

HEARING ON PUBLIC LAND USE IMPACT ON SMALL BUSINESS

Y 4. SM 1/2: S. HRG. 103-380

Hearing on Public Land Use Impact o...

HEARING
BEFORE THE
COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE
ONE HUNDRED THIRD CONGRESS
FIRST SESSION
ON
HEARING ON PUBLIC LAND USE IMPACT ON SMALL BUSINESS
SEPTEMBER 4, 1993



Printed for the Committee on Small Business

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| September 4, 1993: | |
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HEARING ON PUBLIC LAND USE IMPACT ON SMALL BUSINESS

SATURDAY, SEPTEMBER 4, 1993

U.S. SENATE,
COMMITTEE ON SMALL BUSINESS,
Rapid City, SD

The Committee met, pursuant to notice, at 9:30 a.m. at Howard Johnson Lodge, Hon. Larry Pressler presiding.

OPENING STATEMENT OF HON. LARRY PRESSLER, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator PRESSLER. Good morning. I want to welcome our witnesses and everyone else in attendance today. I am pleased to have the opportunity to bring this official U.S. Senate Small Business Committee hearing to Rapid City.

As you came in this morning, official testimony sheets were available at the sign-in table. I invite all of you to offer written comments that will be entered into the permanent Committee record just as the testimony of today's panelists will be included. If you want to write down in a summary form some opinion or some reaction you have today, I will make it a part of the record. Please give your completed sheets to my staff.

The economy of this region is extremely dependent upon the Black Hills and the policies that affect the public land in those Hills. What we are discussing today is so important that it transcends political boundaries. Entire livelihoods will be affected by government decisions, Republican or Democrat. When it comes to jobs, the people of South Dakota must come first.

This morning we will examine how changes in forest management, including wilderness proposals, could impact small businesses. The 63 percent of South Dakota public lands owned by the Forest Service sustain many small businesses, which drive this region's economy. I believe we have a chart here which shows that. It's self-explanatory. The timber industry is a good example of what we're talking about as it depends on public lands for two-thirds of its lumber.

It is important to point out that the Black Hills National Forest is different from forests in the pacific northwest. Ponderosa Pine trees go well here, too well, in fact. Proper forest management prevents forest fires.

The Black Hills have been well managed for many years based on a multiple use model. In 1983, the first 10-year forest manage-

ment plan was developed here and is now being revised for the next 10 years.

However, before we go ahead with a new 10-year plan for the Black Hills, there is an important dispute that must be settled.

How much timber is in the Hills? Today the Forest Service and the forest users have significantly different estimates about the amount of sellable board feet.

Common sense tells me that this data should be agreed upon before the release of any plan. The number of trees in the Hills obviously will affect the 10-year plan and the future of the Black Hills. There will be differences of opinion as to how these lands are managed, but we should all be able to agree on what's out there.

I call for the release of the data the Forest Service used to calculate its timber estimates and how the service arrived at its numbers. I think that's something we all deserve to know, because I know there have been different timber estimates by some of the local forest people, by some of the local people, and the Forest Service.

Our public lands have provided a rich and colorful history of ranching, logging, and mining to which we have added manufacturing, tourism, and recreation more recently. Over the years, a tradition of small business entrepreneurship has sustained the economy and the families in this region. In 1992, employment-related income from the timber industry alone was 76 million. That's on this chart over here. Thousands of employees in small business depend on access to the Black Hills to make their livings. If we close off the Black Hills, we cut off jobs. Tourism, for example, employed 24,944 people in 1992, certainly due in part to the accessibility of the national forest. Through all this, we must remember that these numbers are real people with real jobs and real families hanging in the balance.

Multiple use related businesses are facing tough economic times. The possibility of a sizably reduced allowable sale quantity and the oftentimes frivolous appeals process threaten the future of forest-related jobs. And let me say that I have been very critical of frivolous appeals, which, as I understand it, the Sierra Club routinely files. They are very costly for small business men and women. Now if they have a reason to file appeals, I would not feel it, but I've become very disillusioned, and my voting record in Congress has been to change that appeals process. We've had several votes on it. I'd be happy to send anybody the results of those votes. I have been on the losing side.

If we fail to reverse this trend of appeals, small business entrepreneurship will be bulldozed by a small fraction of environmentalists—I should say extreme environmentalists, because we're all environmentalists. But the Sierra Club and extreme environmentalists have been, I think, irresponsible in filing appeals on every single proposed timber sale. And that's just creating havoc with job creation. Their narrow agenda does not speak for the greater needs of this area.

Finding the right balance between multiple use and environmental concerns is not an easy task, but I believe the Black Hills can continue to be a leader as a model of successful multiple use management of our public lands.

Again, I welcome all of you.

Now our first panel consists of Frank Davis, a representative of the Governor, Walter Dale Miller; Stanley Sylva, a representative of the Department of Agriculture, and who is a Resource Staff Officer with the Black Hills National Forest; and Drue Vitter, mayor of Hill City.

Now this morning I want to move right along. In inviting witnesses, we ask them to summarize their statements to 5 minutes. We ask them to do that orally. We will place their entire statements in the record. One Committee chairman in Washington says a brilliant man can condense it down to 3 minutes. I don't know—not very many Senators are able to do that. But the point is the entire statement will be in the record, if you can summarize, so we can move right along and have time for questions. I would appreciate that very much. I have summarized my opening statement.

So I will first call on Frank Davis for a summary of his statement.

STATEMENT OF FRANK DAVIS, DIRECTOR OF THE DIVISION OF FORESTRY, SOUTH DAKOTA DEPARTMENT OF AGRICULTURE; REPRESENTING GOVERNOR WALTER DALE MILLER

Mr. DAVIS. Thank you very much, Senator.

Senator PRESSLER. And you're speaking on behalf of the Governor?

Mr. DAVIS. Yes. It's a pleasure to be here representing the Governor. He's tied up at the State Fair and cannot attend. I'm pleased to discuss the Black Hills forest management situation, the 10-year plan, and the Sierra wilderness proposal.

Let me give you a short quote. "Throughout the Hills the number of trees which bear the marks of the thunderbolt is very remarkable. The woods are frequently set on fire and vast damage is done. There are many broad belts of country covered with tall straight trunks of what was only a short time before a splendid forest of trees, now charred, dead and useless."

Another brief quote, "The very large mass of these pine forests, dark and rich and beautiful as they are, are yet composed of trees the very large majority of which are less than 8 inches in diameter. There is scarcely to be found in the Black Hills a forest of old trees."

Now these lines were written by Colonel Dodge in 1875, after his expedition to the Black Hills, which lasted 3 months in 1875, before any settling. He described the natural condition of the Black Hills as they looked then. He also tells us how they would look today had they been left to the natural forces of fire, windstorm, and bark beetles.

My purpose here in bringing this up is to illustrate that today we're dealing with a forest in an unnatural condition, a forest no longer being regulated by natural forces, a forest which now must be managed by the overt acts of man if it is to remain beautiful, healthy, and productive, because we can no longer allow fire its free reign in the forest.

Today I am representing Governor Miller, and he is, in effect, representing our late Governor George Mickelson, who only a

month before his tragic and untimely death spoke to a group of about 200 public land users in Rapid City. I want to use some excerpts from what he said at that time here.

"Number one on my list of concerns is continued support on a local, State, and federal level for multiple use management of our national forest lands."

He also said, "The mining industry has accepted reasonable regulation and taxation. But we must guard against those who would overzealously regulate mining, as well as the timber industry and the cattle rancher, out of business. Likewise, grazing has been an important industry here. Responsible grazing can complement efficient management of our forests and grasslands.

But as I speak to you today, the timber industry is in a crisis. Both in the short and long term, the supply of logs is uncertain. We have lost at least 80 jobs this year, and I fear we will lose more in the near future." And we did. "These jobs, too, are some of our highest paying, full-time, permanent jobs. Unlike mining, these jobs are not dependent upon a finite resource like gold ore, but on trees, a renewable resource. You cannot convince me we should be losing jobs in the timber industry.

The longer-term question is how much timber will be available from the Black Hills National Forest. There are concerted efforts underway to curtail timber harvesting not only here but Nationwide.

He also said that virtually every benefit we derive from our forest requires management. He said, "I believe the best and most cost-effective management is a responsible combination of commercial logging, precommercial thinning and prescribed burning when and where it can be safely accomplished."

I don't want to skip what he said about the wilderness situation, so let me get to that, leaving out some of the things I would like to say. But he says, "I haven't yet mentioned the wilderness areas. Let me do so briefly. I do not support additional wilderness areas for two primary reasons. First, the works of man are so prevalent in the Black Hills there is really no true wilderness left to preserve. And second, because a true wilderness must be natural. Without the free reign of fire, no wilderness area in the Black Hills will be natural. But we cannot allow fire to burn unchecked.

Also, I am not convinced wilderness areas will attract additional tourists to the Black Hills, but I do know they could adversely affect ranching, timbering, and our most popular forms of recreation.

On balance, I am convinced that further designation of wilderness areas will harm, rather than help, the economy and will be detrimental to a healthy forest ecosystem."

Let me summarize quickly with five very brief points about the wilderness proposal from my standpoint. This is not what Governor Mickelson said. These words are mine. First, every tree presently standing in the existing Black Elk Wilderness Area and any future wilderness area will one day die a natural death. And I think that's an obvious fact.

No. 2, as described by Custer and Dodge, the most likely agent of death will be wildfire. I add that the second most likely cause of death will be an epidemic of bark beetles.

No. 3, wilderness designation in the Black Hills, then, is really a management option to accept stand replacing catastrophe as the regulating force in these areas.

No. 4, this management option jeopardizes both public and private lands in the vicinity of the wilderness areas since obviously these agents of massive destruction do not respect artificial boundaries. This management option also guarantees the areas will not forever remain in their present condition to be passed from generation to generation as some seem to expect.

No. 5, so far as a 10-year forest plan is concerned, I agree with our late Governor Mickelson and our present Governor Miller. Virtually every acre of the Black Hills National Forest needs some form of management to keep it in a vigorous, healthy, aesthetically pleasing, and productive condition. The forest plan should recognize this, and it should be reflected in the size of the timber program.

Thank you very much.

[The prepared statement of Mr. Davis follows:]

PREPARED STATEMENT OF FRANK DAVIS

Mr. Chairman and Members of the Committee, I am Frank Davis, State forester of South Dakota today representing Governor Miller who regrets a previous commitment prevents his attendance. I am pleased to appear before you today to discuss multiple use management in the Black Hills, the proposed Black Hills National Forest 10-year plan and the wilderness plan put forth by the Black Hills Group, Sierra Club.

"Throughout the Hills the number of trees which bear the marks of the thunderbolt is very remarkable, and the strongest proof of the violence and frequent recurrence of these storms. The woods are frequently set on fire and vast damage done. There are many broad belts of country covered with the tall straight trunks of what was only a short time before a splendid forest of trees, now charred, dead, and useless."

"The very large mass of these pine forests, dark and rich and beautiful as they are, are yet composed of trees the very large majority of which are less than 8 inches in diameter. There is scarcely to be found in the Black Hills a forest of old trees."

The above lines were taken from the book written by Colonel Dodge following his 3-month visit to the Hills in the summer of 1875 prior to any settlement save for a few miners exploiting the gold discovered by General Custer's expedition in 1874. His descriptions, then, are of the natural condition of the Black Hills. He tells us how they looked then and how they would look today had they been left to the natural forces of fire, windstorm and bark beetles.

Reinforcing Dodge's description are a large number of photographs taken by the Custer expedition in 1874. These pictures show a much more open forest than the one we see today following nearly a century of fire suppression and other management activities.

My purpose in bringing up this ancient history is to illustrate that today we are dealing with a forest in an unnatural condition—a forest no longer being regulated by natural forces. A forest which must now be managed by the overt acts of man if it is to remain beautiful, healthy and productive because we cannot allow the free reign of its principle natural regulator—fire. The new forest plan must recognize this fact.

I am today representing Governor Miller, and he is, in effect, representing our late Governor George S. Mickelson who only a month before his tragic and untimely death, spoke to a group of 250 public land users here in Rapid City. Because I know Governor Miller shares the philosophy and principles expressed by Governor Mickelson that day, I now want to share with you some excerpts from that speech.

"Number one on my list of concerns is continued support on a local, State, and federal level for multiple use management of our National Forest lands. As I see it, we also need to simplify the appeals process governing timber sales in the Black Hills National Forest. Reform of a cumbersome appeals process means we can make good, honest decisions about the future of our forest resources.

The Black Hills that we see today is NOT what early-day visitors encountered. Nineteenth century accounts describe a forest dominated by fire. A forest with more openings, more aspen, more chokecherry and other brush. And pine stands more open than the dense stands that we see today. We see in these old pictures and journals a landscape with more grass and browse and less timber than exists today.

But I'm here today to tell you why I think multiple use management works for our diverse Black Hills economy. And, the reason it works is exactly because we have a checkerboard of federal law governing the historical development of this region. Our present economic situation absolutely mandates a multiple use resource management approach if the Black Hills area is to prosper! And I'm here to tell you we are going to prosper!

Today, in addition to the basic, early natural resource industries of mining, grazing and logging, we have added tourism and recreation as equally important partners in our interlocked resource economy. Mining today, and for many years, has offered some of the best paying jobs in South Dakota. With the current low price of gold, and the depletion of some rich ore deposits, the mining industry is at a crossroads. There is little we can do about either problem.

The mining industry has accepted reasonable regulation and taxation. But, we must guard against those who would overzealously regulate mining—as well as the timber industry and the cattle rancher—out of business. Likewise, grazing has been an important industry here. Responsible grazing can complement efficient management of our forests and grasslands.

But, as I speak to you today, the timber industry is in a crisis. Both in the short-term and long-term, the supply of logs is uncertain. We have lost at least 80 jobs this year, and I fear we will lose more in the near future. These jobs, too, are some of our highest paying, full-time, permanent jobs. Unlike mining, these jobs are not dependent upon a finite resource like gold ore, but on trees—a renewable resource. You cannot convince me we should be losing jobs in the timber industry, even for the best of intentions.

As I said earlier, sawmilling began with the earliest settlers and miners. It continues today and will continue to the foreseeable future. But at what level?

Five billion board feet of logs have been harvested since the Forest Service began keeping records in 1898.

How much timber remains today in the National Forest? Five billion board feet. The same amount we have harvested, and certainly a lot more than was here 100 years ago. Lack of trees to harvest is not the problem.

The longer-term question is how much timber will be available from the National Forest over the next 10 to 15 years. Not only in South Dakota, but nationally, there are concerted efforts underway to curtail timber harvesting in National Forests.

I'm particularly concerned about our rural communities in the Black Hills. Recreation in many forms—hunting, fishing, hiking, sight-seeing, camping, winter sports—are all important to our livelihood. But, equally important is the backbone of our Black Hills economy, ranching, logging, and mining. These industries provide permanent, steady income. These industries are compatible with each other and, with recreation, often enhancing rather than detracting from recreational opportunity.

We must recognize our present Black Hills Ponderosa Pine forest is in an unnatural condition. It is much thicker than it would be if left to the whims of nature. When settlement occurred, fire suppression began. Ecologists estimate that, in its natural state, each average acre burned once every 15 to 20 years. Think about that. What it means is fires burned about 60,000 acres of the present 1.2 million acre National Forest each year! Or looking at the entire Black Hills ecosystem, an average of at least 100,000 acres burned annually.

Quickly jumping to the present, we see that by eliminating a major natural regulator of forest growth an unnatural, dense pine forest resulted. I say all this to illustrate that, while we certainly cannot allow 100,000 acres to burn naturally, we still must regulate forest density for fire safety and other reasons.

