

Testimony to
United States Senate Committee on Energy and Natural Resources
Subcommittee on Public Lands and Forests
regarding
S. 2895 “Oregon Eastside Forests Restoration, Old Growth Protection and Jobs Act of 2009”
by
John Shelk, President
Ochoco Lumber Company
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Mr. Chairman, members of the Committee:

I am John Shelk, Managing Director of Ochoco Lumber Company, Prineville, Oregon. Ochoco Lumber Company's roots in Eastern Oregon go back to 1924 when it began buying timber lands. Milling operations began in Prineville Oregon in 1938. The company built and operated a large log mill and later built a small log mill. Ochoco closed its Prineville sawmill operations in 2000. Ochoco Lumber Company's wholly owned subsidiary Malheur Lumber Company, located in John Day, Oregon, started up in 1983 and has been in continuous operation since. Malheur Lumber Company produces approximately 42 million board feet (99,000m³) of quality Ponderosa Pine annually, as well as Douglas fir and white fir products. All together, Ochoco's operations employ approximately 100 people, down from 350 people at the peak of its operation. Successful implementation of S. 2895, the subject of my testimony today, would make it possible for us to re-employ about 40 people.

I am here today to testify in favor of S. 2895, “the Oregon Eastside Forests Restoration, Old Growth Protection and Jobs Act of 2009” introduced by Senator Wyden. As you know Mr. Chairman, this bill came about as the result of months of discussions between representatives of environmental organizations and Eastern Oregon lumber manufacturers dependent on timber from federal lands for a source of raw materials. The bill contains compromises on the part of all those who participated in these negotiations. I think it is fair to say that it is not the bill any of us would have written, but we believe it is a workable compromise that will improve the health of Oregon's Eastside forests and help to preserve the livelihoods and tax base of our rural communities.

Oregon's eastside counties and communities are in dire straits. In Grant County, the unemployment rate for December, 2009 was 14.9%; unemployment was below 10% (9.7%) in only one month since October 2008. In Union County, things are only slightly better: December unemployment stood at 10.8%; the monthly average unemployment for 2009 was 10.6%. Since 1990, 23 Eastern Oregon mills that

employed nearly 2,000 workers have shut down. How much longer the 8 or so remaining mills can survive will depend on the availability of raw material —saw logs. Increasing the volume of timber coming off our federal forests is critical to keeping this sawmilling infrastructure in place. This need has become even more acute as private landowners hold their timber off the market because of low stumpage prices.

Paralleling the decline of Eastern Oregon's milling infrastructure has been a decline in the health of our federal forests. Prior to 1994, the Ochoco National Forest harvested 130 million board feet (mmbf) annually on a sustainable basis; the Malheur National Forest harvested 210 mmbf annually, sustainably. In 2009, only 13.0 mmbf were sold on the Ochoco and 34.0 mmbf on the Malheur. These figures show that we are growing vastly more wood than we are removing from these forests. As the amount of wood growing on these forests has continued to greatly exceed the amount harvested and removed, our federal forests have become seriously overcrowded. This leads to insect and disease infestations and increased risk of fire. As of July, 2008, there were nearly five and a half million acres of fire condition class II and III acres on Eastern Oregon's federal forests. These forests can be restored to health only through active management: a program that plans for and uses mechanical treatment to reduce overcrowding, maintain forest health and at the same time produce raw materials for our mills each and every year.

Over the last two decades, it has become increasingly difficult for our federal forest managers to utilize timber harvest activities as part of their forest management program. It is these projects that could provide raw materials to our mills, maintaining living wage jobs (according to the Oregon Department of Forestry, each 1 million board feet harvested supports 11.2 direct and indirect jobs with an average annual wage of \$43,200) and a tax base for local government, at the same time improving forest health by reducing overcrowding in forest stands. Overcrowding leads to insect and disease infestations and increased fire hazard.

In order to survive, Oregon's mills need a predictable supply of raw material from Oregon's federal lands. To produce lumber, we need saw logs—logs large enough to make into boards. When trees of this size are harvested, the interspersed smaller trees and the tops and limbs can be turned into chips and biomass to produce other products, electricity and perhaps other types of energy. Without the larger, more valuable materials to support the removal of the less valuable biomass, removing the smaller materials is not economically feasible. The simple reality is that the federal coffers are not sufficient to pay for all the work our forests need. Selling sawlogs puts private capital to work in the restoration of our federal forests.

SB 2895 contains provisions designed to restore forest health while assuring a sustainable supply of sawlogs for our industry. It emphasizes planning at the landscape scale and ecological restoration projects based on those plans. It requires the Forest Service to prioritize its projects to both improve forest health and maintain the infrastructure necessary to maintain forest health.

Of course, these landscape scale plans will take time and will not result in timber outputs for the next few years. In order to maintain our logging and milling infrastructure, the bill calls for the Forest Service

to do interim projects comprised predominantly of mechanical treatment totaling 80,000 acres per year distributed across all of the Eastside national forests and increasing to 120,000 acres in the third fiscal year after enactment of the bill. Existing and new funding for vegetation management, timber management and hazardous fuels reduction will be prioritized to complete these projects. The bill authorizes the appropriation of \$50,000,000 for the work needed to carry out these projects.

Like most Western national forests, work on Oregon's Eastside forests has been hindered by appeals and litigation. The bill would foster collaboration among agency personnel and affected members of the community. In this way, we hope to avoid the gridlock resulting from appeals and litigation and get our forests back to work. The bill calls for a streamlined objection process for ecological restoration projects and for expedited judicial review of any action which give rise to legal action. For interim projects, administrative appeals would be eliminated, but the right to challenge the project in court remains.

There are those who criticize this bill because they disagree with including diameter limits and other specific details, believing such decisions reduce the flexibility of our federal forest agencies to best manage our forests. For the most part, our federal land managers are already managing under these restrictions. In our view, the legislation is a necessary improvement on the *status quo*. We simply must find a way to restore the health of our Eastside forests. We believe this bill will provide the reassurance that both the industry and environmental organizations need to establish trust and eliminate the gridlock our forest managers now face.

Yet, passage of the bill alone will not result in success. Once the legislation is in place, the Forest Service must move promptly to implement both the interim projects and the large scale ecological restoration plans. Congress must appropriate the funds necessary to carry out this ambitious and far-reaching program. We request that you continue to monitor both implementation and outcomes to assure that the agency has the will and the means to succeed. The projects simply must result in the production of material suitable for the current infrastructure. If we go out of business, there will be no one to do the work necessary to restore forest health on the Eastside.

Senator Wyden, we appreciate the work of you and your staff to get this bill before this committee today. We know that you are committed to working with all of us to assure the survival of our mills and our loggers and to restore the health of our Eastside forests and communities. There is much that needs to be done for this legislation to result in the hoped-for outcome. We know that you are committed to continue that work with us to ensure its goals are realized.

Thank you for the opportunity to appear before you today.