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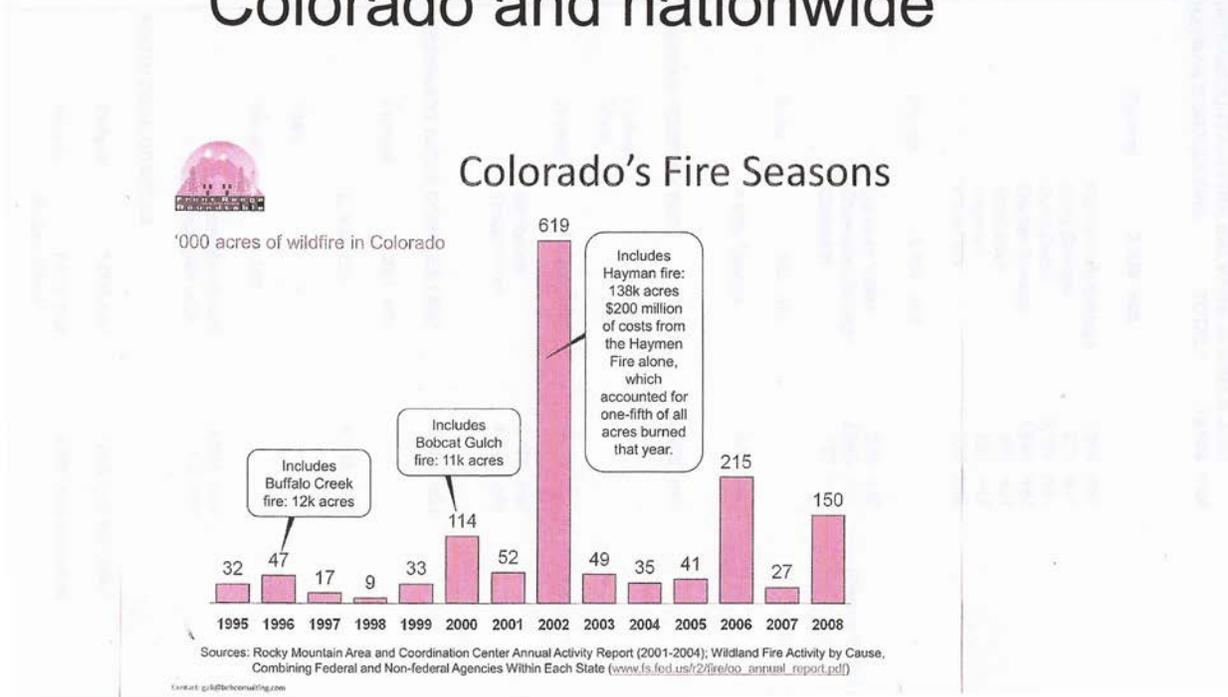
Colorado Springs Colorado Field Hearing

August 15, 2012

Thank you Chairman Bingaman, Senator Udall and Committee Members. Thank you for the opportunity to present the perspective held by the forest products companies in Colorado regarding wildfires in our forests and practices to improve the long-term health of our forests. I am pleased that today's hearing is focused on solutions which in my mind equates to action. "Lessons learned" are important only if they translate into policy change and implementation. I welcome your efforts to make this happen.

Fire has always been present in Colorado's forest landscapes, but started to escalate as a major concern in the mid-1990s. The scale and intensity of fires over the past 15 years has increasingly placed lives and property at great risk as evidenced in the recent Fourmile Canyon Fire near Boulder, the High Park Fire adjacent to Ft. Collins, the Waldo Fire here in Colorado Springs, and numerous smaller fires along the Front Range as well as the Western Slope. The following chart displays this growing issue in our forests, and we note that this risk affects all land ownerships. Cumulatively nearly 1 million acres have burned in Colorado during this time span.

Fire Risk Becomes a Huge Concern in Colorado and nationwide



Simultaneously, during the same 15 years, 'Colorado's forests have been under siege by a variety of insect epidemics, including:

- 6.6 million acres affected by bark beetles (all beetles) since 1996
- 3.1 million acres affected by the mountain pine beetle alone

Keep in mind that Colorado has 22.6 million acres of forestland, of which 68% is owned and managed by the federal government, with 72% of those federal lands managed by the US Forest Service. Private lands account for 28%, with the State and municipalities a small 4%. Putting all those numbers in context, over 1/3 of Colorado's forested landscape have significant forest health issues. Cumulatively, these issues: 1) have affected public health and safety, 2) can threaten the water supply for Colorado and the

other 18 downstream states dependent on our headwaters, 3) can threaten the electric grid that transverses the Rocky Mountains, and 4) affects all uses and users – recreation, timber, grazing, wildlife, and the people who live, work and play in our forests. Our possible remedies and solutions are largely tied to the entities having legal jurisdiction of our forests.

