

Statement of
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Before the

House Agriculture Committee
Subcommittee on Conservation, Energy and
Forestry
United States House of Representatives

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Concerning

U.S. Forest Service Land Management:
Challenges and Opportunities

Good morning Chairman Thompson, Congressman Schrader and Subcommittee members. I appreciate the opportunity to testify today on the opportunities and challenges facing the management of our National Forests. My name is Gary Barth and I am the Director of Business and Community Services for Clackamas County, Oregon.

While I have lived here in the Portland area for three decades, I also have a strong connection to other areas of Oregon. I was born and raised in Springfield, Oregon, which was a middle-class, blue collar town with a strong traded-sector employment base. A large Weyerhaeuser plant, constructed under the supervision of my wife's grandfather provided significant employment opportunities for the residents of Springfield for decades. My uncle, a chemical engineer designed the pulp processing system. My father-in-law had a career at that plant, and my wife worked in the office of that plant as her first full time job out of school.

Numerous other mills and related value chain businesses thrived in Springfield, Oregon providing residents with ample employment opportunities and solid living wages to support themselves, their families and their community. Timber was a competitive economic advantage that helped contribute to a solidly middle class community, with good schools, outstanding parks and other public amenities and with many career paths to pursue.

My family and I retain a strong connection to Springfield and return often to visit family and friends and to attend games at the nearby University of Oregon. Sadly, Springfield is a shadow of its former self. It is no longer the vibrant traded-sector community I recall growing up in. Area unemployment rates are among the highest in the state and average wages that once mirrored the U.S. average are far below that today. My brother is a policeman in Springfield and deals with the negative social effects of serving in an economically depressed community on a daily basis.

It is now clear to me that changes in federal forest management policies and practices have had a profound impact on rural communities like Springfield and others across Oregon, including Clackamas County. As I have reflected on those earlier years in Springfield and the turmoil of the past two decades, I have a much greater appreciation for the importance of sustainable forest management. It remains quite personal to me and many other residents of rural Oregon.

After a lengthy career in the financial services sector, I made the transition several years ago to the public sector in order to serve the public and the community in which I live. As the Director of Business and Community Services for Clackamas County, I oversee a diverse number of divisions that include county libraries, an urban Park & Recreation District, county-owned forest land, a county-wide park system and our Economic Development team. My job title reflects the county's recognition of the integral relationship that exists between economic vitality and the services we are able to offer to improve the quality of life. In my position I have a unique perspective on seeking to improve all aspects of the "triple bottom line" so often discussed and considered in establishing public policy; how do we produce economic value, ensure environmental

responsibility, while providing for social benefits? How do we accomplish that with limited public funds to stimulate private sector investment?

I believe that our county's management of nearly 3,000 acres of county-owned forest land is a great example of delivering that triple bottom-line of environmental, economic and social benefits to our local residents. My testimony provides greater detail on how Clackamas County manages its forests and how it could serve as a model for needed changes in federal forest management policies that can help revitalize and restore rural, forested communities here in Clackamas County, in Springfield and across the country.

About Clackamas County

Clackamas County, Oregon, is located in north-central Oregon, ranging from the Portland metropolitan area to the summit of Mount Hood. The county encompasses 1,879 square miles (1.2 million acres), and has a current population greater than 375,000. The county encompasses all or part of 15 cities.

While many might consider Clackamas County part of the Greater Portland urban area, that is only a fraction of the county as a whole. Only 5% of Clackamas County's land area is urban, yet contains 80% of the population and 90% of the jobs. The rest of the county is rural and contains some of Oregon's richest farmland. 57% of Clackamas County is in public ownership with the U.S. Forest Service and Bureau of Land Management overseeing nearly all of it. Forested land comprises a staggering 75% of the land in Clackamas County, containing some of the most productive forest land, by many measures, anywhere in the world. Sustainable forest management practices are vital to our perceived "urban" county as well as to the greater Portland-Vancouver economic region.

Since Clackamas County was created in 1843, agriculture and timber, along with the associated metals manufacturing and commerce have been the county's principal economic activities. In recent years, as the County and its communities have continued to grow, the County has maintained and developed key industry clusters in advanced metals manufacturing, business & professional services, healthcare, high tech and software development, transportation and warehousing, forestry, food and beverage processing, and nursery and greenhouses. These clusters combine for over 50% of Clackamas County's economic activity.

