October 29, 2013

The Honorable Tom Vilsack
U.S. Department of Agriculture
Jamie L. Whitten Building
1400 Independence Ave., S.W.
Washington, DC 20010

The Honorable Tom Vilsack:

We appreciate your continued efforts to accelerate restoration of forests across the country through the National Restoration Strategy and the Cohesive Fire Strategy, and especially in the Rocky Mountain Region (RMR). Last year, we wrote to you about the need for investment in the timber program as an important element of the RMR's restoration agenda and appreciate the U.S. Forest Service's efforts to respond. However, this year, in the face of more historic wildfires, a continuing drought, and vast stretches of overgrown and bark-beetle infested forests, we again ask for your renewed support.

The National Forest management program in this Region falls far short of meeting the need for hazardous fuels reduction and forest restoration. In our region alone, the U.S. Forest Service recognizes that millions of acres are in need of restoration, yet the timber target for Fiscal Year 2013, which includes both timber sales and stewardship contracts, was only about 450,000 CCF. Our states are home to re-emerging forest products businesses that can partner with the U.S. Forest Service, yet the dramatic gap between what these businesses can manage and the timber targets of the RMR endanger their viability and success just as they are about to reach a scale that could meaningfully contribute to more proactive management of forest health (the attached letter provides additional industry detail on the minimum capacity our timber industry has to support forest restoration).

Stakeholders including communities, environmentalists, and industry recognize the need to work together. The re-emerging forest products industry in Colorado, Wyoming, and South Dakota gives us the opportunity to demonstrate an integrated forest management infrastructure that includes both traditional wood products and biomass energy. There has never been a better time to foster industry partnerships that will reduce the risk of catastrophic wildfires, restore forest health, and create sustainable rural jobs.

That is why we ask for your renewed commitment to increasing the pace and scale of forest restoration in the RMR – particularly in the wildland-urban interface and in backcountry areas supporting critical infrastructure and water supplies. Specifically, we ask you to consider increasing the investment in restoration and timber management, and continuing to pursue operational efficiencies. The RMR is already leading the way on collaborative approaches and operational efficiency, and we have been particularly impressed with pilot projects that streamline analysis on the Black Hills and Uncompahgre Plateau. We appreciate your leadership on these important issues and lend our support to your efforts to accelerate restoration across the Region.

Sincerely,

Mark Udall
U.S. Senator

Mike Enzi
U.S. Senator

Michael Bennet
U.S. Senator

John Barrasso
U.S. Senator

Tim Johnson
U.S. Senator

John Thune
U.S. Senator

Kristi Noem
U.S. Representative

Cynthia Lummis
U.S. Representative

Scott Tipton
U.S. Representative

Cory Gardner
U.S. Representative

Doug Lamborn
U.S. Representative

Mike Coffman
U.S. Representative

Intermountain Forest Association
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September 26, 2013

The Honorable Mark Udall
United States Senate
730 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Udall:

Our members in Colorado, South Dakota, and Wyoming are very concerned about a significant "gap" between current forest industry operating levels in the Rocky Mountain Region (RMR) and the Region's current forest management program outputs.

As shown in the attached spreadsheet, we estimate the current demand for sawtimber, POL and biomass from the national forests in the RMR, by currently operating companies plus facilities under construction, at 743,568 ccf. In comparison, the Region's FY 2013 target is 455,750 ccf, leaving a "gap" of 287,818 ccf.

The spreadsheet includes adjustments for anticipated supplies from other ownerships. However, the available supplies of timber from other timberlands, such as private lands, tribal lands, state lands, BLM, and railroad lands are relatively low in all three states.

The RMR is fortunate to have a diversity of forest products companies, including traditional sawmills, biomass power plants, pellet plants, post and pole manufacturers, aspen excelsior and paneling companies, log home manufacturers, and a particleboard plant. A healthy forest products industry is a key component of managing our national forests, and with encouragement from the Forest Service, and at substantial cost, the companies in the RMR have stepped up to respond to the national forest management needs. Now, closing the "gap" is critical to sustaining these businesses, to maintaining their economic contributions and jobs, and to sustaining the levels of operations "in the woods" to restore forests, enhance resiliency, protect communities, and maintain water quality.