And, the thicker the trees, the less grass under them. Water yield is also very important. The thicker the pines—the less water. So, timber is important—the thicker the trees the slower they grow, and the more likely they are to be attacked and killed by bark beetles or burned in a wildfire.

Virtually every benefit we derive from our forest requires management. I believe the best and most cost-effective management is a responsible combination of commercial logging, precommercial thinning and prescribed burning when, and where, it can be safely accomplished.

For all these reasons, I urge the Forest Service to continue to aggressively manage its lands in the Black Hills by maintaining a strong timber program.

The Forest Service recently embarked upon a new management philosophy called "Ecosystem Management." I suggest the Black Hills ecosystem needs more; not less, active vegetation manipulation and control, because we have too many pine trees. Benign neglect only results in outbreaks of bark beetles and more severe wildfires. Active management will result in a healthier and safer forest, and a strong economy, which is a win-win situation for everyone.

I haven't yet mentioned wilderness areas. Let me do so briefly. I do not support additional wilderness areas for two primary reasons: First the works of man are so prevalent in the Black Hills there is really no true wilderness left to preserve; and second, because a true wilderness must be natural. Without the free reign of fire, no wilderness area in the Black Hills will be natural. But we cannot allow fire to burn unchecked.

Also, I am not convinced wilderness areas will attract additional tourists to the Black Hills, but I do know they could adversely affect ranching, timbering and our most popular forms of recreation.

On balance, I am convinced that further designation of wilderness areas will harm, rather than help, the economy and will be detrimental to a healthy forest ecosystem.

Multiple use has worked for us—it is working for us and will continue working for us if we all cooperate to make sure it is working right.

Adding to Governor Mickelson's remarks, let me make a few closing observations:

1. Every tree presently standing in the existing Black Elk Wilderness Area and any future wilderness area will one day die a natural death. This is fact.

2. As described by Custer and Dodge, the most likely agent of death will be wildfire. I add that the second most likely cause of death will be an epidemic of mountain pine beetle.

3. Wilderness designation in the Black Hills, then, is really a management option to accept stand replacing catastrophe as the regulating force in these areas.

4. This management option jeopardizes both public and private lands in the vicinity of the wilderness areas since obviously these agents of massive destruction do not respect artificial boundaries. This management option also guarantees the areas will not forever remain in their present condition to be passed on from generation to generation as some seem to expect.

5. So far as the 10-year Forest Plan is concerned, I agree with our late Governor Mickelson and our present Governor Miller. Virtually every acre of this National Forest needs some form of management to keep it in a vigorous, healthy aesthetically pleasing and productive condition. The Forest Plan should recognize this and it should be reflected in the size of the timber program.

Senator PRESSLER. Thank you very much.

Mr. Sylva.

**STATEMENT OF STANLEY SYLVA, RESOURCE STAFF OFFICER,
BLACK HILLS NATIONAL FOREST; REPRESENTING SECRETARY
MIKE ESPY, U.S. DEPARTMENT OF AGRICULTURE**

Mr. SYLVA. Mr. Chairman, I'm Stanley Sylva here representing the Department of Agriculture and the U.S. Forest Service. Thank you for the opportunity to address the possible effects of the Black Hills National Forest Management Plan Revision, including wilderness proposals on small business in this area.

The Black Hills National Forest provides commodities such as timber, minerals, forage, and amenities such as recreation and wilderness experiences, wildlife habitat, soil and water resources, and other environmental benefits. In fiscal year 1992, we returned over 4.1 million dollars to the States and counties from receipts generated from the sale of timber and other forest activities. Through our State and Private Forestry Program, we provided \$595,000 in federal financial assistance. Also, more than 2,100 jobs were created in South Dakota and Wyoming from our timber sale program.

The current forest plan was approved by the regional forester in 1983. In accordance with the requirements of the National Forest

Management Act, we are in the process of revising that plan. Based on the results of the forest plan monitoring and on public input, we have identified six areas where significant changes may be needed in the plan. These areas are water yield, roadless areas, locatable minerals, leasable minerals, suitable timber lands and allowable sale quantity on those lands, and biological diversity.

In the revision process, each alternative will be evaluated for its potential to produce a healthy, productive forest. Social and economic consequences will be displayed, and a recommendation will be made as to which alternative produces the best mix of goods and services, both commodities and amenities.

I must stress at this point that no decisions have been made regarding the alternative to be selected in the forest plan revision. A draft plan with the recommended alternatives should be published this winter. After it is released, a 90-day public comment period will occur. We will then consider all public input and modify the draft plan as appropriate and publish a final forest plan revision probably sometime next summer.

One of our major programs on the forest is recreation. We use concessionaires to operate many of our campgrounds. Our four concessionaires took in \$160,000 in camping fees in 1992 and paid the Federal Government \$25,000 while still providing quality service to the user. For 1992, we estimate that recreationists on the forest contributed over 31 million dollars to the local economies. Based on available information, we do not anticipate significant changes in the recreation program due to the revision of the forest plan. If additional wilderness is designated, recreation opportunities on those acres would change from current use.

Another of our major customers on the forest is the local rancher. In 1992, approximately 22,000 animals grazed on the forest. Most of our permits are issued to small operators that run less than 150 head of livestock. Revenue the Forest Service received for permits in 1992 was \$168,000. Forty-two thousand went to the counties. We anticipate that the revision of the forest plan will result in little change in the current range program on the forest. Minor changes may occur as we take action to improve some riparian areas.

Mining is another program on the forest. Larger mines, such as Homestake, are mostly on private land, but there are some small business mining companies operating on the forest at this time. An example is Pacer Corporation on the Custer District.

Not surprisingly, the timber sale program is a significant contributor to economic activity in the region. The dollar value of timber purchased by small businesses varies from year to year. In 1992, 14 million dollars' worth of timber was harvested from the Black Hills National Forest. With the exception of one company, all purchasers are small businesses. Small businesses are presently given the opportunity to purchase 54 percent of our sales by volume without competition from large businesses.

Under the preliminary alternatives being considered in the forest plan revision, the allowable sales quantity could range from a low of approximately 40 million board feet to a high of around 100 million board feet of sawtimber. By comparison, over the last decade, an average of 120 million board feet of sawtimber has been

harvested from the forest. In spite of possible short-term price increases as operators try to protect their timber supplies, if the alternative chosen in the forest plan revision results in a lower amount of timber offered, the receipts to the counties would likely decrease over the long term as less timber is offered for sale. In 1992, timber receipts to the counties in South Dakota and Wyoming were about 3.4 million dollars.

Management of lands that are components of the National Wilderness System is also a program that will be covered in the plan revision. As Chairman Pressler is aware, the Black Hills is a relatively small forest with much interspersed private ownership. The only existing wilderness is the Black Elk Wilderness, which covers 9,862 acres. In the plan revision process, we have identified three additional areas that we believe meet the criteria for designation as set forth in the Wilderness Act of 1964. These areas cover approximately 16,500 acres and are being analyzed in depth as part of the plan revision. Our preliminary findings indicate that if the three areas were added to the wilderness system, the impact on the allowable sale quantity over the next 10-year period would be approximately a 5 percent reduction.

Although not covered by the forest plan, I would also like to mention several of our other programs that do contribute to the local economy. We recognize the dependencies of some communities in the Black Hills and the possible need to diversify some of those communities. A relatively new program in the Forest Service as a result of the 1990 Farm Bill is the Rural Community Assistance program. Over the last 2 years \$95,000 was obtained to assist the communities of Belle Fourche, Custer, Newcastle, and Sundance with their projects.

Another effect public lands have on small businesses is through our purchasing and contracting of goods and services. In the years 1988 through 1991, the Black Hills National Forest spent approximately 88 percent of our procurement dollars with small businesses, which averaged approximately 5.5 million dollars per year. A significant amount of business is done with small businesses through our Job Corps Center in Nemo, SD.

I would be remiss if I did not mention that the employees of the Black Hills National Forest are also members of the community. As such, we patronize small business in the communities in which we live and work, contributing to the direct economic well-being of those communities.

Mr. Chairman, this concludes my statement.

[The prepared statement of Mr. Sylva follows:]

PREPARED STATEMENT OF STANLEY G. SYLVA

Mr. Chairman and Members of the Committee. Thank you for the opportunity to address the possible effects of the Black Hills National Forest Management Plan Revision including wilderness proposals on the small businesses in this area. In my testimony today I will provide a brief national perspective on the contributions made by National Forest System lands to the economic vitality of small business and of the specific contributions made by activities on the Black Hills National Forest to local business. I will also address how the Forest Plan is to be revised, and how that might affect local businesses.

The USDA Forest Service includes over 191 million acres of National Forest System lands and grasslands all across the United States. National Forests provide commodities such as timber, minerals, and forage, and amenities such as recreation

and wilderness experiences, wildlife habitat, soil and water resources, and other environmental benefits. Over 691 million visits were made to our campgrounds and recreation areas in Fiscal Year 1992 contributing an estimated \$6 billion to local and rural economies. We provided technical and financial assistance to more than 190,000 State and private landowners, State foresters, local agencies, and American Indian Tribes. In FY 1992, we cooperated with over 4,285 State, local, and county governments, private associations, and numerous interest groups, to construct, rehabilitate, and improve recreation, wildlife, trails, and research projects. Also, the Forest Service timber sale program generated almost 94,000 jobs Nationwide last fiscal year.

The Black Hills National Forest which is located in Western South Dakota and Eastern Wyoming, contains 1.2 million acres of National Forest System lands with 300,000 acres of private ownership intermixed. In Fiscal Year 1992, we returned over \$4.1 million to the States and counties from receipts generated from the sale of timber and other forest activities. Through our State and Private Forestry Program, we provided \$595,000 in federal financial assistance. Also, more than 2,100 jobs were created in South Dakota and Wyoming from our timber sale program.

The current Forest Plan was approved by the regional forester in 1983. In accordance with the requirements of the National Forest Management Act, we are in the process of revising that plan. Based on the results of Forest Plan monitoring and on public input, we have identified six areas where significant changes may be needed in the plan. These areas are water yield, roadless areas, locatable minerals, leasable minerals, suitable timber lands and the allowable sale quantity on those lands, and biological diversity. Further, we have developed nine alternative strategies that will address these areas including an alternative that essentially continues current management practices. All alternatives comply with direction contained in relevant legislation such as the National Environmental Policy Act of 1969, the National Forest Management Act of 1976, and the Endangered Species Act of 1973.

In the revision process, each alternative will be evaluated for its efficacy in producing a healthy, productive forest. Social and economic consequences will be displayed, and a recommendation will be made as to which alternative produces the best mix of goods and services, both commodities and amenities.

I must stress that, at this point, no decisions have been made regarding the alternative to be selected in the Forest Plan revision. A draft plan with the recommended alternative should be published this winter. After it is released, a 90-day public comment period will occur. We will then consider all public input and modify the draft plan as appropriate and publish the final Forest Plan revision, probably some time next summer. Let me now turn to specific program areas, their contribution to local economies and to changes that might result from the Forest Plan revision.

One of our major programs is recreation. We use concessionaires to operate many of our campgrounds. Our four concessionaires took in \$160,000 in camping fees in 1992 and paid the Federal Government \$25,000, while providing quality service to the public. There are also many small businesses serving the visitor to the Black Hills, from providing t-shirt sales at the Sturgis Motorcycle Rally, to horseback rides in Deadwood, to hot air balloon rides in Custer. For 1992, we estimate that recreationists on the Forest contributed over \$31 million to the local economies. Based on available information, we do not anticipate significant changes in the recreation program due to revision of the Forest Plan. However, some revision alternatives would increase opportunities for semi-primitive recreation across the Forest. If additional wilderness is designated, recreation opportunities on those acres would change from current use.

Another of our major customers is the local rancher who has a grazing permit for National Forest System lands. In 1992, approximately 22,000 animals grazed on the Black Hills National Forest. Forty-three percent of our total number of permits are for less than 50 animals, 40 percent of our permits are for 50-150 animals and only 17 percent are for over 150 animals. All of our permittees are small business men or women. The revenue the Forest Service received for permits in 1992 was \$168,000; of that, \$84,000 went back to the Black Hills National Forest for local range improvements, \$42,000 to the counties, and the rest into the Federal treasury. We anticipate that revision of the Forest Plan will result in little change in the current range program on the forest, although modifications in the timber program may affect forage availability in some instances due to changes in canopy composition. As the canopy becomes more or less open, the Forest produces more or less forage. Additionally, minor changes may occur as we take action to improve some riparian areas under permit.

Mining is another program on the forest. Larger mines, such as Homestake, are mostly on private land, but there are some small business mining companies operat-

ing on National Forest lands. An example is Pacer Corporation on the Custer District. These activities generate little revenue to the government because the 1872 Mining Laws do not provide for royalties from locatable minerals. Even though several alternatives for plan revision would increase the number of acres withdrawn from mineral entry, we anticipate little practical impact from mining activity on our local economies.

Not surprisingly, the timber sale program is a significant contributor to economic activity in the region. The dollar value of timber purchased by small businesses varies from year to year. In 1992, \$14,000,000 worth of timber was harvested from the Black Hills. With the exception of one company, Pope and Talbot, all the purchasers are small businesses. In the timber program, there is a special program for small businesses, called the "set-aside" program. Congress created a process for the Forest Service and the Small Business Administration to work together to ensure that small business be given the opportunity to purchase a fair share of the timber sold from National Forests. A small business is defined as a business with less than 500 employees. The share for small business is based on the volume purchased and manufactured by small business since the last "recalculation." The current small business share is 54 percent, which means that small businesses are presently given the opportunity to purchase 54 percent of our sales, by volume. A trigger of set-aside sales occurs when the volume purchased by small business falls below 54 percent.

Under the preliminary alternatives being considered in the plan revision, the allowable sale quantity would range from a low of approximately 40 million board feet (MMBF) to a high of around 100 MMBF of sawtimber. By comparison, over the last decade, an average of 120 MMBF of sawtimber has been harvested from the forest. In spite of possible short-term price increases as operators try to protect timber supplies, if the alternative chosen in the Forest Plan revision results in a lower amount of timber offered, the receipts to the counties (25 percent of the total timber receipts) would likely decrease over the long term as less timber is offered for sale. In 1992, timber receipts to the counties in South Dakota and Wyoming were about \$3.4 million.

Management of lands that are components of the National Wilderness System is also a program area that will be covered in the plan revision. As Chairman Pressler is aware, the Black Hills is a relatively small forest with—much interspersed private ownership. The only existing wilderness is the Black Elk Wilderness which covers 9,862 acres. In the plan revision process, we have identified the three additional areas that we believe meet the criteria for designation as set forth in the Wilderness Act of 1964. These areas cover approximately 16,500 acres and are being analyzed in depth as part of the plan revision. At least one alternative will recommend all three areas for Wilderness designation. Some will recommend no additional Wilderness. Our preliminary findings indicate that, if all three areas were added to the wilderness system, the impact on the Allowable Sale Quantity over the next 10-year period would be approximately a 5 percent reduction.

Although not covered by the Forest Plan, I would also like to mention several of our programs that do contribute to local economic activity. We recognize the dependencies of some communities on the Black Hills National Forest and the possible need to diversify some of those communities. A relatively new program in the Forest Service, as a result of the 1990 Farm Bill, is Rural Community Assistance, designed to help rural communities diversify their economies. In Fiscal Year 1992, the City of Custer received a \$30,000 grant which was used to help develop an old railroad right-of-way into a hiking and biking trail through town. In Fiscal Year 1993, the City of Custer was awarded a \$40,000 grant to assist in paving and developing their trailhead center in town.

