the threat of forest fire here for the West, is an emergency?

I will start with Ms. Fishering.

Ms. FISHERING. Yes.

Mr. FORD. Yes.

Mr. GEORG. Yes.

Mr. JIRON. Yes, qualified.

Ms. ROBERTSON. Yes.

Mr. SHOEMAKER. Yes.

Mr. DOWNIE. No question.

Mr. TIPTON. No question.

I think that is. It has been interesting listening to some of the testimony, that we all recognize that this is a genuine threat.

Mr. Jiron, you and I were just down in Chimney Rock, had the opportunity to be able to tour, and noted how healthy the forests are. Your forest rangers pointed out to me the spacing between the trees, said this is a healthy forest.

I would like to go ahead and ask, what are some of the inhibitions that we are seeing—and, Mr. Jiron, I might start with you—that are inhibiting the Forest Service from fulfilling that mission of creating healthy forests?

Mr. JIRON. Our desire, like everyone has spoken here, is to always do more. We have been able to increase the amount of timber output and coming up with new ways of doing business. We are looking at a series of stewardship contracts, including that area around Chimney Rock, which would help. We are also looking at continuing our work in green timber sale contracts.

Mr. TIPTON. Are you seeing regulatory and legal concerns that are inhibiting you as well? When we hear Mr. Downie speak about conflicting regulations between FERC and the Forest Service management as well?

Mr. JIRON. We are always concerned about those challenges when they come up. Our job at the end is to make sure that we are implementing the laws and policies that Congress passes, and then——

Mr. TIPTON. So there are those challenges?

Mr. JIRON. We do have challenges. But when we do find those, we are always looking ourselves what else can we do within our current authorities to be more efficient. I mentioned just very briefly in my comments on the Black Hills, for example, we have been able to try some very effective NEPA efficiencies on the Black Hills, working with collaborative groups, working with citizens in South Dakota, and it has been effective.

So we do have those challenges. We look forward to always looking at ways to resolve them.

Mr. TIPTON. As you all know, the commercial viability of our timber projects, and by extension the ability of the Forest Service to be able to partner with private industry to address the bark beetle epidemic on an effective scale, depends in large part in terms of the timber industry contacts.

Mr. Ford, in your testimony you mentioned the need for 15- to 25-year stewardship contracts rather than the current maximum of 10 years. Why is that timeframe necessary, and what other aspects of timber contracts would be helpful to properly merge the market needs of the timber industry with the safety and forest health that the public needs?

Mr. FORD. Well, the length of time is important for the amount of investment dollars that have to be put up. You can't ask a private enterprise to come forward with, as in our case, $22 million and then limit the time amount that you are going to give a supply. It is pretty simple. If you want to go to your bank, you want to go to your investors with any kind of business plan, you are going to have to have a timeline in which you can pay back the investment, and 10 years is not adequate for the size of the projects that we are looking at.

Another problem that we have come up against is that there seems to be a misconception of the value of timber in that 12, 13

inches and smaller, and I don't care if it is ponderosa pine or lodgepole pine or others. There seems to be too much of a value put on that, when it is a product actually that we are all looking for ways to dispose of. I think we are going to have to bring the products other than logs up to a higher amount, and that is what is going to have to get paid for in a service contract, and then industry will pay by the ton, or however you sell it, the products that are larger than that.

Mr. TIPTON. Thank you for that.

Ms. Fishering, could you maybe speak—we are running short here on time, but which laws and some of the regulations and inconsistencies are still holding back progress?

Ms. FISHERING. I would still say you spoke to or we heard about the efficiencies that we are trying to get to. There has been a new report called "Increasing the Pace and Scale of Restoration." The problem with me is it doesn't go fast enough, it is still not big enough. Saw timber has to be a bigger component of it, or it is not cost effective. You heard us numerous times today say there is not a good enough supply. As Mr. Jiron mentioned, we have 91 million board feet that should be put on the market this year.

The reason I say that, when you put it in context, you open a mill in Saratoga and you get Intermountain and Montrose operating at full capacity, those two alone could use the 90 million board feet. What happens to every other single supplier like the biomass users that are trying to grow their industry? What are you going to do with the little mills in the rest of the state? You have Delta Timber right down the street. That is another 9 million board feet need per year. We are not going to be there, and you are sitting there with tons of problems.