The Chief's Restoration Strategy repeatedly advocates for increasing the 'pace and scale' of restoration. The RMR has responded through new and expanded partnerships and encouraging new investment in processing infrastructure. In FY 13, additional "increasing the pace and scale funding" from the Washington Office was well-utilized. Looking ahead, increasing the Region's program through a combination of additional funds and increased efficiencies in NEPA, sale preparation, and sale administration are critical to sustaining our combined work on-the-ground.

We are asking for your assistance while there is time to proactively address the underlying issues. We don't want to be alarmists, but, the situation looks reminiscent of the late 1990s when reduced Forest Service timber outputs set the stage for numerous mill closures in the early 2000s.

On a more positive note, however, from 2002 to 2008, the RMR demonstrated great success in rebuilding the sale program, through a focused strategy that included increased funding and implementing procedural changes to increase efficiencies. Those same principles could work again, and rebuilding the program could be a win-win for forests, companies, and communities.

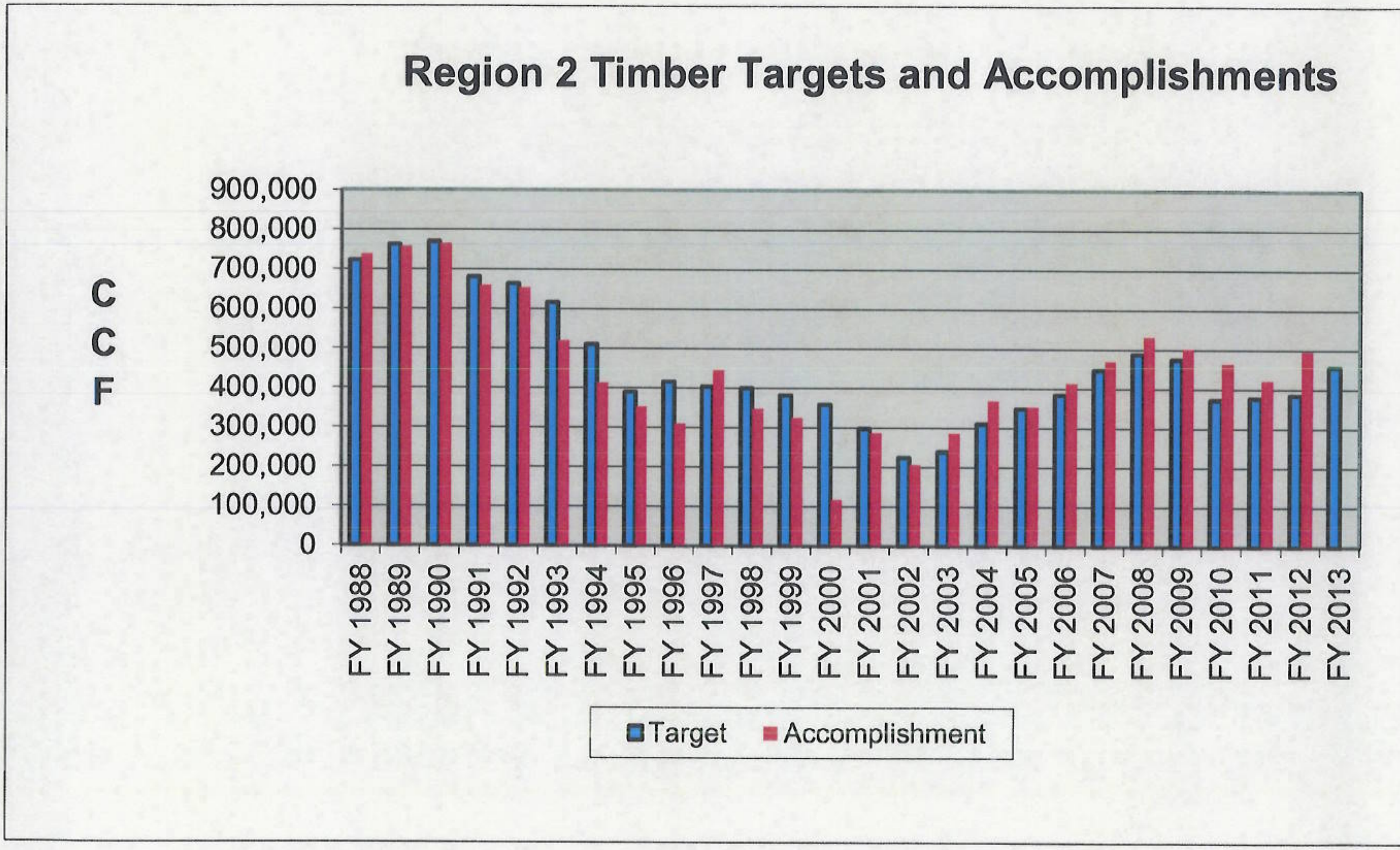
The forest management needs in the national forests in Colorado, South Dakota, and Wyoming are extraordinary. As we have repeatedly pointed out, the Rocky Mountain Region is a good investment nationally, in terms of both costs and consistent accomplishments. IFA and our members stand ready to work with you and other members of the Colorado, South Dakota, and Wyoming delegations to make the case and help with the heavy lifting.