In addition to the grants, the Black Hills National Forest received \$15,000 in Fiscal Year 1992 and \$10,000 in Fiscal Year 1993 to assist local communities with their action plans and specific projects. Two thousand and five hundred dollars were allocated to Belle Fourche to help with the architectural design of the Center of the National Visitors Center; \$10,000 were provided to Weston County, Wyoming, for completion of their community action plan and marketing brochure; \$2,800 went to Sundance, WY, to help with the costs of highway information signs and completion of their action plan; the remaining funds were used for travel and training for local community representatives, and for administration of the program.

Another effect public lands have on small businesses is through our purchasing and contracting of goods and services. Our policy is governed by the Federal Acquisition Regulations and is briefly stated as follows: generally, procurements less than \$25,000 are set-aside exclusively for small businesses; generally, construction projects, trash removal and Architectural and Engineering projects over \$25,000 are open to all bidders, large or small. In the years 1988 to 1991, the Black Hills Nation-

al Forest spent approximately 88 percent of their procurement dollars with Small Businesses which is an average of approximately \$5.5 million per year. Along with this, our region requires that we set-aside 12 percent of the dollars on our Advance Acquisition Plan for the Small Business Minority Program (commonly known as the 8(a) Program). In 1992, we spent \$558,994 and in 1993 we spent \$432,090 under this program. The Black Hills National Forest received the Small Business Administration's "Agency of the Year" in 1990 and 1992 for our high level of participation with small businesses. A significant amount of business is done with small businesses through our Job Corps Center in Nemo, SD.

I would be remiss if I did not mention that the employees of the Black Hills National Forests are also members of the community. As such, we patronize small business in the communities in which we live and work contributing directly to the economic well being of these communities.

Mr. Chairman, this concludes my statement. I'll be happy to respond to any questions from you or the Committee.

2709.11.30
Page 1 of 3

FOREST SERVICE HANDBOOK
Custer, South Dakota

TITLE 2709.11 - SPECIAL USES HANDBOOK

Black Hills Supplement No. 2709.11-93.____

Effective _____

POSTING NOTICE. BH Supplements are numbered consecutively by title and calendar year. Post by document name. Remove entire document and replace with this supplement. Retain this transmittal as the first page of this document. This is the second BH Supplement to this handbook.

Page Code

Superseded New
(Number of Sheets)

30

3

Digest:

36.7 - Adds the Land Value Fee Schedule for special use authorization fees that are based on a percentage of the land value.

ROBERTA A. MOLTZEN
Forest Supervisor

BH SUPPLEMENT 2709.11-93-____
Effective_____

2709.11.30
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FSH 2709.11 - SPECIAL USES HANDBOOK
Chapter 30 - Fee Determination

36 - Fee System and Schedule

36.1 Fee Based on Sale (Graduated Rate Fee Schedule)

36.2 Communication Site Fee Schedule.(Reserved).

36.3 Government Owned Facilities Fee (Granger-Thye). (FSM 2715.13).

36.4 Linear Right-of-Way Fee Schedule.

36.5 Organization Camp. (Reserved).

36.6 Geological and Geophysical Exploration Fee.

36.7 Fee Based on Land Value. Fees based on land values will be determined using the following schedule. This schedule will be updated annually on January 1 using the Implicit Price Deflator Index (IPD index).

LAND VALUE SCHEDULE
(All dollar values in chart are dollars per acre)

BLACK HILLS NATIONAL FOREST
(as of January 1, 1993)

| <u>Ranger District</u> | <u>Less Than 10 acres</u> | <u>10 to 40 Acres</u> | <u>40 to 300 Acres</u> | <u>Greater than 300 Acres</u> |
|------------------------|-------------------------------|---------------------------|----------------------------|-----------------------------------|
| Bearlodge | \$1,000/acre | \$ 750/acre | \$ 400/acre | \$ 100/acre |
| Custer | | | | |
| T5S and north | \$2,000 | \$1,250 | \$1,000 | \$ 300 |
| T6S and south | \$1,500 | \$1,000 | \$ 750 | \$ 100 |
| Elk Mountain | \$1,000 | \$ 750 | \$ 400 | \$ 100 |
| Harney | \$3,500 | \$2,000 | \$1,250 | \$ 300 |
| Nemo | \$3,500 | \$2,000 | \$1,250 | \$ 300 |
| Pactola | \$3,500 | \$2,000 | \$1,250 | \$ 300 |
| Spearfish | \$2,000 | \$1,250 | \$1,000 | \$ 300 |

BH SUPPLEMENT 2709.11-93-____
Effective _____

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Percentage of the land value will be:

- 5% of land value for agricultural Uses
- 7% of land value for non-agricultural uses.

Fees for reservoirs may be agricultural, municipal or industrial uses. In these cases the appropriate rate may be 3%, 5%, or 7% depending on how the permittee uses the water. This information must be supplied on the permit application.

Example: Jane Doe has a special use livestock area authorization for 15 acres of National Forest System lands on the Bearlodge Ranger District. The application has been approved for reissuance in 1994. The fee will be:

15 acres on Bearlodge x \$750/acre = \$11,250 x 5% of land value= \$562.50.

QUESTIONS AND ANSWERS

LIVESTOCK AREA PERMIT (SPECIAL USE PASTURE) FEES

Q 1. WHEN DID THE CHANGE IN FEES OCCUR?

ANS The Forest Service Policy for the last 20+ years has been to use the minimum 5% of the land value for most agricultural uses. In a Regional Office memo to all Forest Supervisors dated August 25, 1992, we were directed to use a rate of 5% multiplied times the value of the land described in the permit for livestock use permits. The 5% rate supported in the letter was no change from the appropriate rate that should have been charged. The August letter was meant to provide the market basis for the 5% rate to be applied to agricultural uses (and, likewise, 7% for non-agricultural uses).

Another memo from the Regional Office to the Black Hills National Forest Supervisor, dated March 17, 1993, once again directed that fees for special use pastures shall be based on 5% of land value.

The Black Hills National Forest issued a Forest Supplement, 2720 in April, 1993 requiring fees to be adjusted based upon land value.

Q 2. WHY DIDN'T THE FEES CHANGE 20 YEARS AGO?

ANS National Policy was in place but it was poorly communicated and not fully understood at the Forest level. As a result, fees charged have been much lower than they should have been.

Q 3. HOW WERE THE DISTRICT PER ACRE VALUES DERIVED?

ANS Over 300 market data transactions (comparable sales) that have occurred in and around the Black Hills were reviewed. Those sales that were considered reflective of typical land values within each district were then categorized by land size. Categories were (1) up to ten acres in size, (2) 10 to 40 acres, (3) 40 to 300 acres and (4) over 300 acres.

All transactions considered occurred within the last five years. No attempt was made to classify individual ownerships as to highest and best use as the vast majority of the Black Hills land uses are for rural residential/recreational use or livestock grazing.

Representative land values for each land class by size were then determined and listed in the land value schedule.

Black Hills National Forest Supplement No. 2709.11 Chapter 30 - Fee Determination provides a Land Value Schedule for fees based on land value.

Q 4. HOW ARE FEES CALCULATED?

ANS Fees will be calculated by determining the land value as described above and multiplying that value times 5%.

Q 5. IS THE PERMIT FEE BASED ON THE ACRES USED OR THE ACRES PERMITTED?

ANS The fee is based on the acres permitted. Fees could be lowered by reducing the number of acres permitted. New fencing would be required however.

Q 6. WHEN WILL THESE FEES TAKE EFFECT?

ANS Fee increases for current permits will become effective January 1995. In addition, fees for those permits that terminated on December 1992 and were not reissued in a timely manner will continue with the previous fee rate until January 1995. Fees for new permits or transfers will be based upon the new rates and will be effective upon date of permit issuance.

Q 7. WHEN WILL THE PERMITTEES LEARN OF THIS CHANGE?

ANS Each permittee will be notified at least 90 days in advance of the next years billing.

District Rangers are encouraged to inform their permittees as early as possible. Sample letters to the permittees have been provided.

Q 8 GIVEN THAT THE FOREST SERVICE HAS WAITED 20 YEARS TO IMPLEMENT THIS POLICY WHAT IS THE RUSH NOW? COULDN'T I HAVE 2-3 YEARS TO FENCE MY PROPERTY LINE AND REMOVE THE OLD FENCE?

ANS CLAUSE 12, of your permit requires that: "upon abandonment, termination, revocation, or cancellation of this permit, the permittee shall remove within a reasonable time all structures (fences) and improvements except those owned by the United States."

A reasonable time to remove your fences from National Forest System land is one year. However, you do not have to build new fences on your property line until you are ready to. South Dakota Open Range law SDCL 40-28-5, states you need not fence your land unless you desire to keep open range cattle from grazing on your private property.

Permits with a termination date of two years or less or those that will not be continued will pay current fees.

- Q 9. I DON'T BELIEVE THE PROPERTY IN MY AREA IS WORTH \$XXX.XX PER ACRE, COULD I HIRE AN APPRAISER TO ESTABLISH A MORE ACCURATE VALUE?

As long as the appraisal is done by an appraiser selected by a Forest Service Certified Review Appraiser and according to instructions issued by the Forest Supervisor this option is available at the permittee's expense.

- Q 10. WHY DOES THE FOREST SERVICE USE 5% OF THE LAND VALUE TO ESTABLISH A PERMIT FEE?

5% is the minimum fee for land use that is authorized. These fees reflect fair market value for the use of National Forest System lands and improvements, as determined by appraisal or other sound business management principles. FSM 2715.03

- Q 11. ROAD EASEMENTS AND SUMMER HOME LAND USE PERMITS ARE ALSO BASED ON LAND VALUES AND YET I CAN'T BUILD A ROAD, OR HOME ON MY PERMIT AREA, I CAN ONLY GRAZE CATTLE. HOW COME I HAVE TO PAY THE SAME AS THESE OTHER MORE EXCLUSIVE AND VALUABLE LAND USES?

See the answer to question 10. Also each permit authorizes the specific land use that will take place on National Forest System land. Only those uses authorized on the face of the permit are allowed to take place.



United States
Department of
Agriculture

Forest Service

Lakewood, Colorado



1992



Rocky Mountain Region Annual Report

AN ECOSYSTEM VIEW OF NATURAL RESOURCES ... THE WHOLE IS GREATER THAN THE SUM OF THE PARTS

About 60 percent of the region is forested land. Following decades of suppressed natural fire, many forested ecosystems--their age, density, and species composition--have reached a mature stage where insect infestation and catastrophic fire are the next likely events. Timber harvest offers a controllable alternative to this succession while providing a source of needed wood products. Where appropriate, harvesting can improve the long term health and productivity of the forest, simultaneously contributing to other multiple-uses and forest values.

In 1992, the region produced 344 million board feet of timber from 69,098 acres of national forest. Of the total harvested acres, 90 percent were cut using selection harvest methods. Clearcutting produced the rest of the volume. Higher market values contributed to a rise in 1992 timber revenues to \$24.2 million. Simultaneously, costs fell \$600,000 from the previous year. Perhaps more importantly, the gap between revenues and costs dropped more than \$6 million, to \$464,000.

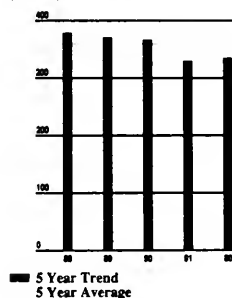


About 38 percent of the lands in the region are classified as suitable and available for livestock grazing. Today as never before, rangeland ecosystems feature a broad spectrum of resource uses and values. Rangeland management provides a balanced focus on soil and water quality, biological diversity, aesthetics, recreation, cultural resources, noxious weeds, and riparian and upland habitat for many species of game and non-game fish and wildlife.

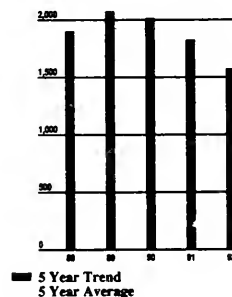
Partnerships, many modeled after the Colorado Cattlemen's Association Forest Service Liaison Committee, seek to constructively resolve conflicts and improve multiple-use management goals in rangeland ecosystems. The Colorado Woolgrowers and several Wyoming agencies are among those currently developing cooperative resource management partnerships with the Forest Service.



**Timber
Timber Sales Offered
(MMBF)**



**Range
Grazing
(MAUM's)**



Senator PRESSLER. Mayor Vitter.

STATEMENT OF DRUE VITTER, MAYOR, HILL CITY, SD

Mr. VITTER. Thank you, Senator.

I represent the mayors of the Black Hills. Overwhelmingly, we have supported the multiple use program of the Black Hills. We do not believe that a reduction of timber in the Black Hills will sustain a good, healthy economy. So we propose that the Forest Service revise their program and allow us the industry to continue on in its natural course. They need at least 100 million to 120 million board feet to cut each year. They refuse to release the figures or the data that supports this so it can be reviewed by everyone.

Our economy is totally supported by the off-season use of the multiple forest. We think that our people who live in these communities have a right to the multiple use program and that according to the Organic Administration Act of 1897 it was said that no national forest shall be established except to improve and protect the forest within its boundaries. It went on to say that it also is a necessity of the United States citizens that we provide enough timber for the use of our citizens. Why would we kill the last great industry that is left in the United States?

We cannot in my community replace these jobs, these high-paying jobs. The support of the communities with jobs in, say, our tourism industry, does not match up. You cannot replace minimum-wage jobs with high-paying jobs. There is a factor that we are losing a population of our people because they cannot work. The reduction of the timber sales has caused these people to almost go out of business or move to other States to be able to secure work. Our own fire chief of Hill City has to move to another State in order to provide his family with the adequate income that he needs to sustain life. We cannot afford to lose these citizens.

The loss of money in our communities would be significant in its impact on our school system, which in Hill City alone is subsidized by the National Forest Service \$490,000 a year. If we had to replace that, Senator, we'd have to go back to the landowners and raise their taxes. How long could they be able to sustain this if they had to pay higher taxes without high-paying jobs?

If this industry is killed and we have to buy lumber from foreign countries, it hurts the economy of the United States. This cannot be in the interest of western South Dakota or in the west itself. We need to sustain our population. We need a good, healthy economy. We need to be able to have multiple use of the forest. We cannot afford to be like the town in Oregon with a population of 9,000 people that was devastated by the Wilderness Act. The town had a 65-year-old pulp mill that supplied 650 jobs. The mill had to shut down. Three generations of loggers were lost. Their unemployment rate is now running 15 to 20 percent. There has been an increase from 11 percent to 25 to 30 percent in their food banks. Where is the money going to come from to supply these people who cannot make a decent living? From the United States government?

I propose that the management of the forest can be sustained and it can be a healthy environment where we can produce timber and keep our mills running. Because if we go to under 80 million

board feet and we have a reduction in 3 years maybe down to 60, we will definitely lose one of the mills, either Newcastle or Hill City, which will result in the loss of hundreds of jobs. In the years to come, if it's lowered even lower than that, we will lose both mills, which will result in at least 600 lost jobs in the Black Hills that cannot be replaced. We cannot afford our economy to slump and sink to these figures. We must protect our national heritage.

If they're going to close off and make total wilderness areas out of places that are unnecessary, how will the handicapped enjoy the wilderness in the forest? They will not be able to get in there. You will defeat the purpose of why the Senate and the Congress established the Americans With Disabilities Act, so that there would be accessibility to all people.

I hope by having this hearing here today that you understand and will help us—the National Forest Service must include local government beside county commissioners. They must go to the local townships, to the mayors, to our city councils, and they must include us when they start to make revisions in the Forest Service. We must be included in the economy to see if it fits our plan. Can a compromise be reached? Can a sustainable economy be there for us for the future and for our children?