You need a bigger capacity industry, do more merchantable trees per acre, and you have a recipe that you might get past some of the laws, and the speed. South Dakota is a great example. It is going to take 18 months to do that environmental impact statement. It is going to give them great new authority, such as doing adaptive management. We look forward to it. We are working with the Forest Service. But those are laws making it take 18 months. The bugs move faster than 18 months.

So we do need some efficiencies and speed.

[Laughter.]

[Applause.]

Mr. TIPTON. Thank you, Mr. Chairman. I yield back.

Mr. BISHOP. OK. We will come back with another round for you.

Mr. McClintock, do you have some questions for our witnesses?

Mr. MCCLINTOCK. Thank you, Mr. Chairman.

Mr. Dodd, it used to be that lumber companies would bid for timber on Federal lands. They would pay the Federal Treasury to purchase that Federal timber. Now it seems the Federal Government has to pay you to remove timber from the public lands. How is it that tending our forests has gone from a profit-making venture that relieves Federal taxpayers of their burdens to a costly one that actually burdens those same taxpayers?

Mr. DODD. In the late '90s, in the mid '90s, the Forest Service would put up timber sales, and when they would do that, they were subject to appeals. And basically, in my industry, a lot of the people

thought, well, this is the Forest Service's fault because they won't put up enough sales.

I guess in my logic I was thinking, well, why should they put up sales when they are only going to be appealed, and the only one you are putting money into is the environmentalists' pocketbooks and the lawyers of the environmentalists? So why put up the sale when it was going to be appealed and it wasn't going to do anything anyway? So that was the biggest problem.

Then the mills wanted a sustainable supply. I know LP, Louisiana Pacific, had the OSB plant here, and they did about 60 million a year in board feet, and they said that they wanted to stay but they had to have that guarantee. There is no way the Federal Government could give that guarantee when a Federal judge at any point in time, like Judge Mickey in the mid '90s, did that to Arizona and New Mexico.

Mr. MCCLINTOCK. And since this has occurred, how has the health of our forests trended?

Mr. DODD. It went way downhill. I mean, right now we have such a problem that it is not just a matter of when; it is going to happen anytime. In fact, we predicted this was going to happen. One of the things that really spurred our interest was in '99 we had a 20,000-acre blowdown in Steamboat Springs, tons and tons of timber up there, and we had mills in Saratoga and Montrose, and they only put up about 1 percent of that. A lot of people think that is what precipitated the beetle outbreak because the trees, when they are dying, put out the pheromones, and then it just multiplied from there.

Mr. MCCLINTOCK. So what has happened to our forests and what has happened to our forest economy is not because we have been struck down by some mysterious act of God. These are all acts of government, are they not?

Mr. DODD. Absolutely.

[Applause.]

Mr. MCCLINTOCK. And I guess the good news is that acts of government actually are within our power as a people to change if we summon the political will to do so. Is that your sense of it?

Mr. DODD. Absolutely. Only in America will you have the government that pays, that actually gives grant money to environmental groups, and these same environmental groups sue the government.

[Applause.]

Mr. MCCLINTOCK. And I want to point out, that is exactly the kind of nonsense that needs to come to a screeching halt.

[Applause.]

Mr. MCCLINTOCK. And frankly, I would challenge the Republican majority in the House to bring that to a halt.

[Applause.]

Mr. MCCLINTOCK. You can't blame the Senate or the President for that. All appropriations originate in the House. It doesn't get spent unless we say it gets spent, and perhaps we need to be held accountable for the damage that is being done by these grants of taxpayer money to groups that are in direct opposition to the interest of the taxpayers.

[Applause.]

Mr. MCCLINTOCK. Mr. Jiron, you have mentioned that while we have increased our yield of board feet from 189 million board feet to 193 million board feet, that sounds very impressive until we look at the written testimony that Ms. Fishering has provided us, which shows a catastrophic decline in timber harvest measured from the 1970s or '80s, so let me put this to you directly.

You have submitted this as a great achievement, going from 189 million board feet to 193 million board feet. How does that compare with what we were harvesting in the 1970s and '80s?