Federal Forests

As a heavily forested county, forests have always been an important part of our economy and culture. Unfortunately, employment in forestry and wood products manufacturing has been in steady decline for the past two decades. The primary cause of this decline has been changes in federal forest management policies. As noted, 51% of Clackamas County is comprised of federal forests, including portions of the Mt. Hood and Willamette National Forests that account for 540,421 acres of the county and the Bureau of Land Management (BLM) oversees 78,749 acres of the county with Oregon &

California (O&C) Grant Lands accounting for 52,448 acres of that total. This has a major impact on our economic livelihood and our ability to provide county services.

Since the National Forest System's establishment in the early 1900's the federal government has shared 25% of the receipts generated from timber harvests and other commercial activities with local counties as compensation for our inability to tax these lands. The once private BLM O&C Grant Lands, which are unique to Oregon, were brought back under federal control with an initial commitment to share 75% of timber harvest receipts. That was later reduced to 50%. For many decades Clackamas County received tens of millions in shared timber receipts and many local residents were employed in the forest products sector.

In the 1990's controversy, lawsuits and changes in federal policies dramatically reduced timber harvest levels on federal lands. For example, the amount of timber sold on the Mt. Hood National Forest has fallen from over 230 million board feet (mmbf) in the late 1980's to approximately 30 mmbf today, an 87% reduction. Yet, the annual mortality of the forest is over 190 mmbf. Put in context, the Mt. Hood National Forest is dying six times faster than it is being productively harvested. The standing timber volume of the forest is 33.6 billion board feet, with an annual growth of 745 mmbf. At the current annual harvest rate of 30 mmbf, the forest is growing 25 times faster than it is being harvested. The economic opportunity loss through mortality or lack of sustained harvest is enormous as is growing risks to forest health due to a lack of management.

Federal Payments

Due to the vast amount of land in federal ownership and the dramatic decline in timber harvests, counties have had to deal with the associated impacts on revenue. Congress has recognized this through the passage of a number of payment programs to partially offset, at least temporarily, these losses. Beginning in the early 1990's Congress approved "Spotted Owl Guarantee Payments" to provide payments to counties in the Pacific Northwest impacted by reductions in federal timber sales following the listing of the Northern Spotted Owl as an Endangered Species.

The Secure Rural Schools and Community Self Determination Act of 2000 (SRS) was enacted to further transform traditional timber receipt sharing into a nationwide payment program to offset the loss of revenue to rural counties with federal forest land. The SRS program has been reauthorized twice since 2000 with further changes made in 2008 that shifted the formula away from actual historical receipts to also consider the amount of federal forest land and local poverty. The current SRS expired at the end of 2011 and our county received its last payment in January.

Clackamas County has relied heavily on SRS payments over the past decade as a substitute for the timber receipt revenue we received in the decades prior. For most of the program's life, Clackamas County received approximately \$13 million annually in Forest Service and BLM O&C payments. The changes made during the 2008 reauthorization have gradually reduced those payments and the final 2011 payment was

less than \$3 million, one fourth the SRS average and significantly lower than the timber receipt sharing that existed before SRS. If the program is not reauthorized, and we revert back to actual revenue sharing, Clackamas County's projected 2012 payments from the Forest Service and BLM based on today's harvests will be less than \$750,000.

The Clackamas County Board of County Commissioners supports the reauthorization of the Secure Rural Schools Act. However, it has become increasingly clear that the Secure Rural Schools Act does not represent a long-term, sustainable solution for meeting county funding needs. The level of funding provided in 2011, and likely to be included in any reauthorization, is inadequate to meet the needs of timber dependent communities in our area. In Clackamas County, our road fund alone will experience a loss of up to \$3 million per year. The significant reductions in SRS payments in recent years has also meant cutbacks in public safety, natural resource protection and assistance to schools.

Forest Management Legislation

Clackamas County believes federal legislation is needed to restore responsible management to federal forest lands to provide a sustainable and predictable long-term solution to county revenue needs and to restore economic vitality to our communities. Our current federal forest management policies are broken and our rural communities and the forests are paying the price.