It is great to live in the west. Our spirits will not be broken. We are in total support of the multiple use program. We will never relinquish to total wilderness because it serves no purpose. We think the difference between devastation by insects or by fire or by sensible use in grooming of the forest and thinning of the forest makes a lot more sense than devastation to us. So we do not support total wilderness in any form in the Black Hills. I understand from the experts that if you let the pine beetle take over, they could wipe out whole sections in a short period of time. What purpose would this serve?

We know that the environment must be addressed, Senator We know that there are things that must be done. But good management of the forest by the Forest Service, sustaining a good cut for the industry, grooming the forest well, keeping it healthy, then we will have a healthy economy. Don't let anybody sway you into thinking that total wilderness will save anything. It will only wreck our economy in western South Dakota. Governor George Mickelson was adamant in that. He said he would not allow this to take place. Governor Walter Dale Miller said the same thing. He is against this taking place and that a good, healthy sustained cut should be what the National Forest Service takes into their plan.

Thank you, Chairman, for allowing me to speak.

[The prepared statement of Mr. Vitter follows:]

PREPARED STATEMENT OF DRUE VITTER

My name is Mayor Drue Vitter. I am the mayor of Hill City, SD, population 650. My city is a rural community which lies in the southern part of Pennington County. Unfortunately, due to regulations in the 1990 Farm Bill, we as a rural timber dependent community do not qualify for assistance because of the influence the Rapid City population has on county statistics.

The management of the Black Hills National Forest is extremely important to local communities. The Organic Act of 1897, established forest reserves for conservation not preservation. National Forests were set aside to provide for wood products such as firewood, fencing, building, as well as provide for mining, prospecting, and

other domestic purposes. The way the national forest is used has changed with new technology but the need to use Nation forest land has not diminished. The communities, counties, and economies surrounding not only the Black Hills National Forest but all public lands, depend on their survival for the access to these lands for conservation, recreation, and a way of life.

Forest management was not established for jobs or the environment. but to improve and protect the forest within the boundaries. Science and technology combined has shown that use of public land is compatible with maintaining healthy ecosystems. The Secretary of Agriculture is directed to develop and administer the renewable surface resources of the National Forests, per Act of June 12, 1960 (74 Stat. 215; 16 U.S.C. 528-531) under section #2.

In our ever changing world, there is a need to ensure environmental quality, but there is also a need to ensure an opportunity to maintain a quality of life, and customs and cultures of all people.

In the Hill City School District, 90 percent of the property is in federal ownership. Seventy percent of the tax base is taken off 10 percent of the land in the district. As a support to the communities within counties that contain National Forest Land the USFS returns 25 percent of the gross receipts to the county. These receipts are a substantial contribution to the economy and replace the monies lost in taxes due to federal ownership. The receipt of over \$490,000 supports the Hill City school, which is primarily a rural community whose citizens earn their living mainly through harvest or extraction businesses. Without financial contribution the county landowners will be asked for an additional percent increase in taxes due to federal neighbors unfairly deciding not to carry their weight. This is unfair taxation for these residents.

Hill City is not the only community with this problem. County, Crook County, and Weston County all have communities similar to Hill City.

With the loss of 90 people on one shift at the Continental Lumber Company as well as the loss of Little River Lumber Company, we are seeing many of our citizens leave or spend their work week in Nebraska, Montana or Wyoming. Families should not have to exist that way to maintain a moderate standard of living, because people are prejudice against those who make a living by providing products to the State and national economy. Our families want to continue to live in their home community. These are good hard working citizens who contribute to the society through volunteer organizations such as the fire departments and service organizations. In Hill City, our fire chief is one of these quality citizens who must work in another State in order to support his family.

Environmentalists cry "diversify the economy, do not be dependent on one industry". We as well as every other community are certainly trying to find industries to diversify and strengthen local economies, even if the timber program remains constant. Tourism is also mentioned by these anti groups to end the harvest extraction blues. Tourism helps to diversify an economy but does not provide the stability a successful community needs to maintain growth. Jobs such as mining, ranching, and timbering all provide benefits such as retirement, health insurance, and steady good paying jobs. This money remains in the community and is turned over again and again, through supermarkets, gas stations, car dealers, pharmacies, doctors, medical clinics gift shops, restaurants and the list continues on.

Our citizens love to have people visit our community to share in the culture and beauty of the area, but we also love our residents. We as well as the Forest Service must continue to explain to our visitors what it is we do and why. Once a wildfire devastates an area, NO TOURISTS will be coming to enjoy this area for at least 30 years. So why not use well managed logging and thinning under Forest Service supervision.

Keeping people and place as one entity insures the genuineness of what tourists really come to experience. This goal can be easier said than done when the tourists who decide to visit, want the scenery to remain as is. But they want to have more room made for their value system and points of view, than those folks who have created the very spirit that they came here for.

It is easier said when urban populations want the ornamental parts of historical lifestyles, but none of the reality checks that produce them, i.e., log homes, but no saw mills, cowboys but no cows, mining museums but no mines, reasonably priced food but no inconvenience of slow moving farm equipment or cow manure on the road.

There are many pressures on federal lands such as the Black Hills National Forest. We are a Nation with a high standard of intellect and experience. There are ways of working through these problems without eliminating a rural custom and

culture. Both sides should come together as quickly as possible to agree on the multiple use of our Black Hills National Forest under Act of 1897.

The Black Hills has a very fiery history. Documents show that fire raged through every acre of forest every 20-25 years. With fire protection, fires have been reduced dramatically, but with a more dense forest and more people in the area, fires will still occur and without regular burning or harvest the amount of fuel build up increases the potential of an intense fire if it does start. Our communities are surrounded by National Forest land. If the fire risk is not reduced through good proper management, our communities are at risk from catastrophic fire. The USFS has said they will not fight structural fires. Our communities and outlying neighbors will be at the whim of fire conditions and the solitary protection of small volunteer fire departments.

Our tourism is based on the beauty of the Black Hills. If Norbeck Wildlife Preserve burns, there will be no one who will then want to come to Hill City to buy a T-shirt or eat a hamburger, and neither will there be the jobs available for local residents waiting for the forest to regrow. We cannot replace these timber jobs with minimum wage jobs and still be economically strong. We cannot take the risk and let the forest burn. It would take 30 to 60 years to replace Norbeck. Why waste this reserve when it should be thinned and controlled under the Act of 1897.

Our communities are 85 percent dependent upon national forest land to recharge aquifers for water for residents and visitors alike. A dense forest can reduce up to 50 percent of the soil moisture affecting run off and productivity of the forest. Our streams need to be maintained to prevent loss of fishing opportunities and to keep the wildlife density spread throughout the forest for hunters. The city of Custer has asked for help from the Forest Service in managing NF land to increase water flow to their water system. As the BH Sierra Club Environmental group suggested in one of their appeals that "The City of Custer would be better advised to pray for rain than to expect any water benefits to be provided by the Forest Service through further tree-farming in the Wabash Buckhorn area." Scientists from the State university system have verified that tree density will dramatically effect the amount of precipitation reaching the ground.

Finally the good neighbor policy holds true for whoever owns property. With the land checkerboarded with private ownership, management is necessary on National Forest Land to prevent a taking of private land. Insects, fire, disease and wildfire do not understand political subdivisions. Actions taken by the USFS can seriously impact private without consultation. Our rural neighbors need the same consideration and respect in the Black Hills Regions that they would receive from neighbors throughout South Dakota or Wyoming.

In order to maintain both healthy ecosystems and a healthy social structure, the government must ensure sustainable outputs of all kinds from public land. In order to achieve this, local government entities must be involved in the economic and ecological assessment of the Federal Land Use Planning if Ecosystem Management is to exist.

In my opinion, it is not enough to just involve county commissioners, but local mayors and their councils also. Decisions that have a great impact on local economies should include all local governments. The USFS should call local governments to sit at their conference tables when making these decisions that effect all of us.

The Wilderness Act with no management of wildfires or disease control was irresponsible done. Wilderness served no purpose when total destruction is allowed. Controlled multiple use and correct management is the only proper way to have a healthy forest as proposed by Dixie Lee Ray, author of Preservation Kills. It is un-American to allow a few people to withhold information on a Forest Service Plan and say they will not allow local government to review the Plan.

I want to thank Senator Larry Pressler for allowing me to participate in this hearing.

Senator PRESSLER. Thank you very much.

I have some questions for the record here.

Mr. Sylva, perhaps you cannot answer this, or maybe you could for the record. I know there are probably superiors of yours who make some of these decisions, and I don't want to beat up on you, but what is the reason the Forest Service data on the amount of timber in the Hills can't be released?

Mr. SYLVA. Mr. Chairman, it can and will be as soon as we get the draft prepared and the analysis of the numbers are concrete so

that we can display and discuss those with the public without having any modifications or changes that could occur between now and when the draft is completed. Once the draft is done, any and all publics are encouraged to review the draft plan. And that's what it is, is a draft.

Senator PRESSLER. I see. So the basis on which you determine your numbers also will be released. As I understand it, there's a dispute over the method of counting, or at least people want to know how you arrive at your numbers, and that will be explained; is that correct?

Mr. SYLVA. Yes, Mr. Chairman.

Senator PRESSLER. Good.

Now in a designated wilderness area, as I understand it, fires cannot be fought with mechanized equipment. What's the situation if there's a fire in a designated wilderness area? What are the ground rules for that?

Mr. SYLVA. Well, normally mechanized equipment is not used. However, the forest supervisor, the regional forester has discretion to use equipment like helicopters, which primarily doesn't degrade the wilderness characteristics to help suppress fires. Normally we don't use equipment like bulldozers.

Senator PRESSLER. What is the annual cost of appeals to the Forest Service? Is it decreasing or increasing?

Mr. SYLVA. In 1992, the costs were \$84,000 for appeals and litigation for the Black Hills National Forest. And we're just now really tracking those costs in detail. So we haven't really gotten a good trend yet.

Senator PRESSLER. I have some additional questions about the allowable sale quantity, but I think that falls under my first question. I think Mr. Vitter has pointed out very well that 3.3 million dollars were returned to the counties from Forest Service lands. You have pointed out the impact on local governments if timber harvest amounts are reduced, and that will also affect main street business in those communities.

I do appreciate very much Frank Davis providing the Committee with testimony from the governor. I tend to agree with the statements of Governor Mickelson and Governor Miller. That has been my approach. But I am here to listen. So with that, I am going to thank this panel. Your complete statements will be placed in the record.

We'll call forward the second panel on the impact on small business. Dave Meredith, president, McLaughlin Sawmill; Don Perdue, president of Perdues, Inc., Rapid City; Bill Honerkamp, president of Black Hills, Badlands and Lakes Association; Larry Mann, Government Affairs representative, Homestake Mining Company; and Larry Nelson, president of South Dakota Public Lands Council, if those gentlemen could come forward.

Dave Meredith, why don't you start off.

STATEMENT OF DAVE MEREDITH, PRESIDENT, MCLAUGHLIN SAWMILL COMPANY, SPEARFISH, SD

Mr. MEREDITH. Thank you, Senator, for inviting me to speak at this hearing.

Currently at risk in the Black Hills National Forest are about 25 forest products companies involving nearly 1,700 employees. Most of these companies are small businesses. In the upcoming forest plan on the Black Hills National Forest, the local timber industry must have a sustainable yield to survive.

Pressures that preservationists are placing on public lands not only impact businesses directly involved on public lands but also those businesses which support the sawmills, ranchers, mining, and recreation.

Within the past 6 months, like the Senator said, our allowable cut has gone from an estimated 118 million board feet to 85 million board feet. We cannot continue to operate under these conditions.

Small businesses especially are impacted by pressures induced upon the industry because of lack of financial capital to outlast the artificial restrictions of timber supply due to such things as lengthy court appeals, budget cuts, et cetera. An artificial shortage of timber availability drives up the cost paid for timber on the national forest land.

The U.S. Forest Service timber appraisal systems continue to escalate minimum bid prices without consideration to local markets or artificial pressures which disturb the local timber program, thus adds further deterrence to small business with restricted cash reserves.

Appeals have taken a toll on the Black Hills National Forest. Industry has voiced its concerns, and evident concerns lie in the backlog of timber sales available for sale. Lack of action is taken to correct a system that was intended to give the public opportunity to object to government abuse and not federal policy. And we have all seen many closures. I think nearly every city in the Black Hills has lost at least one timber-producing company. And I think each one of us know who those losses are.

Currently private lands are an option for industry. The Tree Farm program has encouraged timber production, forest management, and resource development on private lands. However, with a significant cut in volume on U.S. Forest Service land, timber on private land will be maximized and no longer available.

In order to maintain both a healthy ecosystem and a healthy social economy, government must insure sustainable outputs from all lands. In order to achieve this, local government entities must be involved in the economic assessment of the federal land use if ecosystem management is to exist.

I have included a few things that would create a positive climate for small business on the Black Hills National Forest. There needs to be sustainable timber availability on the Black Hills National Forest that is not subject to attack by preservationists. There needs to be assistance available for small business to obtain loans and bonding, or the U.S. Forest Service must consider changing their financial requirements for timber sales. Timber sales must be planned with size sensitivity. Without small sales available, a small operation cannot consider bidding on U.S. Forest Service timber. And basically when small business fills government lumber orders, there are no outlandish cash deposits required. There are no escalation clauses or bonding requirements attached to our agreements. We simply fill the orders and wait for payment.

No good can come of poor communication. Issues must be addressed and readdressed in order to reach compromises to suit all citizens involved. Affirmative actions must start in order to insure the future of small businesses that help keep the social economic environment stable and the forest ecosystem healthy, thereby making the Black Hills National Forest a well-managed forest for future generations.

Thank you.

[The prepared statement of Mr. Meredith follows:]

PREPARED STATEMENT OF DAVID MEREDITH

My name is David Meredith. I am the president of McLaughlin Sawmill Company of Spearfish, SD. We are considered a small business entity. McLaughlin Sawmill currently employs 30 people directly, and spends \$850,000 on the service and supply industry annually. In addition, we contract with 15 loggers who also spend a considerable amount supporting the service and supply industry in the area. Our sawmill uses approximately 4 percent of the Annual Cut on USFS land from past years. The sawmill has been in operation for 35 years.

Currently at risk in the Black Hills are 25 forest products companies involving nearly 1,700 employees and contractors. Most of these companies are small businesses. In 1991, the wages and payments from these companies was over \$65,000,000 and the total value of wood products was over 105,000,000. But the key statistic is that the Black Hills forest product industry depends on the Black Hills National Forest for two-thirds of their timber supplies. Therefore, any decrease in availability from the National Forest severely affects the industry.

The pressures preservationists are placing on public land are not only impacting businesses directly involved on public lands, but also those businesses which support sawmills, ranchers, miners, and recreationists.

Within the past 6 months, the Black Hills National Forest's timber program's allowable cut has gone from 118 MBF to 85 MBF (Refer to Figure 1) as a result of a National Forest Service planning service which continues to operate in a vacuum and administrative budget cuts. The Black Hills National Forest was once one of the worst offenders concerning the Below Cost issue. With cooperation, it has now become an extremely profitable forest for the tax payer, as well as a multiple use forest for wildlife, recreation, water resources, and range. And from this result of working together? Reduced available volume, intense competition, and diminished opportunity for the small business owner.

These pressures are impacting all businesses, but small businesses especially, because of the lack of financial capital available to outlast the artificial restriction of timber supply due to court appeals, budget cuts, etc. With an artificial shortage of timber availability, competition drives up the cost of the prices paid for timber of national forest land. However, additional pressures have increased the cost of doing business with the government.

The United States Forest Service currently requires a performance bond that is good for the life of the contract plus 1 year. Bonding companies are only willing to issue bonds 1 year at a time, with renewal after reviewing yearly financial statements. This fact alone often eliminates small businesses from even considering bidding on USFS timber.