Mr. JIRON. Thank you, sir, for the question. I am not sure that I am submitting it as a great achievement, rather progress forward from working within authorities that Congress has given us, like long-term stewardship contracts, collaboration. Certainly, conditions have changed since the 1970s, but we are using the authorities that we do have to try to increase it. We recognize the economic conditions. We have done things like cancellation of contracts to help operators.

Mr. MCCLINTOCK. But the point I want to emphasize is this is not some great step forward. It is not even an incremental step forward compared with the catastrophic decline in timber sales that has occurred over the past 20 years.

Thank you.

Mr. BISHOP. OK. To our friends here, this is actually an official hearing. I realize you have a great deal of passion. We are also on a time limit. If you approve of what we say, it cuts into the amount of time we can ask questions. So please don't like anything we say.

[Laughter.]

Mr. BISHOP. Don't dislike anything we say, either.

[Laughter.]

Mr. BISHOP. We would appreciate it if you would maintain that decorum.

Before I ask any other questions, I am going to yield to Mr. Tipton for a second round.

Mr. TIPTON. Thank you, Mr. Chairman. I would like to follow up a little bit.

As we went down the line, every person noted that we have a bark beetle infestation challenge, an emergency literally in this state; the threat of fire, the threat that that is going to have literally on our environment, the threat that it is going to be having on our businesses.

Ms. Robertson, glad to hear about the collaborative processes that you have been able to work through.

I would like, though, to ask Mr. Ford, because part of the solution is common sense, win-win situations where we can get in and harvest some of this timber to be able to make the treatments, and also create jobs, and also create energy, perhaps, for this country.

So, Mr. Ford, can your business model, the biomass plant that you are proposing down in Pagosa Springs, is this a model that can be replicated elsewhere?

Mr. FORD. We tried hard to make this a model that can be wrapped around a 50-mile radius of any small community that would like to see the forest come to a healthy standard around there. It would be easy to reproduce. You could reproduce it in areas that already have an existing timber saw timber market. You

wouldn't have to have a small mill at that point, or if you need to add that component to it, you also could do that.

The 50-mile radius is also key because for the small coops that are in these mountain states, that is about the max they want to buy power in the chunks that they are from us. So the 5-megawatt, the 50-mile radius is all key numbers.

Mr. TIPTON. OK. Thank you for that.

Mr. Jiron, I would also like to be able to go back to some of the visit that we had down in Pagosa Springs, some of the issues that we are seeing as we drive throughout the West Slope, particularly in Colorado; in fact, our entire state. We have a variety of different designations on our land. As I travel through our district, 54,000 square miles of Colorado, I see people who love their state, care about the environment that they live in and want to be able to protect it, and I think that is part of the Forest Service mission as well, to be able to protect the landscape that we see.

But the recent report, the report that I mentioned in my earlier question, noted that only 25 percent of the bark beetle outbreak area was accessible due to designations, and it was inhibiting the Forest Service's ability to be able to effectively allow the opportunity to be able to treat these areas.

So I am curious. What impact do designations have? Are we inserting the win-win philosophy, the common sense value, when we have the real threat that every person on this panel noted is a threat to the State of Colorado, to our environment, to our water, to our tourism, to the ability to be able to create jobs by not allowing access into some of these areas to be able to treat?

Mr. JIRON. Thanks for that question. It is a compelling one. I think that designations play a part in management. We have been dealing with that issue of some kind for decades, and we do have to think about how something is designated as we formulate management plans to do it.

As I mentioned in my testimony, though, a lot of the work that we have had to do in the immediate last few years related to bark beetle has been emergency work. Much of that work has had to occur in wildland-urban interface, near communities, nearest to communities. Those areas tend not to have as much designation or some kind of sanction from Congress.

So we have been able to use our authorities both in the national forest system and state and private forestry to be able to use those. As we go further into it, we may have to work through challenges. But as many on the panel have mentioned today and as all of you have acknowledged, there is a great deal of work to do.

So I haven't bumped into it as much in terms of management. We may run into that, and we will deal with that as we go. But again, a lot of the emergency work is around communities and private landowners and that sort of thing.

Mr. TIPTON. OK, thanks.

Ms. Fishering and Mr. Dodd, a big concern I have is it is about jobs and the economy. We want to be able to do things sensibly. We want to make sure that we are doing it right. We want to be able to create those win-wins.

