

WRITTEN STATEMENT FOR THE RECORD

OF

NANCY M. FISHERING

INTERMOUNTAIN RESOURCES, LLC

SARATOGA, WYOMING

BEFORE THE

COMMITTEE ON AGRICULTURE

UNITED STATES HOUSE OF REPRESENTATIVES

PUBLIC HEARING

CONCERNING UNITED STATES AGRICULTURE POLICY

FORESTRY PANEL

MAY, 4, 2010

Good morning Mr. Chairman and subcommittee members. My name is Nancy Fishing and I represent Intermountain Resources, LLC a company that has a operating sawmill in Colorado and a closed sawmill in Saratoga Wyoming.

I very much appreciate this opportunity to join this panel to relate their testimony to the small business perspective and to the families and towns that depend upon public land policy for their livelihoods and quality of life. Our company investments are in the heart of the vast forest health issues that face our national forests. According to a 2009 Forest Service Decision Notice, of the total amount of standing dead timber that has been removed from the bark beetle affected forests in southern Wyoming and northern Colorado, almost 90% was processed by Intermountain Resources and our 150 + loggers and log truck drivers. We know that it is important to the local Forest Service Ranger Districts and the folks who live in Southern Wyoming that Intermountain continue their investment by opening the sawmill in Saratoga Wyoming. Oddly, although Saratoga is centrally located in the 3.6 million acres of dead lodgepole, a big obstacle to opening the Saratoga mill is securing sufficient log supplies.

Let me explain. The company business plan adopted in fall of 2008 was to continue to operate the mill in Montrose and to invest capital to retrofit and re-open the mill in Saratoga. That decision would entail hiring 90 employees in Saratoga and hiring another 150 + loggers and truckers to bring logs in from the woods for processing into lumber and generating electricity by burning sawmill residues and slash from the forest. This was a win-win fit for the Forest Service that need additional capacity to remove the dead timber from the landscape while benefitting the town of Saratoga which would very much like to see new jobs in their community.

Unfortunately, this investment decision was interrupted by the horrific financial events following the collapse of the housing markets and the crisis on Wall Street. The company focus turned to simply surviving the economics of 2009. Due to plummeting lumber demand and lumber prices, analysts tracked a significant shrinkage in sawmill capacity in the US and Canada. A June 2009 article noted that “over the last three years, 127 sawmills representing 8.9 billion board feet of production capacity have closed permanently in the U.S and Canada.”<sup>1</sup>

At this time we are happy to be a survivor, but we look at the economic aftermath and the issues facing a healthy timber industry continue to loom largely in the future. A recent forecast by Western Wood Products Association calls for ‘modest gains in housing, lumber consumption and U.S. production this year after setting modern lows during 2009,’ and they conclude that there will be a slow, steady recovery for mills like ours.

We are juxtaposed between a recovering lumber market, and a huge demand for our abilities to work in the woods and remove standing dead timber that poses risks to public health and safety. Our ability to perform depends on overcoming several challenges facing our company and our industry.

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<sup>1</sup> Random Lengths, “Through a Knothole”, June 12, 2009, Vol. 65, Issue 24.

Both issues relate to the work that is done by our members of Congress.

First, in Western states containing significant acres of National Forests or Bureau of Land Management forest the log supply is largely determined by Forest Service or BLM budgets. We were pleased to see the President's 2011 budget recognized the importance of the Forest Service with an increase in funding. We are concerned, however, about policies embedded within this budget that merged important line items, including the primary line item historically tied to timber management. The net effect of the creation of a new 'Integrated Resource Restoration' account may be to change the predictability and accountability for these funds. If adopted as proposed, the outputs will become 'acres treated' rather than targets for sawtimber. This 'acres treated' number is difficult to plug in a business plan and take to the bank. The only language related to targets in the 2011 budget *reduced* outputs from 2.5 billion board feet nationally to 2.4 billion. The uncertainty in hard numbers results in reticent bankers and bonding agents which ultimately stymies investment and job creation.

According to the Forest Service, the Medicine Bow Routt National Forests FY 2010 timber target is less than 25% of their desired targets to aggressively respond to the mountain pine beetle epidemic, due solely to reductions in funding. Similarly, other National Forests in our region will be experiencing similar funding cuts which threaten the log supplies for both the mill at Saratoga *and* the operational mill in Colorado. This dilemma results from shifting priorities between emergency funding and management funding and poses untenable positions for the investors and land managers in the middle.

We believe that the Forest Service budget would better serve rural communities if they would recognize the connection between the timber program and jobs. A conservative estimate of jobs created per 1 million board feet of timber harvested is 11.4 new direct and indirect jobs. Increasing the F.Y. 2011 Forest Products line item by \$57 million would increase the USFS timber harvest level to 3.0 billion board feet and thus create some 6,600 new jobs. This would be a modest, incremental budget increase that complements the slow and modest lumber market recovery forecasted for 2011.

In the case of Intermountain, our future will depend on 1) a steady increase in lumber prices and lumber consumption, 2) an adequate log supply to feed both the mill in Montrose and the mill in Saratoga, and 3) access to credit for the final retrofit investment and the upfront cash necessary for startup employment costs. The log supply and credit needs go hand-in-hand since a primary condition for any loan is an assurance that the business plan fits consistently to the life of the loan. That means simply that a ten year loan requires a ten year log supply to assure payment on that loan.

While struggling to survive the difficult small-business economics of 2010, we can least afford a cut in Forest Service timber budgets and timber outputs. The local national forests can least afford a cut in industry capacity since we are the most cost-effective tool for addressing the unprecedented forest health challenges. The local logging contractors can least afford a year or more delay until a new investor arrives to build new infrastructure that may or may not fit the needs of our forests and community.