In comparing a sale that was purchased in 1986, the Minnie Timber Sale, to one purchased in 1993, the Roost Timber Sale, the figures display a substantial contrast. (Refer to figure 2.) The difference in cash deposits required for the two sales is \$83,100. The difference in performance bonds required is \$68,000. The difference in payment bonds is shown to be \$121,000, hardly an insignificant number. These numbers combined gives an increase of \$272,000 in required payments before one tree may be harvested, according to USFS policy.

The United States Forest Service timber appraisal system continues to escalate minimum bid prices without considering the local markets or the artificial pressures which are disrupting the timber program. Thus adding further deterrents to small businesses with restricted cash reserves.

Appeals have finally taken their toll on the Black Hills National Forest. The industry has continued to voice its concern. This concern is evident in consideration of the backlog of timber sales that will be available for sale. Environmentalists said the industry was "Crying wolf," but apparently the administration has never read that story before and has continued to "bury their heads in the sand," ignoring the

impact that appeals will have on the small businesses and local economies. In the fiscal year 1993, there may be a shortage of up to 20 percent of available timber on USFS land due to frivolous appeals and the lack of action taken to correct an appeals process. We need to help end the abuse of a system that was intended to give the public an opportunity to object to governmental abuses, not federal policy.

Recently there have been many closures and losses to the timber industry in the Black Hills. Most of them have been family mills which can no longer afford the cost of doing business with the government or could not respond as quickly as was needed to the changes caused by a decrease in timber supply and an increase in financial outputs for timber. Included have been such local businesses as Custer Lumber, Wood's Sawmill, Northern Hills Forest Products, the ST. Regis Mill, Dickson Forest Products, and individuals such as Francis and Gene Potter. And most recently, the Little River Lumber Company, as well as Hamm's Wood Products have announced their closures this month. These closures have had a detrimental effect on local economies. These losses may have been totally unnecessary.

Private lands are currently an option for the industry to turn to. The Tree Farm program encourages timber production, forest management, and resource development on private lands. In addition, small businesses are subsidizing the high cost of prices paid for timber on federal land by purchasing private timber, where financial requirements are more reasonable. However, with a significant cut in volume on Forest Service land, timber on private lands will be maximized and no longer available. But even then, preservationists continue to misuse the intent of the name Tree Farm, and in some parts of the country, the preservationists are attacking private land uses. Neighbors need the same consideration and respect in the Black Hills Region that they would receive from neighbors throughout South Dakota or Wyoming.

In order to maintain both healthy ecosystems and a healthy socioeconomic structure, the government must insure sustainable outputs of all kinds from public lands. In order to achieve this, local government entities must be involved in the economic and ecological assessment of the Federal Land Use Planning if Ecosystem Management is to exist.

Here are some things that would create a positive climate for small businesses associated with the timber industry.

1. There needs to be a sustainable timber availability on the BHNF that is not subject to attacks by preservationists.
2. There needs to be assistance in obtaining financial loans and bonding, or else the USFS must consider changing their financial requirements on timber sales.
3. Sales must be planned with size sensitivity. Without small sales available, a small operation cannot consider bidding on Forest Service timber.
4. Slash and road deposits need to be re-addressed. Now that the BHNF is out of the Below Cost issues, the government should consider standing the cost of slash and road materials rather than the small business timber purchaser shouldering the whole of those costs thereby reducing these costs.
5. Escalation clauses on timber sales further discriminate against small businesses, for we cannot adjust to market prices in our completely different markets from those the USFS uses to appraise timber and prices. Flat rates may prove to be more suitable to small businesses.

When small businesses fill government lumber orders, there are no outlandish cash deposits, escalation clauses or bonding requirements attached to our agreements. We simply fill the order and wait for payment.

In conclusion, there exists in the timber industry, especially concerning small businesses, issues that must be resolved in order to insure the future of a stable socio-economic environment and a healthy forest ecosystem that make up a well managed national forest. These issues concern values and questions that can be addressed and re-addressed to compromise and suit those involved, all that needs to be done is to commence with affirmative actions.

BLACK HILLS NATIONAL FOREST

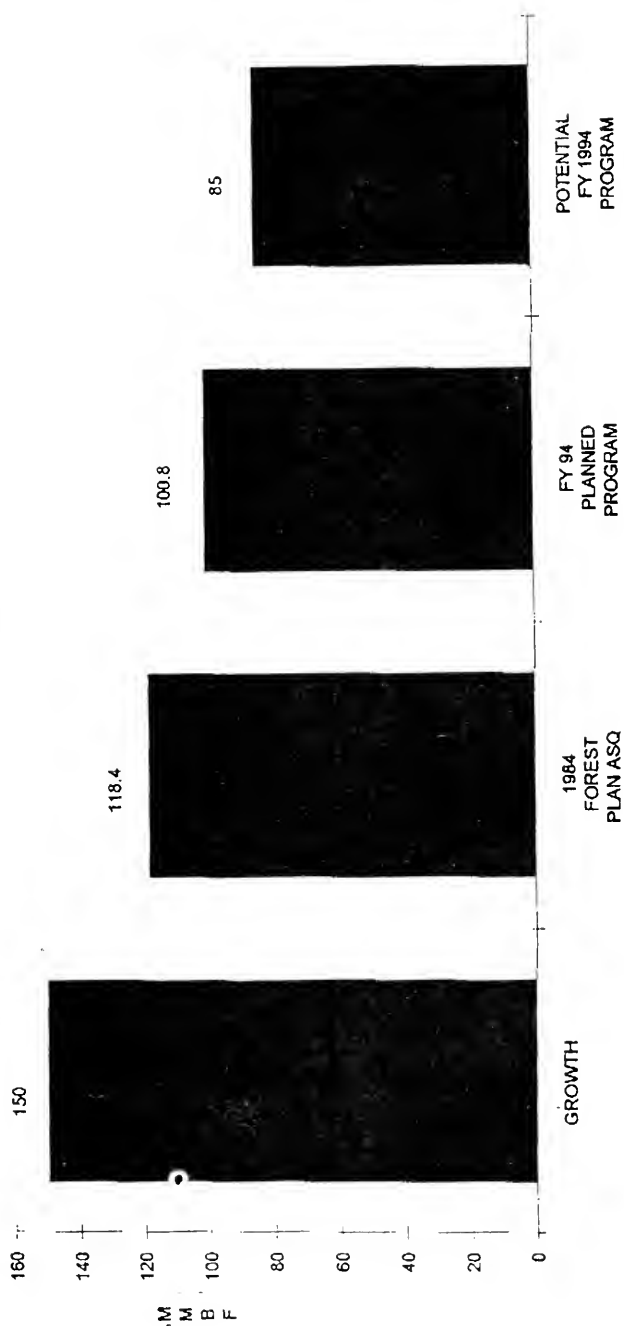


FIGURE 1

FIGURE 2.

MINNIE Timber Sale

| | |
|--------------------|--|
| Award Date: | August 19, 1986 |
| Advertised Volume: | 3.6 MBF |
| Bid Rate: | \$57.30 per MBF |
| Base Index: | 186.71 |
| Cash Deposit: | \$10,300.00 |
| Performance Bond: | \$21,000.00 |
| Payment Bond: | Approximately \$4,000.00 depending upon harvest rate. |

ROOST Timber Sale

| | |
|--------------------|------------------|
| Award Date: | May 17, 1993 |
| Advertised Volume: | 3.350 MBF |
| Base Index: | 300.79 |
| Bid Rate: | \$263.28 per MBF |
| Cash Deposit: | \$93,400.00 |
| Performance Bond: | \$89,000.00 |
| Payment Bond: | \$125,000.00 |

Difference between cash deposit amounts for these two sales is \$83,100.00.

The difference in performance bonds between the two is \$68,000.00.

The difference in payment bond amounts between the two is a substantial \$121,000.00.

POINTS OF OBJECTION TO CASH DEPOSITS REQUIRED FOR USFS CONTRACTS:

1. Limits cash flow drastically for smaller operation. Since the cash deposit is required to be 10% of advertised value plus 20% of the total bid premium of the sale, the amount the Company must "tie up" limits its cash flow capabilities during the timber contract.
 For example: On an \$882,000.00 timber sale, the cash deposit is \$93,400.00, which the buyer must deposit before the contract is awarded. The \$93,400.00 remains with the USFS until the contract is 25 percent complete, which could be between one and four years. During that time, the business does not have the \$93,400.00 with which to operate and generate new revenues.
2. The cash deposit is earning no interest during the time period of sale for the depositor. On the other hand, the USFS is earning interest on the deposit that is not being returned to the depositor!

POINTS OF OBJECTION TO LETTERS OF CREDIT IN LIEU OF BONDS:

1. If a Bank Letter of Credit is used, the borrowing power of the company is reduced by the amount of the outstanding amount on the letter of credit until such time as the sale is complete.

Banks are reluctant to issue Letters of Credit because of the time period involved for the timber sale. Usually Letters of Credit cover one year, but since the timber sale may go beyond the one year, the Letters of Credit are having to be for a longer time period, which enhances the risk for the bank.

2. Increased difficulty related to acquiring bonding.

Bonding companies issue their bonds based on the strength of the financial statements of the business. If a bond is required for a longer time period than one year, many bonding companies are refusing to issue bonds. The bonding company is not willing to take a risk beyond the one year's financial statements that they have required.



United States
Department of
Agriculture

Forest
Service

Black Hills
National
Forest

Highway 385 North
RR 2, Box 200
Custer, SD 57730

Reply to: 2450 Roost

Date: May 17, 1993

McLaughlin Sawmill Company
HCR 30, Box 3B
Spearfish, SD 57783

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Gentlemen:

This is formal notification that you are awarded the contract for the tract of timber known as the Roost Timber Sale Contract #003736.

The original and two copies of the timber sale contract and the "Performance Bond," Form No. 25, are enclosed.

Please have the original of the bond executed, and sign the original and one copy of the contract in accordance with the "Checklist for Signature on Bonds and Contracts" which is enclosed. The original and one carbon of the contract and bond are to be returned to this office within 30 days. This is a Small Business Set-Aside Sale and the enclosed Form 723 must be signed and returned with the signed contracts. Upon approval by the Contracting Officer, copies of each will be returned to you.

You must, within 30 days, furnish a downpayment or provide effective purchaser credit in the amount of \$93,400.00. Cash deposited must be in the form of cash, bank draft, certified or cashier's check, bank or postal money order or company check or your deposit with bid can be converted to cash. Enclosed is a Bill for Collection for \$93,400.00. Please enclose payment for the entire amount or you may request that the deposit with bid be transferred to the required downpayment and the Bill for Collection and additional cash payment be reduced to \$10,300.00. You will also be able to use effective purchaser credit to cover this deposit since the transferred in purchaser credit limit in C4.211# is \$585,347.00.

Contract provisions C6.9 (Option 1) Requirement for Small Business Processing (1/92) and C8.4 Performance by Other Than Purchaser (1/75) have been added to this contract.

You are required under C6.3 Plan of Operation to furnish, prior to beginning operations or within 60 days of this date, a written general plan of operation. This plan shall set forth planned periods for and methods of road construction, timber harvesting, and completion of slash disposal, erosion control measures, and other contractual operations. Please submit this plan to the designated Forest Service Representative.



Caring for the Land and Serving People

FS-6200-28 (7-82)

National Forest Black Hills
Sale Name Roost

2400-6, Page 109 (9/73) Cont'd

A23 - LIST OF SPECIAL PROVISIONS

C2.112# Products Other Than Logs Subject to Agreement, 12/92
C2.302# Reserve Trees, 6/91
C2.352# Individual Trees - Dead Tree Marked, 12/92
C3.2 Escalation Procedure, 11/82
C3.21 Unavailable Index, 3/88
C3.312 Rate Redetermination for Environmental Modification, 4/82
C4.211# Transfer of Purchaser Credit, 3/83
C4.220 Deposits, 11/83
C4.220# Down Payment, 7/91
C4.221 Advance Deposits, 7/91
C4.224 Deposits When Payment Guaranteed, 4/82
C4.23 Refund of Excess Cash, 7/91
C4.264# Periodic Payment Schedule, 10/91
C4.3 Letters of Credit for Payment Bond, 9/78
C4.4 Payments Not Received for Timber Cut and Other Charges, 3/93
C4.41 Other Payments Not Received, 3/93
C5.1 Authorization, 2/88
C5.101# Road Completion Date, 11/85
C5.12 Use of Roads by Purchaser, 12/76
C5.123 Prohibitions on Road Use, 6/86
C5.2 Standard Specifications for Construction of Specified Roads, 10/89
C5.211 Contract Documents, 6/80
C5.221# Material Sources, 5/91
C5.251# Variation in Quantities, 12/79
C5.253 Physical Change, 12/79
C5.254 Design Change, 10/86
C5.41# (Option 2) Road Maintenance, 11/85
C5.42 Snow Removal, 4/72
C6.0 Operations, 6/90
C6.01 Interruption or Delay of Operations, 6/90
C6.1 Representatives, 7/88
C6.2 Improvements, 6/80
C6.22 Protection of Improvements Not Owned by Forest Service, 1/80
C6.221 Protection of Property, 6/80
C6.24# Protection of Cultural Resources, 4/84
C6.25# Protection of Habitat of Endangered Species, 6/78
C6.26# Protection of Disturbed Areas from Establishment of Noxious Weeds, 12/92
C6.3 Plan of Operation, 10/77
C6.3# Control of Operations, 8/77
C6.311 Plan of Operation for Road Construction, 6/80
C6.313# Operating Schedule - Release of Cutting Units, 6/91
C6.321# Protection of Reserve Trees, 6/81
C6.33 Safety, 6/78
C6.341 Prevention of Oil Spills, 6/81

National Forest Black Hills
Sale Name Roost

2400-6, Page 109 (9/73) Cont'd

A23 - LIST OF SPECIAL PROVISIONS (Continued)

C6.35 Final Acceptance of Specified Roads, 1/80
C6.351 Acceptance of Specified Road, 6/78
C6.353 Removal of Products Other Than Logs, 12/92
C6.41# Felling and Bucking, 9/90
C6.42# Skidding and Yarding, 1/78
C6.423# Skidding and Yarding, 2/88
C6.6# Erosion Prevention and Control, 11/85
C6.7# Slash Disposal, 11/90
C6.78# Slash Disposal, 6/90
C6.81# Sample Load Scaling, 1/78
C6.813 Scaling 3P Sample, 11/75
C6.814 Minimum Requirements for Weight Scales, 12/89
C6.82 Product Identification, 9/90
C6.821 Presentation for Scaling (Rollway), 9/82
C6.841 Route of Haul, 6/80
C6.842 Accountability, 9/83
C6.843# Scaling Zones, 4/79
C6.85 Scaling Lost Products, 9/78
C6.851 Scaling Lost Sample Loads, 12/78
C6.9 (Option 1) Requirement for Small Business Processing, 1/92
C7.2 Fire Precautions, 9/92
C8.2 Termination, 12/89
C8.21 Delay in Reconstruction of Processing Facilities, 6/78
C8.212# Market-Related Contract Term Addition, 9/91
C8.23 Contract Term Extension, 7/91
C8.231 Conditions for Contract Term Extension, 7/91
C8.3 Contract Modification, 10/77
C8.4 Performance by Other Than Purchaser, 1/75
C8.63 Nondiscrimination in Employment, 6/78
C8.641 Use of Timber, 10/90
C8.71 Tripartite Land Exchange, 2/71
C9.1 Letters of Credit, 6/78
C9.11 Failure to Provide Performance Bond, 11/85
C9.2 Disputes, 7/80
C9.21 Submission of Claim, 8/79
C9.3 Breach, 6/90
C9.4 Failure to Cut, 10/89
C9.41 Failure to Execute Contract, 11/85
C9.5 Settlement, 10/77

CONTRACT MODIFICATION DATED 8/25/93

C4.220# - Downpayment (7/91). Notwithstanding B4.22, Purchaser agrees to make a downpayment in the amount of \$ 93,400.00. Only cash or Effective Purchaser Credit earned on this sale or transferred to this contract pursuant to C4.211# may be used to meet this requirement. No other form of payment is acceptable in meeting this requirement. This payment must be made at the time the contract is required to be executed and returned by Purchaser, and may not be applied towards payments under B4.C, transferred to other sales, or refunded, until stumpage value representing 25 percent of the total bid value of the sale has been charged and paid for or shown as cut, removed, and paid for on the statement of account.