Thank you for your consideration.

Tom Troxel
Executive Director

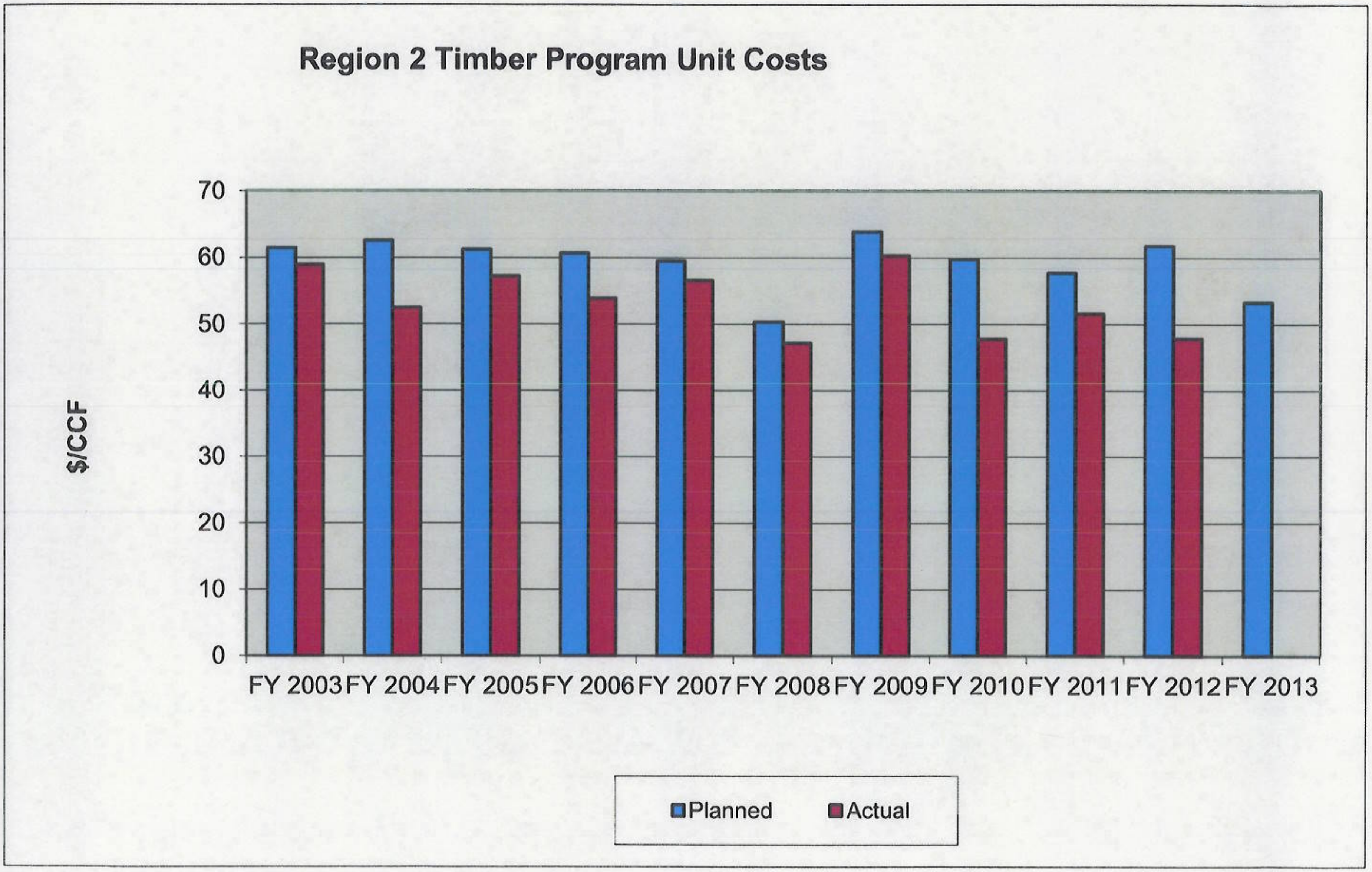
Attachments –
Spreadsheet with current industry operating levels
Graph with R2 targets and accomplishments
Graph with R2 unit costs
Spreadsheet with historic R2 mill closures