But you have worked in this part of Colorado for years and have obviously been integral to the timber industry in this area, which

we have seen as really suffering. But also, you know the effects that this is having on our larger community as well.

What impacts have you seen that the decline in the timber industry have had on our ability to create, to sustain jobs, to be able to create a healthy community, and to be able to provide for our children's future?

Ms. FISHERING. I don't want to go ad nauseam about merchantable saw timber, but you can't have a sawmill if you only use small diameter. The emphasis—and it is a challenge for the Forest Service because the forest health, public health and safety is key in our state with falling trees because of bark beetle. However, the trees falling on the roads aren't typically good, merchantable saw timber. So, therefore, we are creating a tension between the needs of getting biomass out of the forests and what is economically effective to keep the 100 jobs at the Montrose mill.

The allocation of dollars, I brought that up. Keep in mind that this region is truly the second lowest funded region in the country. It didn't have the extra money when we had the bark beetle attacks coming. We had to deal with—we got extra campground money, extra road maintenance dollars. We did not get one extra dollar for timber management dollars, which kind of ties their hands behind their back. That is where I talk about conflicting laws.

Right now, there is a new algorithm. It is an algorithm out of D.C. that cuts hazard fuel treatment dollars to this region of Colorado. That took $400,000 right out of the budget of this forest right here, but we got an extra $400,000 from the new authority, but we are not gaining any traction.

So without that right allocation of dollars, all of our hands are tied even if we come to all the agreement in the world. But we need saw timber, and people who are the collaborators often don't understand a tree this big is a whole lot different than a tree this big. This species is different than that species. There is a lot of devil in the details.

But we are working on it. We meet with these folks regularly. But allocation of dollars is going to be huge. Algorithms that get unintended consequences are killing jobs in Colorado.

Mr. TIPTON. Thank you.

Mr. BISHOP. Thank you.

Allow me to ask a couple of questions, if I might, first of all to Mr. Georg. Especially if you are talking about reopening a plant, all the time in D.C. we are hearing that one of the reasons that forest timber sale programs are in decline is because there is simply no market for it. If this is the case, why is your group trying to reopen a sawmill?

Mr. GEORG. That is a very good question.

Mr. BISHOP. Right into the microphone.

Mr. GEORG. Is that better? Can you hear me now? How about now? OK.

It is a very good question. One of the conditions—we have not opened the mill yet. It is our intent to open the mill. One of the things we need before we open the mill is a supply of saw timber, and it is important to note that it is saw timber. We have pur-

chased our first timber contract, but we realize before we open this mill we need to acquire a number of contracts.

Mr. BISHOP. Is there a market for your product?

Mr. GEORG. I am sorry. Yes, there is a market. Lodgepole pine can be used for studs. It will not be appropriate for places like Home Depot and places like that, but there is a wholesale market for lodgepole pine, and we can use it.

Mr. BISHOP. OK. Thank you. Then let me go to Ms. Fishering again, if I could.

One of the testimony that was given in here by a different witness says that litigation has only affected a very small percentage of hazardous field projects, which may be true for hazardous field projects, but is there any value—what has been your experience with litigation on projects that offer sufficient material to keep those mills running?

Ms. FISHERING. Our history in Colorado very specifically is we had those issues in large scale in the '90s, and that is what led to the lowest supply of saw timber in the history of this region, and Representative McClintock spoke to that, and it was by 2001 that most of the big mills closed, leaving ours as the only one, and the collaboration has helped us avoid the litigation.

What it does do, the one downside of collaboration is it is compromise, compromise, compromise, sometimes to get to that sweet spot where everyone agrees, and what I see being lost is saw timber. So we decide, oh, we won't work here, we won't get you quite as much as you could get. We need them to understand economics because that is, right now, a handicap for us in Colorado.

Mr. BISHOP. All right. So in addition, they are compromising you out of existence. What about land designation such as the wilderness habitat restrictions? How does that limit the land base for the management?

Ms. FISHERING. I still believe we can strategically target areas. We have some very good examples. I think of the Upper Blue, where we sat down with everybody in the room, and this is more power and water because we are trying to protect the reservoirs, the City of Denver, and we found plenty of acreage that we needed to treat that was on suitable land.