The point of this summary is to acknowledge the sheer scale of forest health issues that challenge this special state (and many other states as well). There is no question that the proactive responses implemented by the various entities have not been on anything close to a comparable scale. Big problems require big solutions. Unfortunately, my observation is that big solutions for Colorado's forest health issues are inhibited by old style management paradigms and conflicting laws passed in times of other forest conditions. I believe we have a problem with bureaucracy and case law, and policies and financial directions that were built over many years for another time. The very best efforts by the folks who work in these agencies cannot meet the new challenges posed by Mother Nature unless we change or enhance the tools. Again, my observation is that the public and many in Congress agree that forestry work is important and that it needs to be done in a reasonable amount of time, and especially now, at a reasonable cost.

The Colorado forest products companies have been significantly impacted and integrally involved in working on forest health projects and have identified both barriers and potential solutions for moving forward. (The picture below is a mitigation project completed

by Morgan Timber Products that successfully protected property in the 2012 High Park



fire.)

This input is nothing new... sadly many of these ideas were discussed after Colorado's largest fire year in 2002, and some were re-stated as we addressed the escalating bark beetle epidemic. One can only hope that these past two years of large scale events in Colorado, New Mexico, Arizona and other western states will bring us to the point that you can garner the bi-partisan support to adopt policies and regulations that fit the times.

Now I will share some forest product company suggestions.

These recommendations include:

- 1. The Forest Service and USDA, from the top down, need to make the health of our national forests their highest priority -- not just the words, but also their actions.** The Forest Service has so many competing programs, constituencies, and initiatives that forest health gets lost in the priorities and budgeting.
- 2. Reliability of supply is essential for the economic solvency of the forest products companies.** Colorado's forest products companies are more heavily dependent on the national forests for supplies of forest products than are our counterparts in most other western states. The flat or declining budgets result in uncertainty, missed opportunities, swings in funding priorities, and therefore more uncertainty in the supply of timber which is essential to maintain an industry. Several options are for the Forest Service to evaluate the trade-offs of providing for every program currently performed in their agency, and reducing staffing and costs of the Regional and Washington Offices
- 3. Efficiencies need to be found in every timber management project.** This concept would achieve treating more acres at a reasonable cost by maximizing sawlog-quality material in every single timber project from conventional timber sale contracts, stewardship contracts, service contracts, and Indefinite Duration Indefinite Quality (IDIQ) contracts. The forest processors and loggers have unavoidable costs and break-even points. We are not a high margin business sector, and sawtimber is essential to our existence.

Myriad issues exist which drive up costs and drive down management acres. To

name a few: ~multiple restrictions on operating seasons;
~delays in new contract offers which results in skewed appraisals/
timber costs since up to 49% of timber sales are offered during
summer construction seasons when lumber costs are highest;
~inflexible financial clauses which place the costs and risk on
business rather than shared risk between contractual parties;
~road packages that are too costly in today's economy; and
~maintaining a balance between service contracts (FS pays to
manage) and timber sale contracts.

Many foresters who work for the forest products companies, and some who work within the agencies, and some in academia have concerns that the myriad design compromises within forest management projects are resulting in final projects that do NOT meet the original project objectives. We may find that the final treatments are no longer effective enough to mitigate fire risk or ultimately improve forest health. We rarely hear this conclusion in public (one example is with the Fourmile Canyon Fire Report discussed in this hearing), but we can no longer afford to sweep this issue aside. The challenges are too great and ineffective treatments are simply too costly.

4. The Forest Service needs help with “analysis paralysis” or the “process predicament” and the National Environmental Protection Act (NEPA). NEPA is a valuable process but has become too costly and time consuming. Thus far

three former Forest Service Chiefs have raised this point. We saw NEPA used efficiently in the aftermath of Hurricane Katrina, yet we haven't implemented complementary fixes. In the fire prone areas and insect threatened forests, why not put together a 10-year program of NEPA-cleared work? We need to stop holding every forest management project in those non-controversial acres to the same standard as you would if you were entering roadless.

Last year, the Council on Environmental Quality published a draft document titled "Improving the Process for Preparing Efficient and Timely Environmental Reviews under the NEPA". In that document, the CEQ reiterated previously issued CEQ Guidance encouraging agencies to focus NEPA documents on environmental analysis, not producing an encyclopedia of all applicable information, and specifically re-iterated that FEISs should not exceed 150 pages and EAs should not exceed 10-15 pages. I won't mention specific Forests or projects, but trust me, you don't need to look very hard to find FEISs and EAs that significantly exceed those page recommendations.