Purchaser's failure to make the downpayment by the time the contract is required to be executed and returned by Purchaser in accordance with C9.41 - Failure to Execute Contract, constitutes breach of this contract. B9.3 does not apply to C4.220# - Downpayment. Purchaser shall have three calendar days from the required date of execution to make the downpayment at the office location designated by Forest Service. Purchaser shall pay interest on the unpaid downpayment for the period within the three calendar days in which the downpayment is late. The rate of interest shall be 6.5 percent per annum. Failure to make the downpayment within three calendar days of the time the executed contract is required to be returned by Purchaser shall constitute repudiation of this contract. In such event, Purchaser and Forest Service agree that Purchaser's bid guarantee shall be retained to be used for damages under C9.41 - Failure to Execute Contract.

C4.264# - PERIODIC PAYMENT SCHEDULE. (10/91) Purchaser shall make periodic payments for stumpage value as follows:

| | <u>Amount</u> | <u>Periodic Payment Determination Date</u> |
|------------|---------------|--|
| Initial | \$308,700.00 | September 26, 1995 |
| Additional | \$661,500.00 | September 15, 1996 |

In the event Purchaser has not paid the above indicated amount(s), as stumpage for volume removed, by the Periodic Payment Determination Date(s), Forest Service shall issue a Bill for Collection for the difference between the required amount and payments made by Purchaser. If payment(s) fall due on a date other than a normal billing date, the payment date shall be extended to coincide with the next timber sale statement of account billing date.

The amount of the periodic payment(s) will be reduced if the payment(s) would result in the purchaser's credit balance for timber charges exceeding the current contract value.

Only cash or Effective Purchaser Credit earned on this sale or transferred into this contract may be used for this purpose. No other form of payment is acceptable. Such cash will be used to meet subsequent charges on this sale under the terms of C4.221 - Advance Deposits. Purchaser Credit used to meet this obligation cannot be transferred to another sale unless replaced by cash.

Periodic Payment Determination Date(s) that have not been reached shall be adjusted when a Contract Term Adjustment under B8.21 or a Market-related Contract Term Addition under C8.212# is granted. When a contract is lengthened as a result of market-related contract term additions any subsequent Periodic Payment Determination Date(s) shall be delayed one month for each month added to the contract's term. Periodic Payment Determination Date(s) will not be adjusted when the Contract Term Extension is granted under C8.23.

C4.221 - Advance Deposits. (7/91) Purchaser agrees to make cash deposits or establish Purchaser Credit in advance of cutting to meet charges under B4.2.

Forest Service billings for advance cash deposits shall be in such amount that, together with available Purchaser Credit as described in B4.222, will maintain an unobligated balance equal to the applicable charges for timber the Forest Service estimates will be cut in not less than 30 calendar days and not more than 60 calendar days. This advance cash deposit may be reduced to a smaller amount by the terms of C4.220# - Downpayment, C4.224 - Deposits When Payment Guaranteed, C4.254 - Extension Deposits, and/or C4.264# - Periodic Payment Schedule. With the exception of the requirements of C4.220# - Downpayment, C4.254 - Extension Deposits, and C4.264# - Periodic Payment Schedule, Purchaser shall not be required to make advance deposits above those required under this provision when the credit balance in Timber Sale Account exceeds the charges for timber estimated to be cut in the next 60 calendar day period.

| USDA - Forest Service | | BILL FOR COLLECTION (Ref. FSM 6530) | | 1. Piece of Issue | | | | | | | | | | | | | | | | | | | | | |
|--|-----------------|---|-----------|---|-------------|-------------|-----------------|----|-----------|--|--------|------|------|---|--------|--|--|--|-------------|-------|--|--|--|--|-------------|
| Please pay by money order, bank draft, or check payable to FOREST SERVICE, USDA. Mail payment with this statement in the enclosed envelope to: UNIT COLLECTION OFFICER, FOREST SERVICE. | | | | Customer SD | | | | | | | | | | | | | | | | | | | | | |
| | | | | 2. Date of Issue May 17, 1993 | | | | | | | | | | | | | | | | | | | | | |
| Rocky Mt. Region, File No. 31654, PO Box 60000, San Francisco, CA 94160 1654 | | | | | | | | | | | | | | | | | | | | | | | | | |
| <div style="border: 1px solid black; padding: 10px; text-align: center;"> McLaughlin Sawmill Company HCR 30, Box 3B Spearfish, SD 57783 </div> | | | | RETAIN IN YOUR RECORDS. RECEIPT WILL NOT BE FURNISHED UNLESS REQUESTED. | | | | | | | | | | | | | | | | | | | | | |
| Please Show Any Change Of Address Below: | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. Date or Period | | 4. Description | | 5. Amount | | | | | | | | | | | | | | | | | | | | | |
| 5/17/93 | | Downpayment - 10% of the advertised value plus 20 percent of the total bid premium of the sale to be retained until stumpage value representing 25% of the total bid value of the sale has been charged and paid for or shown as cut, removed, and paid for on the statement of account. | | \$93,400.00 | | | | | | | | | | | | | | | | | | | | | |
| | | 2450 Sale Contracts and Permits Roost Timber Sale | | | | | | | | | | | | | | | | | | | | | | | |
| NOTE: Payments not received by the due date are subject to a LATE PAYMENT CHARGE at the rate currently published by the Department of the Treasury unless a different rate is prescribed by contract or agreement. | | | | 6. Date Payment Due 6/16/93 | | | | | | | | | | | | | | | | | | | | | |
| 8. Bill Number | | 9. Unit Number | | 7. Amount Due | | | | | | | | | | | | | | | | | | | | | |
| | | T2-Q3 | | \$93,400.00 | | | | | | | | | | | | | | | | | | | | | |
| 10. Sub-Unit Number | | 11. Timber Sale Contract Number | | | | | | | | | | | | | | | | | | | | | | | |
| OS | | 003736 | | | | | | | | | | | | | | | | | | | | | | | |
| 12. Remarks | | 13. FOREST SERVICE ACCOUNTING DATA | | | | | | | | | | | | | | | | | | | | | | | |
| | | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">TRANS. CODE</th> <th rowspan="2">MANAGEMENT CODE</th> <th rowspan="2">FY</th> <th colspan="2">OBJ CLASS</th> <th rowspan="2">AMOUNT</th> </tr> <tr> <th>MAJ.</th> <th>SUB.</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>870471</td> <td></td> <td></td> <td></td> <td>\$93,400.00</td> </tr> <tr> <td colspan="5" style="text-align: right;">TOTAL</td> <td>\$93,400.00</td> </tr> </tbody> </table> | | | | TRANS. CODE | MANAGEMENT CODE | FY | OBJ CLASS | | AMOUNT | MAJ. | SUB. | A | 870471 | | | | \$93,400.00 | TOTAL | | | | | \$93,400.00 |
| TRANS. CODE | MANAGEMENT CODE | FY | OBJ CLASS | | AMOUNT | | | | | | | | | | | | | | | | | | | | |
| | | | MAJ. | SUB. | | | | | | | | | | | | | | | | | | | | | |
| A | 870471 | | | | \$93,400.00 | | | | | | | | | | | | | | | | | | | | |
| TOTAL | | | | | \$93,400.00 | | | | | | | | | | | | | | | | | | | | |



United States
Department of
Agriculture

Forest
Service

Black Hills
National
Forest

Highway 385 North
RR 2, Box 200
Custer, SD 57730-9501
605-673-2251

Reply to: 2450 Roost

Date: June 16, 1993

McLaughlin Sawmill Company
HCR 30 Box 3B
Spearfish, SD 57783

Gentlemen:

As requested by your letter dated June 14, 1993, I am approving additional time until July 16, 1993, for you to complete your performance bond requirements for the Roost Timber Sale Contract #003736. I will execute the contract upon receipt of an acceptable performance bond.

Sincerely,

Richard R. Kessler

RICHARD R. KESSLER
Timber Sale Contracting Officer

cc: Nemo RD



Caring for the Land and Serving People

FS-6200-28 (7-82)

CUSTOMER MEMO

DATE: 06/23/93

FROM: Baer's Insurance Agency
 123 E. Jackson, Suite 3
 PO Box 580
 Spearfish, SD 57783

Customer: MCL03

Policy: CWP 3 568 363
 Company: Westfield Companies
 Class: Commercial Pack #2
 Eff Date: 05/13/93
 Exp Date: 05/13/94

TO: McLaughlin Sawmill
 HCR 30 Box 38
 Spearfish,, SD 57783

RE: BOND REJECTION/

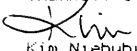
Dave,

Enclosed please find a copy of the letter we recieved from Westfield Insurance. They are declining to issue the bond due to the length of term.

I have mailed the information to 2 other companies in hopes they will have a market.

If you have any questions, please feel free to give me a call!!

Thanks!! I appreciate your business!!


 Kim Niebuhr
 Baer's Insurance Agency
 Enclosures



Westfield Companies

INSURANCE SINCE 1848

June 16, 1993

Baer's Insurance Agency
P.O. Box 580
Spearfish, SD 57783

ATTN: Kim Niebuhr

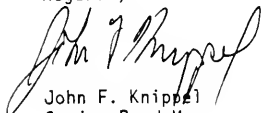
RE: MCLAUGHLIN SAWMILL

Dear Kim:

As discussed in our phone conversation of Tuesday, June 15, 1993 we will not be in a position to provide a Performance Bond of \$89,000.00 and a Payment Bond of \$125,000.00 on the captioned account. While the financials are relatively strong, a four year guarantee extends us out just a little too far. I appreciate you trying to work with us. If we can be of service to you in any way, shape or form in the future, please pick up the phone and give us a call.

I gave you a name of a fellow that could possibly place this business for you. I hope that his name and number have been helpful in your quest to find a home for this bond.

Regards,



John F. Knippel
Senior Bond Manager

JFK:mb

cc: Rick Wallet
Bond Department

PERFORMANCE BOND

(See instructions on reverse)

DATE BOND EXECUTED (Must be same or later than date of contract)

FORM APPROVED

DMR NO.

90DD-0045

Public reporting burden for this collection of information is estimated to average 25 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the FAR Secretariat (URS), Office of Federal Acquisition Policy, GSA, Washington, DC 20405, and to the Office of Management and Budget, Paperwork Reduction Project (90DD-0045), Washington, DC 20503.

PRINCIPAL (Legal name and business address)

McLaughlin Sawmill Company
HCR 30, Box 3B
Spearfish, SD 57783

TYPE OF ORGANIZATION ("X" one)

[] INDIVIDUAL [] PARTNERSHIP

[] JOINT VENTURE [X] CORPORATION

STATE OF INCORPORATION South Dakota

SURETY(IES) (Name(s) and business address(es))

PENAL SUM OF BOND

MILLION(S) THOUSAND(S) HUNDRED(S) CENT(S)

89 000 00

CONTRACT DATE CONTRACT NO.

5/17/93 003736

In lieu of surety hereon, I the undersigned principal hereby offer irrevocable Letter of Credit NO. 9 in the amount of \$89,000.00. Said letter of credit is pledged as security for performance and obligation: fulfillment of the contract designated hereon.

We, the Principal and Surety(ies), are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum. For payment of the penal sum, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally. However, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us. For all other purposes, each Surety binds itself, jointly and severally with the Principal, for the payment of the sum shown opposite the name of the Surety. If no limit of liability is indicated, the limit of liability is the full amount of the penal sum.

CONDITIONS:

The Principal has entered into the contract identified above.

THEREFORE:

The above obligation is void if the Principal --

(a) (1) Performs and fulfill all the undertakings, covenants, terms, conditions, and agreements of the contract during the original term of the contract and any extensions thereof that are granted by the Government, with or without notice to the Surety(ies), and during the life of any guaranty required under the contract, and (2) performs and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of the contract that hereafter are made. Notice of those modifications to the Surety(ies) are waived.

(b) Pays to the Government the full amount of the taxes imposed by the Government, if the said contract is subject to the Miller Act, (40 U.S.C. 270a-270e), which are collected, deducted, or withheld from wages paid by the Principal in carrying out the construction contract with respect to which this bond is furnished.

WITNESS:

The Principal and Surety(ies) executed this performance bond and affixed their seals on the above date.

PRINCIPAL

Signature(s)

David O. Meredith *Patricia R. Meredith*

(Seal)

Corporate

Name(s) &

1. David O. Meredith

2. Patricia R. Meredith

Seal

Title(s)

President

Treasurer

(Typed)

INDIVIDUAL SURETY(IES)

Signature(s)

1.

2.

(Seal)

(Seal)

Name(s)

1.

2.

(Typed)

CORPORATE SURETY(IES)

S Name &

U Address

STATE OF INC

LIABILITY LIMIT

\$

R Signature(s)

1.

2.

Corporate

T

Seal

E Name(s) &

1.

2.

Y Title(s)

(Typed)

APPROVED *Richard R. Kessler* DATE *7/21/93*
RICHARD R. KESSLER, Timber Sale Contracting Officer


Pioneer Bank & Trust

"WE'RE PIONEERING NEW WAYS OF BANKING"

JUL 13 1993

JUL 20 1993

Letter of Credit

July 13, 1993

Irrevocable letter of credit number nine (9)

Forest Service, USDA
 Black Hills National Forest
 Supervisor's Office
 RR 2, Box 200
 Custer, SD 57730

Gentlemen:

Pioneer Bank & Trust has established an irrevocable letter of credit in your favor at the request of and for the account of McLaughlin Sawmill, Inc., to the extent of Eighty-nine thousand dollars (\$89,000) to secure the performance on contract no. 003736.

Said funds are available by presentation of your sight draft(s) which clearly specify the number of this credit and are drawn in favor of the secured contract number cited above.

Draft(s) drawn in conformity with the conditions of this credit will be honored by us if presented at our office on or before 7/1/98.