The problem is so big, there are plenty of acres even with some of the restrictions. There are some areas we can't be strategic. But you talk to our power companies. We try to find the most fire risk location, and we have been able to find suitable acres to get that done.

Mr. BISHOP. OK. Mr. Wilkinson, I think I probably know this from your testimony, but is there sufficient balance, in your opinion, with how the Forest Service manages for multiple use?

Mr. WILKINSON. No, there is not, in my opinion, and I think too much of the decisions or too many of the decisions are based on, as I said, ideology and not on hard science.

If I could follow up to Ms. Fishering, I don't claim to be a forest health management expert, but I can tell you when we increase our roadless, upper tier roadless to 1.4 million acres from 550,000 acres, it is going to have an effect on our ability to manage those forests. I believe that is a key contributor.

Mr. BISHOP. Thank you.

Mr. Jiron, if I could ask you a couple of questions in a minute or less. What kind of beetle treatments are you able to implement in wilderness areas?

Mr. JIRON. In wilderness areas, we are limited to what we can do to any non-mechanized treatment, open trails and things like that.

Mr. BISHOP. In the 2011 regions report, you said the commercial access on large scales that would support a long-term supply of wood to industry is difficult outside of the WUI and at-risk communities. Can you elaborate on what you mean? What are the reasons that make this difficult? In 20 seconds or less.

OK, now it is 24.

Mr. JIRON. Much of our resources have had to go into wildlife-urban interface based on the level of beetle infestation to protect communities.

Mr. BISHOP. Did that answer my question? Why is it difficult outside of those areas?

Mr. JIRON. Because we have had to invest a lot of our resources——

Mr. BISHOP. So that is the prioritization you are using.

Mr. JIRON. Correct.

Mr. BISHOP. I see.

Mr. JIRON. The prioritization.

Mr. BISHOP. My time is up.

Mr. McClintock, do you have some more questions?

Mr. MCCLINTOCK. Yes. Actually, Mr. Chairman, I would like to defer to Mr. Tipton on some issues involving transmission that are critical to the work of the Water and Power Subcommittee.

Mr. TIPTON. Thank you, Chairman McClintock.

Mr. Downie, I did want to follow up with you. How does losing transmission lines to wildfire or falling trees present an economic and a public risk? Can you talk about that a bit?

Mr. DOWNIE. To some degree. Obviously, transmission operations itself is not my expertise. But to give you an example, I think somebody mentioned the 2002 Hayman fire, and we lost just one structure on a 230 line by Cheesman Reservoir, and it took us a week to get that structure rebuilt due to terrain issues, but also access issues and those types of things. So that is kind of ominous if more structures are lost or more than one line was affected.

Mr. TIPTON. So it is economic and it is a safety risk if you aren't allowed to get in and treat; correct?

Mr. DOWNIE. Yes, sir.

Mr. TIPTON. Right. Mr. Downie, the ability to be able to get in and use equipment, you talked in your testimony originally about if you got a foot off of your right-of-way, you may have had some issues, but assuming you can stay in your right-of-way, is the ability really to be able to get in trucks to be able to make these treatments, is that critical to the delivery of transmission and to keep those lines up and going?

Mr. DOWNIE. Yes, in some cases. In our testimony we were referring to mechanized equipment, essentially equipment that can masticate dead trees very effectively. In our issues there, again it is an inconsistent thing. In some parts of the forest, it has been welcomed. In other areas, it has been shunned. Some areas we are

told that we need to do NEPA and that kind of stuff in order to use it, other areas we don't. So it has been very inconsistent.

But when we are dealing with a dead forest, as somebody said, kind of falling down around our ears, we hesitate to put our contractors at risk with hand crews to fell those trees when we can take a piece of mechanized equipment like, for example, a slash buster, which is a track hoed vehicle with a masticating head on it, and a tree falls on that, you don't have too much of an issue.

But we can get the work done much more efficiently, effectively, cost-effective and safely. You can't use it everywhere because it is restricted by slope and access, and unfortunately in some areas the time has now passed for us to really take advantage of it because there was such an urgent issue for us to get those trees dealt with, we just went ahead and did it by hand.