Several pieces of proposed legislation would assist industry dependent on public lands for their economic sustainability.

- 1) HB 4398 “The National Forest Insect and Disease Emergency Act of 2009” introduced by Congressman Salazar presents a strategy for forests to fund their needs to manage unprecedented challenges presented by events such as the mountain pine beetle epidemic in the Intermountain West.
- 2) We have been working with Congresswoman Lummis on draft legislation to address the supply issue with a pilot stewardship approach combined with a modest, but very helpful attempt to assist in the credit needed by the timber industry partners (loggers and sawmillers) who have challenges accessing capital. We embrace stewardship, and in addition will continue to need timber sale contracts to assure a variety of treatments and volumes to profitably accomplish goals to reduce fuel loads and perform land management.
- 3) Careful attention to the language, funding levels, and timber targets in the 2011 Budget to ensure long-term viability for the traditional infrastructure. A robust industry means a robust capacity to treat the land.
- 4) The 2008 Farm Bill contained the new “Biomass Crop Assistance Program” (BCAP) which was designed to encourage biomass production. We are concerned that BCAP disrupts the vital relationship between existing infrastructure and national forest management. Using programs designed to encourage green jobs to create new companies has the unintended consequence of generating new competition against the primary infrastructure our forest managers depend on – for land management, hazardous fuel reduction, removal of beetle-killed timber, and other important forest health restoration goals. At a time when lumber prices are at historic lows and threaten the stability of what little industry remains, these programs could hasten the decline of our most vital management tool.”
- 5) A similar issue is the continuing debate about the definition of ‘renewable biomass’. Who would ever have guessed that such a small seven letter word could create such consternation and policy debate among so many? What we need in Wyoming is a definition that includes the national forests and other federal lands, subject to NEPA and the direction in the forest plans.
- 6) H.R. 4233, the Healthy Forest Restoration Amendments Act of 2009, introduced by Congresswoman Herseth Sandlin, which expands the federal lands on which hazardous fuel reduction projects can be conducted, and adds protection of infrastructure in rural communities as an additional purpose of the Healthy Forest Restoration Act.

With careful implementation of projects, we can reduce the potential for catastrophic fires, begin the management of the ‘the next forest’ to reduce the potential for another cycle of bark beetle epidemics a hundred years from now, put local residents to work with good jobs, manufacture wood products, and increase the economic diversity and vitality of local economies.

Much of the solution is in the hands of private enterprise. Our entrepreneurs and investors assume the risks and challenges of operating in an uncertain economy. It is an essential component for our federal partners to maintain an adequate log supply, and to be assured by the national leadership that budgets and strategies will be crafted to help industry survive in the near term and grow for the long term.

Thank you for your invitation to share our challenges and needs with you. You are a critical partner to our success. I would be happy to answer any questions.

## BIO

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## Professional Experience

### **Colorado Forest Health Advisory Council - 2008 – present**

A Board appointed to advise the Governor on matters pertaining to forest health. Tasks include writing a statewide vision and guiding principles paper, giving input on 2008 Farm bill requirements for a statewide risk assessment, and need for federal / state funding or legislation.

### **Chairperson Colorado Forestry Advisory Board - 2001 - 2006**

A Board appointed as a result of legislation passed in July 2000 to improve the focus on forest conditions in Colorado. Legislation included creating a Division of Forestry and moving the State Forester from Colorado State University to Colorado Department of Natural Resources (DNR) to improve communication on forest health.

### **Colorado Timber Industry Association (CTIA) – President 2001-2004, VP 2004- present**

This group conducts an annual timber tour for state and federal politicians and staff members who direct timber policy. This is the association that is approached for comment on emerging issues that may affect this industry in Colorado.

### **RE-IJ School Board President 2004-2007, VP 1999-2003**

Elected to the board and actively worked with Colorado Association of School Boards during the two terms served on the board. Honored to receive the McGuffey Award for local leadership in 2003 and selected as an All-State School Board member in 2003.

### **Intermountain Forest Association- (IFA) Membership since 1992.**

This group is comprised of the sawmills in Wyoming, South Dakota, and Colorado who plan strategy for dealing with timber issues in Region II of the United States Forest Service.

### **Colorado Bark Beetle Cooperative – 2007 - present**

This group is comprised of the governments in North Central Colorado that comprised the epicenter of the 2 million acre mountain bark beetle epidemic. A steering committee guides their advocacy for funding and projects and has representatives of the many issues that relate to forest health.

### **Public Lands Partnership – (PLP) Membership since 1994.**

This is a nationally award winning local group made up of representatives from the Cities and Counties of Montrose, Delta, Ouray and San Miguel, the economic development departments, the ranchers, off road vehicle users, timber, the local environmental groups and others who are concerned about public land policy. This group promotes education and awareness of economic and environmental issues related to public lands and serves as a local forum for relevant discussion.

## Work Experience

Policy Analyst and Public Outreach – Intermountain Resources, LLC 1992 to present  
Formerly Blue Mesa Forest Products, Inc.

Committee on Agriculture  
U.S. House of Representatives  
Required Witness Disclosure Form

House Rules\* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2007.

Name: Nancy Fishering  
Address: P O Box 670, Montrose, CO 81402  
Telephone: 970-249-0812  
Organization you represent (if any): Intermountain Resources, LLC

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2007, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: \_\_\_\_\_ Amount: \_\_\_\_\_  
Source: \_\_\_\_\_ Amount: \_\_\_\_\_

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2007, as well as the source and the amount of each grant or contract:

Source: Numerous Federal Timber Sale Contracts Amount: Varies and depends  
Source: USDA Woody Biomass Utilization Grant Amount: \$250,000

Please check here if this form is NOT applicable to you: \_\_\_\_\_

Signature: Nancy M. Fishering

\* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.