- 5. Acknowledge that a 40 or 73 million acre beetle outbreak is an emergency and use emergency authority under NEPA to do something about it.** If every NEPA project implements every possible acre, the result would be more trees per acre (paid for by industry and not taxpayers) and then more acres treated at less cost. The essential task of removing biomass simply costs time and money. In a recent biomass conference an interested statistic was presented that the Colorado ratio of net forest growth to removal (in green tons) is 18.2. This means that for every 18.2 tons of new growth, we are only removing one ton of wood from the forest. We are losing the battle of thinning the forests to reduce overstocking and

fuels build-up. Colorado had the highest biomass ratios in any western state, or Colorado has one of the biggest jobs to keep up with necessary fuels and forest health treatments. Adding sawtimber components (which has a higher value for processing) would help to subsidize, and therefore, increase the treatment rate of removing small diameter trees and fuels that exacerbate forest fires.

6. **Review and reconsider the direction in the Southern Rockies Lynx Amendments as part of their forest plan revisions.** This doesn't require legislation. In fact, the Forest Service committed to do just that in their SRLA Record of Decision, but they now appear to be renegeing on that commitment. That decision has unduly and unnecessarily encumbered management of suited timberlands, increased Forest Service costs, and reduced the effectiveness of their forest management. The Endangered Species Act requires the Forest Service a) to not jeopardize listed species and b) to not adversely modify critical habitat, neither of which justify a decision to manage 54% of the national forests in Colorado for lynx habitat.
7. Last, and of great importance is **providing adequate funding to meet the scale of the challenge.** This item comes last in deference to the fiscal challenges facing the country, but the reality is that significant progress cannot occur without an infusion of dollars. Somehow, we recognize that fact in extraordinary events like drought, hurricanes, and floods. There has never been an adequate, realistic economic response to address the unprecedented events happening in our forests and wildland urban interface. Asking the Forest Service to meet these new issues from their existing budgets is an impossible task. In actuality, the budget belies the words about forest health priorities and undermines the Forest Service

mission “to sustain the health, diversity, and productivity of the nation’s forests and grasslands to meet the needs of present and future generations.”

The final suggestion is cautionary and regards winners and losers. Operating under the numerous constraints discussed above can lead to ideas and solutions that pose new and different problems. Throughout Colorado or throughout the USFS system, new areas are faced with fire or insect pressure in ever increasing geographical areas. In Colorado, one year it is on the Front Range, one year in the ski country, and one year SW Colorado. In 2012 it was first one incident in Larimer County, then one incident in Montezuma County, multiple fires in other counties, and the major fire in El Paso County. Limited resources lead to incredible competition between national forests, states, and among counties and even municipalities. I would urge everyone not to lose sight of the big picture, both the near term threats and the mid-term threats. We need to find long-term policy improvements that increase our treatment capacity across the vast forested landscapes without sacrificing one area to treat another.

I’d like to make it clear that I consider these ideas to be systemic. I have watched fine people in my local districts, the Regional Office, and the Washington office of the FS and the USDA search and find directives that can address emerging problems. We benefited from several solutions that were specific to issues rather than systemic such as the recent provision for mutual cancellation of timber sales. The industry was thankful, especially to Senator Udall, because the remedies were essential for some companies to survive the great recession, but achieving that result took far more work than it should have. Many of barriers 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 2000s, the Colorado Congressional delegation and other members of Congress have been actively engaged on many of these fronts and have supported numerous pieces of legislation to assist this unwieldy system.

(Examples include Senator Udall's forest health bill, Senator Bingaman's Community Forestry Landscape Restoration, Senator Tester's Montana approach, and Senator Wyden's Oregon Forest bill. Simultaneously we receive important new studies: 'The True Cost of Wildfire in the Western US, 2009 by the Western Forest Leadership Coalition, "The Process Predicament, 2002 from the USFS, "Review of the Forest Service Response: The Bark Beetle Outbreak in N. Colorado and S. Wyoming 2011 requested by Senator Udall from the USFS, The Conference Report for HR 2055, which included the FY 2012 Forest Service appropriations, stated "The Forest Service is directed to improve the health and resilience of national forests and through these efforts, work to achieve 3 billion board feet of timber sold." Unfortunately, the Forest Service appears unable to achieve even this modest increase in timber outputs as a step in accomplishing more on-the-ground management, and the national target to the "field" of only 2.6 billion board feet.)

In spite of all this effort, 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. Our fear is that the patchwork approach that adds laws while not removing antiquated processes designed for a different time.

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.