Mr. TIPTON. So it is a matter of public safety. Maybe you could explain just a little bit to us—and I will be happy to yield back, Chairman McClintock, if you had any other questions—but what do you need to more safely manage the transmission lines that run through government? We were talking about conflicting regulations, the ability to be able to get in, timeframes. What would really help accelerate this for you?

Mr. DOWNIE. I think the Forest Service needs more flexibility, and examples of that would be, for example, again, we are talking about a relatively small footprint here when we are talking about utility lines. How about something like a categorical exclusion from some of this stuff so that we can go in and deal with those three operational issues that I described in our testimony so that we can just go in and get it done?

We also need to have the liability issue dealt with. We weren't the cause of the dead forest adjacent to our line. It is not our property. So we see us as needing some relief from a liability perspective on that issue.

Mr. TIPTON. Thank you, and I yield back.

Mr. MCCLINTOCK. Thank you.

Mr. Georg, about how long does it take the Forest Service to prepare an average timber sale?

Mr. GEORG. My understanding is it takes about 3-and-a-half years on a normal timber sale.

Mr. MCCLINTOCK. Now, after a tree gets infected by beetles and dies or is killed by fire, how long does the tree remain marketable for higher-value products like 2x4s?

Mr. GEORG. You are asking me a question I am not sure of. But my understanding——

Mr. MCCLINTOCK. Mr. Dodd or anyone who is in the business? Ms. Fishering?

Mr. DODD. Anytime between 3 and 6 years. It depends.

Ms. FISHERING. And I think it is higher than that. There are all sorts of—you can evolve to different kind of products at a certain stage because the tree continues to check during the winter, which means cracks into the trees, so you get less and less saw timber. But the plan at the sawmill in Montrose was to change product mix over time so we would be able to be a factor and to be helping on using those trees for at least 10 years. It depends on geography and it depends on weather. But 3 to 6, if we said that, we would

be closing our doors to most of the mills in Colorado. We are finding a good way of staying in business using that wood.

Mr. MCCLINTOCK. The concern I am trying to explore is that just the bureaucratic delay alone in preparing the sale consumes a great portion, if not the entire portion, of the salvage time that you have to go in and get that timber for high-value products.

Ms. FISHERING. Which is why we support using the Healthy Forest Restoration Act, which shortens that time period for a conventional timber sale.

Mr. MCCLINTOCK. Yes, but then you have the litigation that follows on top of that. That is the problem in my area. We have had tremendous forest fires, enormous volumes of fire-killed timber that is still salvageable. But once we get through the bureaucratic process, then the litigation starts, and the litigation has no chance of success but it is able to delay the process enough so that we can't salvage any of that timber, which is simply insane.

Ms. FISHERING. True.

Mr. MCCLINTOCK. Thank you. I yield back.

Mr. BISHOP. Let me ask a couple of final questions, if I might, Mr. Jiron, if I may of you. How many acres do you treat with stewardship contracts versus traditional timber sales?

Mr. JIRON. With stewardship contracts, since 1999 we have treated about 70,500 acres. So it is a good portion of our work, but we still use traditional timber sale contracts for the balance.

Mr. BISHOP. Give me a reference point to what "good portion" means.

Mr. JIRON. If I can submit for the record, I can get back with you a number for that.

Mr. BISHOP. We have heard from—I would appreciate it if you would.

We have heard from a few of our witnesses talk about how the timeframe for allowing timber harvests exceeds the timeframe for when the beetle-killed trees can be produced for a high-value product. Is it even possible within our current authority to correct this discrepancy and allow trees to be harvested in a timely manner?

Mr. JIRON. We share that concern. In South Dakota we have been looking at NEPA efficiencies that have increased the time that we have been able to get to a decision and move on with the project. I am looking at trying to transfer those efficiencies to elsewhere in the region just to help us be able to move faster so we are doing all we can within the statutory authority we have.

Mr. BISHOP. So the answer was no, you don't have the authority to move this timeline.

Mr. JIRON. We are using all the authority that we have right now.

Mr. BISHOP. All right. So I am making the assumption that if it is still slow, then you need more authority to move the timeline forward.

Mr. JIRON. Well, there——

Mr. BISHOP. And I am not trying to put words in your mouth. I think that is a summation of what took place.