Sincerely,

John Heimbaugh
 Senior Vice President

 PIONEER BANK & TRUST
 SPEARFISH, SD

VICE PRESIDENT

7-13-93

| | | | |
|---|--|--|---|
| USDA—Forest Service PAYMENT BOND (For Timber Sale Contracts, Ref. FSM 6508) | | 1. BOND NUMBER 561053 | 2. DATE BOND EXECUTED 7/14/93 |
| 3. PRINCIPAL (Name and Business Address) McLaughlin Sawmill Company St. Onge Star Rt. Box 3B Spearfish, SD 57783 | | 4. SURETY (Name and Business Address) Ohio Farmers Insurance Co. 4940 Viking Drive, Suite 404 Edina, MN 55435-5320 | |
| 5. PENAL SUM OF BOND (Express in Words and Figures) One Hundred Twenty-five thousand and no/100ths (\$ 125,000) | | 6. CONTRACT NUMBER 003736 7. CONTRACT DATE 5/17/93 | |
| <p>KNOW ALL MEN BY THESE PRESENTS, that we, the principal and surety above named, are held and firmly bound unto the United States of America, acting through the Forest Service, United States Department of Agriculture, hereinafter called "the Government," in the penal sum of the amount stated above, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, by these presents.</p> <p>THIS BOND is made with the understanding that the principal has entered into or assumed that certain contract with the Government for the purchase of timber on lands administered by the <u>USDA Black Hills Forest Service (Roost Sale)</u> National Forest which is identified above.</p> <p>NOW, THEREFORE, if the principal shall make timely payments to the Government, as provided in said contract, of the amounts due for timber and other charges for timber cut prior to such payments under said contract and any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the surety is hereby waived, then this obligation shall be void; otherwise it shall remain in full force and effect.</p> <p>IT IS UNDERSTOOD AND AGREED that the surety will make payment to the Government within 30 days after demand therefor by the Government whenever the principal shall fail to perform under any of the listed contracts.</p> <p>IT IS FURTHER UNDERSTOOD AND AGREED that this bond covers all timber cut under said contract for the period beginning the <u>14th</u> day of <u>July</u>, 19<u>93</u>, and ending the <u>31st</u> day of <u>Dec</u>, 19<u>94</u>, or any extension of such period; and that if this bond replaces a previous payment bond covering said contract, this bond also covers all timber cut under said contract prior to said period and not yet paid for.</p> <p>THIS BOND may be terminated, but only as to any liability hereunder arising subsequent to the effective date of termination, as follows:</p> <ol style="list-style-type: none"> (1) By the principal or the surety, at any time, 30 days after the Government's receipt of written notice of termination from the principal or the surety; or (2) By the surety, following the Government's demand for payment under this bond or any other payment bond of the same principal and surety, 10 days after the Government's receipt of written notice of termination from the surety. <p>IN WITNESS WHEREOF, the above-bounden parties have executed this instrument under their several seals as of the date indicated above, and as to each corporate party its name and corporate seal have been hereto affixed and these presents have been duly signed by its undersigned representative pursuant to authority of its governing body.</p> | | | |
| INDIVIDUAL PRINCIPAL _____ as to SIGNATURE _____ _____ (WITNESS) _____ (SEAL) | | | |
| PARTNERSHIP _____ (NAME) _____ as to BY _____ (PARTNER) _____ (SEAL) _____ (WITNESS) _____ as to BY _____ (PARTNER) _____ _____ (WITNESS) _____ as to BY _____ (PARTNER) _____ _____ (WITNESS) _____ (PARTNER) _____ | | | |
| CORPORATE PRINCIPAL <u>McLaughlin Sawmill Company</u> ATTEST: _____ BY <u>David O. Meredith</u> AMIA _____ David O. Meredith Pres. Corporate _____ (TITLE) _____ (TITLE) S&B | | | |
| CORPORATE SURETY <u>Ohio Farmers Insurance Co.</u> ATTEST: _____ BY <u>Larry Bonrud</u> AMIA _____ Larry Bonrud POA Corporate _____ (TITLE) _____ (TITLE) S&B | | | |
| APPROVAL BY FOREST SERVICE APPROVED AT _____ AS OF THE _____ DAY OF _____ 19 _____ BY _____ TITLE _____ | | | |

| USDA - Forest Service BILL FOR COLLECTION (Ref. FSM 6530) | | 1. Place of Issue Spearfish, SD 2. Date of Issue May 10, 1993 | | | | | | | | | | | | | | | |
|--|-----------------------------------|--|---|-------------|-----------------|----|-----------|--|--------|------|------|---|--------|--|--|--|-------------|
| Please pay by money order, bank draft, or check payable to FOREST SERVICE, USDA. Mail payment with this statement in the enclosed envelope to: UNIT COLLECTION OFFICER, FOREST SERVICE. Rocky Mountain Region, File No. 31654, P.O. Box 60000, San Francisco, CA 94160-1654 | | <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> MCLAUGHLIN SAWMILL RR 30 BOX 3B SPEARFISH SD 57782 </div> Please Show Any Change Of Address Below: | | | | | | | | | | | | | | | |
| FOLD HERE | | RETAIN IN YOUR RECORDS. RECEIPT WILL NOT BE FURNISHED UNLESS REQUESTED. | | | | | | | | | | | | | | | |
| 3. Date or Period | 4. Description | 5. Amount | | | | | | | | | | | | | | | |
| 5/10/93 | Bid Guarantee - Roost Timber Sale | \$83,100.00 | | | | | | | | | | | | | | | |
| NOTE: Payments not received by the due date are subject to a LATE PAYMENT CHARGE at the rate currently published by the Department of the Treasury unless a different rate is prescribed by contract or agreement. | | 6. Date Payment Due 5/10/93 | 7. Amount Due \$83,100.00 | | | | | | | | | | | | | | |
| FOLD HERE | | | | | | | | | | | | | | | | | |
| 8. Bill Number | 9. Unit Number T2-03 | 10. Sub-Unit Number 08 | 11. Timber Sale Contract Number 003736 | | | | | | | | | | | | | | |
| 12. Remarks | | 13. FOREST SERVICE ACCOUNTING DATA <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">TRANS. CODE</th> <th rowspan="2">MANAGEMENT CODE</th> <th rowspan="2">FY</th> <th colspan="2">OBJ CLASS</th> <th rowspan="2">AMOUNT</th> </tr> <tr> <th>MAJ.</th> <th>SUB.</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">870471</td> <td></td> <td></td> <td></td> <td style="text-align: right;">\$83,100.00</td> </tr> </tbody> </table> | | TRANS. CODE | MANAGEMENT CODE | FY | OBJ CLASS | | AMOUNT | MAJ. | SUB. | A | 870471 | | | | \$83,100.00 |
| TRANS. CODE | MANAGEMENT CODE | FY | OBJ CLASS | | | | AMOUNT | | | | | | | | | | |
| | | | MAJ. | SUB. | | | | | | | | | | | | | |
| A | 870471 | | | | \$83,100.00 | | | | | | | | | | | | |
| 14. | | TOTAL \$83,100.00 | | | | | | | | | | | | | | | |

PURCHASER'S RECEIPT - RETAIN FOR YOUR RECORDS

CASHIER'S CHECK

200367

REMITTER

McLaughlin Sawmill Company

May 10,

93

78-876/914

PAYABLE TO

U.S.D.A. FOREST SERVICE****

\$3100.00

NOT NEGOTIABLE

**Pioneer Bank & Trust**BELLE FOURCHE, SD 57717
Spearfish • Rapid City

MEMORANDUM

FOR _____

43

75

United States
Department of
Agriculture

Forest
Service

Rocky
Mountain
Region

Box 25127
Lakewood, CO 80225-0127
Delivery: 740 Simms St.
Golden, CO 80401

Reply to: 2420

Date: August 13, 1993

Potential Purchasers of National Forest Timber
and Other Interested Parties:

Several years ago, in consultation with the timber industry, all the intermountain Regions of the Forest Service implemented the use of transaction evidence appraisals (TEA) as the principle tool to appraise National Forest timber offerings. As each Region worked with their respective timber interest groups, somewhat different processes evolved. Although timber in competitive markets has been bid at comparable values, the appraised values of these timber offerings has varied.

In recent months, the disparity between the appraised value has created some problems. The Forest Service began receiving criticism from purchasers, environmental organizations and the public over these differences. Concurrently, the Forest Service is facing some significant budget limitations, which demand we search out and implement all opportunities for additional savings.

In an effort to be responsive to both the criticism and the need for improved efficiency, Regions 2, 3 and 4 of the Forest Service agreed to work toward simplifying and bringing each of their TEA systems into more uniformity. This was no easy task, since each Region has used their version of TEA successfully for many years, and their timber industry had come to know it well. However, through considerable give and take, the mandate for simplicity and efficiency prevailed, and the three Regions reached agreement on the principles of a more common TEA proposal.

It is important to us that all interested parties have an understanding of the agreed upon proposal and take an opportunity to critique it. For this reason we have scheduled an information meeting for 9:00 am, Friday, August 27, 1993, at the new Forest Service offices located at 740 Simms Street in Lakewood. At this meeting, we will provide information packets about the proposal, cover the changes this proposal makes from the current TEA process used in the Region and answer your questions. Then we will ask those of you with comments to return them to us no later than September 15, 1993. From your comments and those received by Regions 3 and 4, the three Regions will jointly determine if it is necessary to modify the proposal. Each Region's objective is to implement the new proposal for the next scheduled update which, for R-2, is due to be published November 1, 1993.

We hope you will be able to attend on August 27.

Sincerely,



GLEN E. HETZEL
Director, Renewable Resources

NATIONAL FOREST TIMBER FOR SALE
BALDMAN TIMBER SALE

Notice is hereby given that the Bearlodge District Ranger has advertised in the Rapid City Journal the Baldman Timber Sale with bids to be opened September 24, 1993 at 2:00 p.m. Spearfish District Office, 2014 North Main Street, Spearfish, SD. This sale of 1213 gross acres, more or less, is described as follows: R 60W, sections 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 6th PM. This sale contains an estimated volume of 4,890 MBF (9,686 CCF) of Ponderosa Pine and other conifer sawlogs which are designated for cutting. This is a small business set-aside sale. If no small business concern makes a valid bid, the Forest Service shall consider bids from other bidders. The minimum acceptable bid for Ponderosa Pine and other conifer sawlogs is \$1,046,313.30 total sale value. In addition, there is within the sale area an estimated 2,040 CCF of Ponderosa Pine and other conifer products other than sawlogs which the bidder may agree to remove. Additional deposits required for slash disposal are \$6.72 per MBF and for rock replacement are \$3.43 per MBF. Purchaser road credit is \$77,515.00.

Bidding will be on a total sale value basis instead of on a per MBF basis.

The sale package is available for review at the Bearlodge District Office and the Forest Supervisor's Office. NOTE This sale will be sold by sealed bid. More information, maps of the sale area, and the required bid forms can be picked up or requested from:

U.S.D.A. Forest Service
Forest Supervisor
Rt. 2, Box 200
Custer, SD 57730
Tele. 673-2251

U.S.D.A. Forest Service
Bearlodge Ranger District
P. O. Box 680
Sundance, WY 82729
Tele. 307-283-1361

Cash deposits for this sale
at advertised rates are:

10% of Bid Value = \$104,700.00

10% of Bid Value
Performance Bond = \$104,700.00

Deposits for
Payment Bond = \$130,000.00 Depending upon
harvest rate

Total Dollar
Commitment = \$339,400.00

NATIONAL FOREST TIMBER FOR SALE
WABASH TIMBER SALE

Notice is hereby given that the Custer District Ranger has advertised in the Rapid City Journal the Wabash Timber Sale with bids to be opened September 21, 1993 at 2:00 p.m., Black Hills National Forest Supervisor's Office, Highway 16 & 385 North, Custer, SD. This sale of 7378 gross acres, more or less, is described as T.3S., R.3E., Sections 10, 11, 12, 13, 14, 15, 23, 24, 25, 26, 27, 35, 36; T.3S., R.4E., Sections 18, 19, 20, 27, 28, 29, 30, 31, 32, 33, 34; T.4S., R.3E., Section 1, 2; T.4S., R.4E., Sections 5, 6, BHM. This sale contains an estimated volume of 9,460 MBF (20,033 CCF) of Ponderosa Pine and other conifer sawlogs which are designated for cutting. This is a small business set-aside sale. If no small business concern makes a valid bid, the Forest Service shall consider bids from other bidders. The minimum acceptable bid for Ponderosa Pine and other conifer sawlogs is \$2,215,910.40 total sale value. In addition, there is within the sale area an estimated 700 CCF of Ponderosa Pine and other conifer products other than sawlogs which the bidder may agree to remove. Additional deposits required for slash disposal are \$9.15 per MBF and for rock replacement are \$0.53 per MBF. Purchaser road credit is \$239,588.00.

Bidding will be on a total sale value basis instead of on a per MBF basis.

The sale package is available for review at the Custer District Office and the Forest Supervisor's Office. NOTE This sale will be sold by sealed bid. More information, maps of the sale area, and the required bid forms can be picked up or requested from.

U.S.D.A. Forest Service
Forest Supervisor
Rt. 2, Box 200
Custer, SD 57730
Tele. 673-2251

U.S.D.A. Forest Service
Custer Ranger District
330 Mt. Rushmore Road
Custer, SD 57730
Tele. 673-4853

Cash deposits required for this sale
at the advertised rates are:

10% of Bid Value = \$221,600.00

10% of Bid Value
Performance Bond = \$221,600.00

Deposits for
Payment Bond = \$130,000.00 Depending upon
harvest rate

Total Dollar
Commitment \$573,200.00

Senator PRESSLER. Thank you.
Mr. Perdue.

STATEMENT OF DON PERDUE, PRESIDENT, PERDUES, INC., RAPID CITY, SD

Mr. PERDUE. Thank you for the opportunity to speak before the Senate Small Business Committee.

Perdue, Incorporated, manufactures promotional bedroom furniture, which we sell throughout the continental United States. Also, we export to Canada, Mexico, and Puerto Rico. The business was started in Montana in 1970. The plant was added in Kentucky. In 1987, we moved to South Dakota. At that time we had 3 million dollars in gross sales with about 50 employees. We have grown to \$25 million in sales and we have approximately 220 employees with a payroll of \$5.4 million. We are an in-user of this forest product that everyone has been taking about. Our delivered price is one of the lowest in the Nation for furniture of this quality. And by design, we have one of the highest labor costs. Our employees average \$10 per hour plus fringe benefits, including health insurance. I mention this because of a corporation desire and obligation to our employees to supply them a living wage so they can be independent in their lifestyle.

We are constantly working to obtain the lowest possible price for raw materials, i.e., particleboard, that is available in the private competitive market. During the time I have been in business, the price and availability of raw materials has been reasonably stable within the normal functions of inflation and market pressures. Since August 1992, the price of particleboard has increased from \$175 per thousand to \$250 per thousand, approximately a 43 percent increase, which is predictable when large quantities of timber are taken from the market. This forces our need to raise prices. Let us not forget that a price increase from a manufacturer is a doubling factor to the consumer.

We purchase material from mills throughout the United States, and our consumption last year was 15 million board feet. In addition to the price increase, we have also experienced shortages. Early this summer we were forced to close our plant and send our employees home for a week, because we were unable to secure board. Raw material at this time has become somewhat more available due to the softness in the economy as a result of the conduct of the Clinton Administration. However, I am cautioned by the mills that their raw materials are scarce and that I could be put on an allotment or a rationing basis at any time.

The furniture industry is very competitive, and I cannot compete with manufacturers from countries with reasonable environmental concerns if ours become unreasonable. The people who are opposed to multiple use tell us that jobs lost in the timber industry will be replaced by employment in tourism. I would hope that if the time comes when I will have to close the doors because of a lack of raw materials that one of these people will be available to explain the advantages of a minimum-wage job to the employees of Perdue Woodworks.

Thank you.

[The prepared statement of Mr. Perdue follows:]

PREPARED STATEMENT OF DONALD R. PERDUE

Dear Senator Pressler. Thank you for the opportunity to participate in the U.S. Senate Small Business Committee on September 4, 1993.

Perdues, Inc., manufactures promotional bedroom furniture which we sell throughout the continental United States; we have also exported to Canada, Mexico, and Puerto Rico. The business was started in Montana in 1970, a plant was added in Kentucky, and in 1987 we moved to South Dakota. At that time, we had \$3 million in gross sales with 50 employees. We have grown to \$25 million in sales and approximately 220 employees, with a payroll of \$4,600,000. Our delivered price is one of the lowest in the Nation for furniture of this quality and, by design, we have one of the highest labor costs. Our employees average \$10 per hour plus fringe benefits including health insurance. I mention this because of the corporation's desire and obligation to our employees to supply them a living wage so they can be independent in their lifestyles.