| Regional Vegetation Management Strategy | | 2013 Update | 8/27/2013 | | |
|---|---|---|---|---|---|
| **Sawtimber, pellet producers, post and pole, & wood-to-energy companies** | | | | | |
| Companies dependent on NF Timber | Location | Estimated current level of operations (CCF) | | | |
| | Source year varies | Varies 2005 or *2013 for new companies | | | |
| | | *(CCF) sawtimber* | *Tons* | | |
| **PROCESSORS** | | | | | |
| Bighorn Lumber | Laramie, WY | Closed 2009 | | | |
| Wyoming Sawmill | Sheridan, WY | Closed 2008 | | | |
| R-Y Timber | Livingston, MT | 20,000 | R2 only | | |
| L&L Sawmill | Buffalo, WY | 600 | | | |
| Frank Cole | Dubois, WY | 500 | | | |
| Cody Lumber | Cody, WY | Closed 2007 | | | |
| Hills Products Group | Spearfish, SD | 12,000 | | | |
| R.E. Linde | Custer, SD | Closed 2007 | | | |
| Baker Timber Product | Rapid City, SD | 3,000 | | | |
| Sturgis Sawmill | Sturgis, SD | 4,000 | | | |
| Neiman Timber Co., LC | Spearfish, SD | 110,000 | | | |
| Neiman Timber Co., LC | Hulett, WY & Hill City, SD | 124,000 | | | |
| Pleasant Lumber & Milling | Monte Vista, CO | 0 | | | Changed to private sources |
| Mountain Valley Lumber | Saguache, CO | 8,000 | | | |
| Entermountain Enterprises | Del Monte, CO | 9,000 | | | 4-5 MMBF |
| Western Excelsior | Mancos, CO | 8,000 | | | NF only |
| Aspen Wall Wood | Dolores, CO | 4,000 | reduced | | 2 MMBF |
| Ragland & Sons-Stoner Top Lumber | Dolores, CO | 4,000 | | | Only Doug and Bill |
| Delta Timber Company | Delta, CO | 21,000 | | | |
| Andy Pipher | Crawford, CO | 2,500 | | | Ranges between 2000-3000 |
| Mountain Wood | Gunnison, CO | 2,000 | | | Ranges between 1500-2500 |
| Ken Smith | Paonia, CO | 450 | | | |
| Doug Jones Sawmill | Grand Junction | 4,000 | | | |
| Intermountain Forest Resources | Montrose, CO | Closed 2010 | | | |
| Todd Enterprises | Paonia, CO | 2,500 | | | Ranges between 2000-3000 |
| Joe Pittington Leasing | Walden, CO | 10,000 | | | |
| Hester Log & Lumber | Kremmling, CO | 2,000 | | | |
| K&K Lumber | Silt, CO | 4,000 | | | |
| William Webster | Laramie, WY | 6,640 | | | |
| Bockman Timber & Pole | Wyoming | 540 | | | |
| Montrose Forest Products | Montrose, CO | 60,000 | one shift | | Goal-2 shifts 120,000 ccf |
| Saratoga Forest Management | Saratoga WY | 84,000 | one shift | | Goal-2 shifts |
| Thompson Logging | Encampment WY | 20000 | | | |
| West Range Reclamation | Crawford CO | Supplier | | * | |
| Big Horn Mill - new | Laramie, WY | 17,600 | | | Processes 7" diameter or less |
| Universal Forest Products Mill | Eaton CO | 20,000 | | | |
| Pueblo Wood Pallet Mill | Pueblo CO | 15,000 | | | |
| McComb Lumber | Canon City, CO | 8,800 | | | |
| Eagle Valley Clean Energy - Gypsum | Gypsum CO | 21,711 | 41,250 | * | USFS portion 75% of Max Capacity |
| Pagosa Land Company sawtimber 52% | Pagosa Spgs CO | 8,682 | | ** | SC awarded but |
| Pagosa Land Company chips 48% | Pagosa Spgs CO | 8,835 | 16,786 | * | no facility as yet |
| Confluence Energy | Kremmling, CO | 53,053 | 100,800 | * | |
| Rocky Mountain Wood Pellets | Walden, CO | merged w. Confluence; partial supply from Saratoga | | | |
| New Earth Pellets | Silverthorne, CO | 13,158 | 25,000 | | |
| Colorado Timber Resources LLC | Parshal, CO | 50,000 | Estimate | | |
| **TOTAL Volume** | | **743,568** | 183,836 | | |
| **2013 R2 Funded Target (June 14, 2013)** | | **455,750** | | (**Green Tons conversion factor-2.8) | |
| **Shortfall** | | **287,818** | | (*BDT to CCF conversion factor - 1.9) | |
| **MFP has a goal of 120,000 after mill improvements are completed** | | | * denotes stewardship contracts | | |
| | | | Stewardship Contracts use NFTM & WFHF $'s | | |