Chief Tidwell sent a communication out very recently which simply said, "When appropriations are reduced for parts of our mission, production and services will also be reduced." I recognize it

is difficult, and you oftentimes have dangerous jobs that you and your land managers do on the ground, and we appreciate the work the agency is doing to address this epidemic. But this fiscal crisis is actually a reality, and the bottom line is this problem is not going to be solved with more Federal funds coming in for the problem. Sometimes I wonder if even the priorities are straight. The last time you had stimulus money that came to Colorado for this issue, you got $53 million. Only $16 million was put toward this problem. Others went to some more aesthetic kinds of situations.

I will give you the last—do you have other questions from either of you?

Mr. MCCLINTOCK. No, sir.

Mr. TIPTON. No.

Mr. BISHOP. Then I will actually give you the last chance to address one of the concerns I have.

This is not a new issue. We have been over 20 years with this issue. The solution is not new. We all know what it is. I don't care what the problem is, whether it is drought or climate change or management practices, the solution is to thin trees. We all know that, and we are not doing it for over 20 years. We are flat-out not doing it. And that is why the frustration I have as we start to look through new aspects and new concepts, and we are starting to try other words that sound good. "Collaboration" is the new word. "Transparency" was the old word. It still means we are not doing it. We know what we need to do, and we are flat-out not doing it.

[Applause.]

Mr. BISHOP. No, wait. I told you, you can't like anything I say.

[Laughter.]

Mr. BISHOP. Senator Udall asked for a study that came out of the Rocky Mountain research department. It was actually last September, and I just read it over the weekend, and I am very much concerned about what I flat-out have read in here, that when we are talking about what areas have been treatable so far, we are talking about, like, 18 or 12 percent of the roads that have done—12 percent of the roads mitigated for hazardous trees, 12 percent of the trails mitigated for hazardous trees, 61 percent of the recreation sites, 18 percent of the wildland-urban interface. We are not coming even close to where the problem is, and we still all know what the problem is.

And then the conclusions of this report are scary to me. They say, "The factors that limited access to many areas for treatment to maintain forest stands, which include slopes, adjacency to inventory roadless areas, prohibition of mechanical treatment in designated wilderness, are still applicable today, and they haven't changed at all." And then, "Owing to terrain, budgetary, economic, regulatory limitations that also deals with things like our social license", which means lawsuits, "as well as roadless policies, owing to that, active management will be applied to a small fraction, probably less than 15 percent of the forest areas killed by the Mountain Pine Beetle."

The problem is—I am sorry. I get this sense of frustration in here. This is not new. We know what the solution is. There is no new solution. I am very frustrated that we are actually not moving

forward in a way that solves the problems, and if we did so, we would solve some economic problems at the same time.

So I will give you—once again, don't like what I say, please. I went over 12 seconds. I will give you another minute if you would just like to respond to that in summation.

Mr. JIRON. We are absolutely committed to increase the amount of thinning and work that goes on in national forests. I know, we know that communities are benefitted by this, watersheds are benefitted by this, that it reduces the amount of taxpayer funding in catastrophic fire costs. So we will continue to use everything we have to be able to increase this work.

Mr. BISHOP. I appreciate that, and I think that is a fair summation. My problem is everything we have ain't good enough, and we have to do more, and I don't care whether that is a directive from Washington or it comes from the grassroots up. Somewhere along the line, I think that is what my colleagues have said here as well. What we have been doing for 20-plus years is not good enough and we have to change that way.

With that, I want to thank our witnesses for their valuable testimony. As I said earlier on so you would be prepared for it, members of the Subcommittees here and not here may have additional questions for the witnesses. We ask you to respond to these in writing. The hearing record will be open for 10 business days to receive any kind of responses that you may have or additional written testimony if you would like to add that to it.

I would also like to thank those who have been here in attendance. It has been a respectful audience. I told you, we are running under the rules of what would happen if this were back in Washington, D.C. So when I said you can't like or dislike what we say, I am sorry, but you can't, and I appreciate the way you have held on this topic, which is a very significant and important topic, and an emotional topic as well.

Mr. Tipton, I would like to yield to you if you would like to say one last word before we bring this Committee to a close.