Ultimately, any legislation should balance economic, social and environmental values so that significant areas of federal forest are focused on environmental protections and equally significant areas are focused on producing forest products and economic benefits. Our county's small forestry program produces a mix of benefits to the environment, the economy and local residents.

Of the 3,600 acres of forest owned by Clackamas County, approximately 2,800 acres are managed utilizing sustainable forest management practices, including scheduled timber harvest and reforestation. All management activities are done in accordance with, and actually exceed, the requirements of the Oregon Forest Practices Act. Approximately 850 acres of forest are natural areas and parks where trees are only removed for public safety concerns or infrastructure development.

Clackamas County manages its timber harvests on a 55 year rotation, to approximate annual growth rates and harvest timber that can still be milled locally. This translates to approximately 2 million board feet (mmbf) of timber harvested annually from our 2,800 acres of forest land. This annual average harvest has generated approximately \$750,000 in annual revenue for the county over the last ten years. These revenues cover the cost of managing our forest lands as well as provide funding for the operations and maintenance of our nearly 1,000 acres of parks and preservation land. Our most recent timber sale went to a local mill, yet only produced enough raw material for a two-week production run. The mill advised us that they could add a third shift of jobs with minimal capital investment if they could be assured of increased timber availability.

By comparison, the Forest Service annually sells approximately 30 mmbf of timber from the 1.1 million acre Mt. Hood National Forest and generated less than \$270,000 in timber receipts for the U.S. Treasury in 2011. The county generates almost three times the revenue from timber harvests as the Forest Service does on less than .3% of the acreage. This massive discrepancy has only intensified in recent years and underscores the need for reform if counties are expected to return to actual 25% payments.

The Forest Service is hamstrung by excessive bureaucracy, regulations and administrative costs. These costs typically consume up to 75% of its forest management budget, which severely restricts the amount of on-the-ground work and timber volume that can be accomplished. The type of timber sales offered by the Forest Service today also generate little-to-no receipts for the U.S. Treasury or local governments due to how the projects are designed and the extensive use of Stewardship Contracting Authority. Currently, no receipts are shared with counties for timber sales conducted under the Stewardship Contracting Authority. If the counties will again return to shared Forest Service receipts then Congress should amend this authority to ensure counties receive 25% of the value of stewardship contracts.

Clearly if just a portion of the Mt. Hood National Forest were managed similar to how Clackamas County manages our forest land there would be significant revenue available to fund county payments and other important projects. Perhaps more importantly, it would be a tremendous boost to the local economy with an estimated 17.4 direct jobs annually per mmbf of timber harvest. This would lessen our citizen's dependence on public assistance while at the same time providing much needed revenue for schools, roads and other public needs. Using the values Clackamas County received from its last timber sale, if a little less than 4,000 acres (.7%) of the 540,421 acres of the Mt. Hood National Forest in Clackamas County was managed like this each year it would generate our average Secure Rural School Forest Service payment of approximately \$8.5 million, deliver over \$25 million to the U.S. Treasury in receipts and support approximately 1,700 jobs.

Congressman Schrader recently joined together with Congressman Peter DeFazio and Congressman Greg Walden to release the "O&C Trust, Conservation and Jobs Act." The plan would manage approximately half of Oregon's 2.5 million acres of BLM O&C Grant Lands by a board of trustees for sustained yield timber production to benefit our 18 O&C counties in Oregon. This stable timber supply would support manufacturing and other jobs and provide revenue to cash-strapped counties that have few options to recover lost income from federal lands. The legislation would also protect all remaining old growth stands on more than 1 million acres. I expect our Board of Commissioners to formally adopt a resolution in support of this proposal later this week.

I would like to commend the efforts of Congressman Schrader and other members of the Oregon delegation to promote the responsible management of federal forest lands that provides a sustainable and predictable long-term solution to county revenue needs, while ensuring environmental protection, stewardship and restoration efforts. Our County's management of its lands shows that these can go hand in hand as does the O&C Trust

Act. As this Committee considers possible legislation for the National Forests I hope it will look to these examples.

The situation is extremely urgent as our county and other rural counties across the country grapple with the reductions in Secure Rural Schools payments.

I appreciate the opportunity to appear before you today and would be happy to answer any questions you might have.