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Testimony on: “*Logs in the Road: Eliminating Federal Red Tape and Excessive Litigation to Create Health Forests, Jobs and Abundant Water and Power Supplies*”

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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](#); [National 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 create 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.