Mr. TIPTON. Well, thank you, Mr. Chairman. I would like to thank everyone in attendance, particularly our panel for taking the time to be able to be here today. I know for many of you, that is time away from work, and that is something that is critically important.

You know, just out on the road, we have a logging truck that is parked with a load of logs, and this is something that I think Chairman Bishop and Chairman McClintock have spoken to very eloquently.

It is not brain surgery to be able to create healthy forests, and that is ultimately what we want to be able to do. One thing that we often don't think about, particularly in a year like this, is we are looking up on the Sneffels Range and we are seeing our snow shed starting now to be able to evaporate. Those trees are actually part of what helps protect our water. So we need those healthy forests to be able to do that.

Our logging industry has actually played a very critical role in terms of job creation and those healthy forests. So I applaud those efforts, applaud J.R.'s concept of being able to take some of these downed and dead timber and to be able to turn it into usable

energy and to be able to create jobs right here in the 3rd Congressional District.

I thank all of you for your time because this is a passionate issue and an emotional issue at a variety of different levels. But as I listened to the testimony that went through, we do have that common ground of people that care about this state. I believe what I have been able to hear are sensible ways of just good common sense through the Forest Service to be able to address some of these issues. We look forward to being able to work with you to help be able to facilitate the fulfillment of your mission, and that is healthy forests and helping industry to be able to create jobs and be able to get people back to work.

I will close. There is one other component that we have not talked about. Congressman Bishop, you and I visited on this at length at times, but this is also about education for our children as well, when we are talking about secure rural schools, our ability to be able to get in and harvest. So the multiple benefits that we can see I think are critically important.

I certainly want to thank my two counterparts for taking the journey down to one of the most beautiful parts of the entire world here in Montrose County and for being with us, and thank you for your efforts, and all of our staff here as well.

Mr. BISHOP. You had to bring in the education part. You knew I am a school teacher, didn't you? You had to bring that in.

What I also want you to do is, if you would thank the Montrose High School ROTC for the very professional way in which they did the Color Guard for us, or the posting of the colors, I appreciate that.

And once again, for all of you, thank you for allowing us to come here and visit you in Montrose.

If there are no objections heard, this Committee hearing will be in adjournment.

[Whereupon, at 10:50 a.m., the Subcommittees were adjourned.]

[Additional material submitted for the record follows:]

Constituent Feedback

Brian Bavin
1009 Tiyoweh Trail
Montrose, CO 82403
trailriderbob@yahoo.com
970–240–8546

Comments:

1) All roadless areas should be eliminated if they have not been designated official as wilderness as of now. This would allow the USFS and BLM to properly manage these areas.
2) Potential tax incentives or subsides to the development of chipping and/or politicizing of products other than logs in order to facilitate the use of these sustainable resources for the production of energy.

Constituent Feedback

Ken Emory
2551 Silver Way
Montrose, CO 82401
mountainjeeper@aol.com
970–596–5111

Comments:

We need to be able to get access into WSA's and wilderness areas to manage for wild fires. All of our public lands are controlled by some federal agency. Each year more and more of our public lands are being closed for recreation, mining, logging and other areas that are creating job losses for local communities. However, each year more and more citizens are wanting to use their public lands, which should provide positive economic impacts, but it can also cause over use in some areas. Over 20% of Colorado mountains are designated wilderness. We need to manage our public lands not close them off forever for all future generations.

Constituent Feedback

Richard Frantz
512 E. Main St
Montrose, CO
CWTS@montrose.net
970–249–9008

Comments:

Rep. McClintock asked why it costs money to government to harvest trees when it used to be a profit center for the government. His question was never answered, I would like to hear that answered.

Constituent Feedback

David White
PO Box 1611
Montrose, CO
Dsw77@aol.com
970–252–4531

Comments:

1) Please note that any discussion of biomass or using wood chips for power generation will run straight into Obama's Executive Order on mercury and air toxins standards that allows the EPA to not only shut down coal fired power plants that might also burn biomass but the timber industry due to its onerous regulations via the EPA!
2) Note in testimony by Mr. Jiron that $33 million is available to treat 16,000 acres when Ms. Robertson stated that 30,000 acres were destroyed in the Burn Canyon fire. Something is wrong with this picture!!

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