Region 2 Timber Targets and Accomplishments
C
C
F
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
FY 1988
FY 1989
FY 1990
FY 1991
FY 1992
FY 1993
FY 1994
FY 1995
FY 1996
FY 1997
FY 1998
FY 1999
FY 2000
FY 2001
FY 2002
FY 2003
FY 2004
FY 2005
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013
Target
Accomplishment


7/29/2013


Region 2 Timber Program Unit Costs
$/CCF
70
60
50
40
30
20
10
0
FY 2003
FY 2004
FY 2005
FY 2006
FY 2007
FY 2008
FY 2009
FY 2010
FY 2011
FY 2012
FY 2013
Planned
Actual

12/3/2012

# Forest Industry Closures in Region 2

| YEAR | SAWMILL | CITY | STATE | SIZE |
|---|---|---|---|---|
| 2009 | Bighorn Lumber | Laramie | Wyoming | C |
| 2008 | Wyoming Sawmills | Sheridan | Wyoming | C |
| 2007 | Cody Lumber | Cody | Wyoming | B |
| 2007 | R.L. Linde Sawmill | Custer | South Dakota | A |
| 2005 | Wyoming Wood Products | Lander | Wyoming | A |
| 2004 | Jones Lumber | Delta | Colorado | A |
| 2003 | LP | Saratoga | Wyoming | C |
| 2001 | U.S. Forest Industries | South Fork | Colorado | C |
| 2001 | LP OSB | Olathe | Colorado | C |
| 2000 | Sagebrush Lumber | Montrose | Colorado | A |
| 2000 | Best Log Homes | Cortez | Colorado | A |
| 2000 | Pope & Talbot | Newcastle | Wyoming | C |
| 1998 | Satterwhite Log Homes | Dotsero | Colorado | A |
| 1998 | Jackson Lumber | South Fork | Colorado | A |
| 1998 | Hammer Lumber | Encampment | Wyoming | B |
| 1998 | Cowboy Timber Treating | Manderson | Wyoming | A |
| 1995 | Little River Lumber | Piedmont | South Dakota | C |
| 1995 | Star Studs | Afton | Wyoming | C |
| 1995 | Brandt and Wicklund | Foxpark | Wyoming | A |
| 1994 | LP | Walden | Colorado | C |
| 1994 | Ponderosa Timber | Cortez | Colorado | B |
| 1993 | Wolf Creek Industries | Pagosa Springs | Colorado | A |
| 1993 | Custer Lumber | Custer | South Dakota | C |
| 1993 | Hamm's Wood Products | Rapid City | South Dakota | B |
| 1992 | LP OSB | Kremmling | Colorado | C |
| 1992 | D.M. Wilson Lumber | Dubois | Wyoming | A |
| 1992 | Woods Sawmill | Spearfish | South Dakota | B |
| 1990 | McKeever Sawmill | Norwood | Colorado | A |
| 1990 | Powder River Timber | Osage | Wyoming | B |
| 1988 | LP | Dubois | Wyoming | C |
| 1987 | LP | Kremmling | Colorado | C |
| 1986 | Black Mountain Spruce | Craig | Colorado | A |
| 1985 | Wheeler Lumber/St. Regis | Whitewood | South Dakota | C |
| 1981 | Hudspeth | Pagosa Springs | Colorado | C |
| 1981 | Hudspeth | Durango | Colorado | C |
| | | | | |

**SIZE**

**A** = 15 to 50 employees, including logging contractors

**B** = 50 to 150 employees, including logging contractors

**C** = 150+ employees, including logging contractors