We are consistently working to obtain the lowest possible price for raw materials (i.e., particle board) that is available in the private competitive market. During the time I have been in business the price and availability of raw materials has been reasonably stable, within the normal fluctuation of inflation and market pressures. Since August 1992, the price of $\frac{3}{4}$ " particleboard has increased from \$175 per thousand to \$250 per thousand or approximately 43 percent, which is predictable when large quantities of timber are taken from the market. This precipitated our need to raise our prices. Let us not forget that a price increase from a manufacturer becomes a doubling factor to the consumer.

We purchase material from mills throughout the United States and our consumption last year was 15 million board feet. In addition to the price increases we have also experienced shortages and early this summer we were forced to close our plant and send our employees home for 1 week as we were unable to purchase board. Raw material, at this time, has become somewhat more available due to a softness in the economy, as a result of the conduct of the Clinton Administration. However, I am cautioned by all the mills that their raw materials are scarce and that I could be put on an allotment basis at any time.

The furniture industry is very competitive and I cannot compete with manufacturers from countries with reasonable environmental concerns if ours become unreasonable. The people who are opposed to multiple use tell us—that jobs lost in the timber industry will be replaced by employment in tourism. I would hope that if the time comes when I will have to close my plant because of lack of raw materials, one of these people will be available to explain the advantages of a minimum wage job to the employees of Perdue Woodworks.

Senator PRESSLER. Well, I thank you very much.

Mr. Honerkamp, Bill, go ahead.

STATEMENT OF BILL HONERKAMP, PRESIDENT, BLACK HILLS,
BADLANDS AND LAKES ASSOCIATION

Mr. HONERKAMP. Senator Pressler and staff, my name is Bill Honerkamp. I speak today as president of South Dakota's Black Hills, Badlands and Lakes Association. That's a trade association that is comprised of some 560 small business enterprises in western South Dakota. Their common bond is recreation, tourism, and vacation traffic. In other words, other people's fun and recreation, is our business and livelihood. Our customers will spend about \$250 million in the Black Hills this year. And more than 16,000 Black Hills citizens—you earlier quoted a South Dakota figure—but more than 16,000 Black Hills citizens are employed in the visitor industry.

The Black Hills, Badlands and Lakes Association does not support the Forest Service's recommendations arising from the RARE II studies, which propose the creation of a Sand Creek Wilderness along the State line, nor the Beaver Creek Wilderness near Sturgis.

The Black Hills, Badlands and Lakes Association did not support the seven new wilderness areas proposed for the Black Hills and Badlands region by the Sierra Club in 1991. And we do not support the modified Black Hills wilderness draft bill of 1993 that now seeks nine new wilderness areas within this region.

Our opposition is based on several broad concepts important to the success and viability of the visitor industry.

This year, we estimate that about 4 million nonresidents are going to come to the Black Hills to experience our region. Yeah, they come for conventions in Rapid City and to gamble in Deadwood and to go see Reptile Gardens, but mostly they come for these Black Hills, these mountains, because here they enjoy an impressive array of outdoor natural resources, forests, lakes, streams, wildlife, minerals, waterfalls, canyons, wonderful scenery. When you think about it, even Mount Rushmore owes some measure of its popularity or its success to its setting in the Black Hills. Visitors come to enjoy the public lands of five national parks, two State parks, two national forests, several wildlife refuges, caves and public grasslands. They come here to relax and to recreate—that's re-create—their souls, their minds, their bodies.

The ornery thing about federal wilderness is that it sets up its exclusionary zones. It sets up preserves for selected outdoorsmen who have the skills, who have the stamina, and who have the time to penetrate these tracts, to seek that solitude they crave.

Not many of our customers have the outdoor skills or the equipment to handle, much less enjoy, wilderness. In other words, most of our visiting guests are city slickers.

Wilderness designation has the effect of posting "keep out" signs to many types of our customers whose preferred forms of recreation might include snowmobiling or four-wheeling or gold panning or trail biking. They're prohibited.

Wilderness areas, as a practical matter, are essentially off-limits to the handicapped, the elderly, or the infirm.

What we are declaring then, first, is that wilderness is neither appealing nor usable to many types of tourists. It excludes too many types of our customers. Alienating whole markets of customers by creating de facto exclusionary zones, that's just not acceptable.

Second, Black Hills, Badlands and Lakes Association is a firm believer in the concept of multiple use. Just as we feel recreationists should not be needlessly denied access to public lands, we feel that other vocations of grazing, timber, mining, and other interests need to be accommodated too. We have great confidence in the ability of our public management agencies to regulate, to control, and to limit potentially destructive activities. And that confidence is why this organization supports, with the exception of the wilderness designation, the Forest Management plan that has been devised by the Black Hills National Forest.

And, finally, we believe that you almost have to wink when you discuss wilderness in the Black Hills. This is not the Big Empty. Truly wild country is rare here due to years of civilization and settlement. The proponents' proposal says, and I quote, "At no point in any of our proposed wilderness areas is a person more than 2.5

miles from a road," unquote. Now we're not really sure that they really mean real wilderness.

Tourist frequently use one particular word, an adjective, to describe these Black Hills, and the word they use is "intimate." What they are saying is they enjoy these mountains because they can get right onto them. The Black Hills have 18 peaks over 7,000 feet high. You can climb to the summit of every one of them. Our gorges and canyons are spectacular, and they're accessible. Our wildlife is plentiful, yet there are no wild bears here to eat our campers. You can wade or fish every stream and brook in the Black Hills. Nobody's gotten life-threateningly lost here for decades.

These Black Hills are friendly mountains. They beg to be hiked, to be explored, and to be experienced. Outlining wilderness tracts on a map really does nothing to improve upon that. The proponents claim rising demand for wilderness. I can tell you that it's not a rising demand among tourists. It's not a rising demand from within the tourism industry.

More federal wilderness in the Black Hills? No, that wouldn't be good for tourism or for small business in South Dakota. We urge Congress to reject these wilderness proposals.

[The prepared statement of Mr. Honerkamp follows:]

PREPARED STATEMENT OF BILL HONERKAMP

Senator Pressler and Committee Staff. My name is Bill Honerkamp and I speak today as president of South Dakota's Black Hills, Badlands and Lakes Association. That is a trade association comprised of some 560 small business enterprises in western South Dakota. Their common bond is recreation, tourism and vacation traffic. In other words, other people's fun—recreation—is our business and our livelihood. Our customers will spend nearly \$250 million with us in 1993. More than 1,600 Black Hills citizens are employed in the visitor industry.

Black Hills, Badlands and Lakes Association does not support the Forest Service's recommendations arising from the RARE II studies, which propose the creation of a Sand Creek Wilderness along the State line, nor the Beaver Park (also called Breakneck) Wilderness southwest of Sturgis.

Black Hills, Badlands and Lakes Association did not support the 7 new wilderness areas proposed for the Black Hills and the Badlands by the Sierra Club in 1991. And we do not support the modified Black Hills Wilderness draft bill of 1993 that now seeks 9 new wilderness districts.

This opposition is based on several broad concepts important to the success and the viability of the visitor industry.

This year, we estimate that more than 4 million nonresidents will travel great distances to come and experience the Black Hills. They come to conventions in Rapid City, to gamble in Deadwood and to see Reptile Gardens. But mostly, they come because of these Black Hills mountains. They come to enjoy an impressive inventory of natural resources like our forests, lakes, streams, wildlife, minerals, waterfalls, canyons and wonderful scenery. Even Mount Rushmore owes a measure of its popularity to its setting in the spectacular Black Hills. Visitors come to enjoy the public lands of our five national parks, two State parks, two national forests, our wildlife refuges, our caves and our grasslands. They come here to relax and to recreate—to re-create—their bodies, minds and souls.

The ornery thing about federal wilderness is that it creates exclusionary zones. Wilderness sets up exclusive preserves for select outdoors men who have the skills, and the stamina and the time to penetrate these tracts, and seek the solitude they crave.

Not very many of our customers have the outdoor skills or equipment to handle—much less enjoy—wilderness. In other words, most of our visiting guests are "city slickers."

Wilderness designation has the effect of posting "Keep Out" signs to many types of our customers whose preferred form of leisure might be snowmobiling, four-wheeling, gold panning or trail biking.

Wilderness areas, as a practical matter, are off-limits to the handicapped, the elderly, or the infirm.

What we are declaring, first, is that wilderness is neither appealing nor usable by many types of tourists. It excludes too many types of our customers. Alienating whole markets of customers . . . by creating de facto exclusionary zones . . . that is not acceptable.

Second, BHB&L Assn. is a firm believer in the concept of multiple use. Just as we feel recreationalists should not be needlessly denied the access and use of public lands, we feel that the vocations of grazing, timber, mining and other interests must also be accommodated. We do not advocate pillaging the Hills. We have great confidence in the ability of our public management agencies to regulate, control and limit potentially destructive activities. That confidence is why this organization also supports implementation of the Forest Management Plan that has been devised by the Black Hills National Forest.

And finally, we believe that you almost have to wink when you discuss wilderness in the Black Hills. This is not the Big Empty. Truly wild country is rare here, due to 20 years of settlement and civilization. The proponents' proposal says, and I quote: "At no point in any of our proposed wilderness areas is one more than 2.5 miles from a road." Un-quote. We're not really sure they really mean real wilderness.

Tourists frequently use one particular adjective to describe the appeal of the Black Hills. That word is "intimate." They are saying that they enjoy these mountains because they can get right into them, right onto them. The Black Hills have 18 peaks over 7,000 feet high—and you can climb to the summit of every one. Our gorges and canyons are spectacular—and totally accessible. Wildlife is plentiful—yet there are no wild bears to bother campers or hikers. You can wade or fish every stream and brook. Nobody's gotten life-threateningly lost in the Black Hills for decades.

These Black Hills are friendly mountains, begging to be hiked, explored, experienced. And outlining wilderness tracts on a map really does nothing to improve upon that.

More federal wilderness in the Black Hills? No, that won't be good for tourism or for small business in South Dakota. We urge the Congress to reject these wilderness proposals.

Senator PRESSLER. Good. I very much appreciate your taking specific stands on these wilderness areas and other issues because that helps me.

Some in the audience may wonder what becomes of these hearings. I'll tell you what I'm going to do with this one. I'm going to give a speech on the Senate floor next week summarizing what has been said here and calling my colleagues' attention to the hearing record, which anybody that wishes may read. Also, I'm going to mention in my speech on the Senate floor the size of the turnout here on a Saturday morning. I think that you have voted with your feet that you're very concerned. There's a great deal of concern here about what's happening. And I appreciate this because I know on a Saturday morning there are many better things to do. I've held many meetings in my day, and this is about as good a turnout as I've seen on a Saturday morning. So I do appreciate it. But, also, I'd be willing to send anybody who wants a copy of this speech, if they just leave their address with us. I'd be happy to send you some of the voting records on the appeals process issue as well. Also, I'm going to have a meeting with the Forest Service and other officials as a result of this hearing.

I didn't mean to interrupt you, Bill. I did appreciate the specific stands that you took on some of these issues, and they are recorded.

Larry Mann, Government Affairs representative of Homestake Mining Company, Lead, SD.

**STATEMENT OF LARRY MANN, GOVERNMENT AFFAIRS
REPRESENTATIVE, HOMESTAKE MINING COMPANY, LEAD, SD**

Mr. MANN. Thank you, Senator. And I do appreciate the opportunity to testify in front of your Committee.

I would like, first of all, to give you some perceptions that people may have of the mining industry on both sides and then explain how that ties into both small business and public lands.

Homestake Mining Company—most people are familiar with agriculture, timber, oil, and gas—produce what we think of as the stuff of life. And I think unfortunately in these times society has taken natural resource production for granted. We've lost a sense that milk comes from cows. And that is something that you can see being expanded across the Nation is the fact that we lose track of where these things come from. Also, unfortunately most of the public familiarity with mining focuses on our shortcomings, like our comparisons to Summitville, CO, for instance, which even South Dakota's Secretary of DENR, Robby Roberts, says won't happen in South Dakota because we've got the kinds of rules and regulations in place which prevent that.

Acid rock drainage, which while certainly an undesirable situation in the mining industry, is technically manageable and being managed now. We hear about the Migratory Bird Act, which we along with the U.S. Fish and Wildlife Service and State Game, Fish and Parks met early in the spring to resolve those particular issues and put a process in place to resolve them. Abandoned mine lands, which is kind of a sexy issue which people talked about for the last 2 years. The South Dakota Mining Association, which includes Homestake Mining Company, has addressed on our own the issue of abandoned mine lands in South Dakota and started to get that process in place. We supported and were fortunate to help pass and implement an abandoned mine lands law in South Dakota in the last legislative session, and for whatever reason, we were not supported by the environmental community.

Our industry also operates in a couple other climates. One, we believe in very strict regulation with very stringent enforcement, and we support that. Unfortunately, we also operate in an environment which we believe is an orchestrated effort by the environmental extremists that you mentioned, Senator, to use hyperbole and unsupported contention to create a sense of environmental hysteria. We don't support that.

Mining in South Dakota is conducted almost exclusively on private land. And in Lawrence County, our total permitted mines use up less than one-half of 1 percent of Lawrence County land mass. And depending on how you calculate the acres in the Black Hills, we're one 34 hundredth of the Black Hills. A section of land east of the Missouri may support one family. A section of mining land in the Black Hills can support 100 to 150 families. We produce several thousand direct jobs, many indirect jobs. Most of those indirect jobs are in the small business community. In 1992, the mining industry purchased \$73 million in services and supplies. Seventy-six percent of that total, by one State commissioned study, was spent in South Dakota with South Dakota businesspeople. Most of that \$55 mil-

lion, in fact, was spent in the northern hills and the Rapid City area.

Small business is the backbone of our economy, and many small businesses depend on the mining industry for their survival. The mining industry, of course, must compete with the market forces that exist in the free economy, and we're willing to do that. But we can be driven out of business by several things. We can be over-taxed, we can be overregulated, or we can be locked out of the opportunities to explore and develop America's vast natural resources.

We at Homestake will continue to contribute significant good faith effort to resolve natural resource conflicts. But unreasonable mining law reform is an example which prohibits—which may prohibit access and secure tenure on public lands or efforts to lock up resources by the use of wilderness which does not strictly meet the federal criteria or manipulation of the forest plan to restrict the use of public lands to something that will not just cost miners and loggers, it will cost the taxpayers and will cost the small businesspeople of the country.

Thank you.

[The prepared statement of Mr. Mann follows:]

PREPARED STATEMENT OF LARRY A. MANN

The Homestake Mine in Lead, SD is the oldest continuously operated gold mine in the world. The geologic structure known as the "Homestake Formation" has been mined since 1876, 13 years before South Dakota was granted Statehood. Homestake operates almost exclusively on private land. Approximately 650 acres are occupied by surface facilities which support underground operations, 651 acres are permitted for disturbance in connection with the Open Cut surface mine, and roughly 80,000 acres are comprised of timberlands, agricultural property, and other non-mining lands.

Recently, the cost of producing an ounce of gold exceeded the market price. Between April 1991 and early 1993, Homestake Mining Company operated at a loss. Management strategies for profitability required that efforts be focused on controlling fixed and variable costs, improving ore grade, eliminating unprofitable production and fully utilizing both an experienced workforce and a complex physical plant. Efforts to address these issues have been successful, and as gold prices increased during the second quarter of 1993, Homestake returned to profitability.

The future of the Homestake Mine depends largely upon the ability to accomplish several objectives. Among these are:

- Implementing a mine plan which will sustain long-term profitability at low gold prices.

- Replacing ore reserves.

The replacement of ore reserves is essential to continued production. As production of gold from an aging mine becomes more difficult, the replacement of economic reserves becomes more critical. Thus, exploration for future reserves is a high priority. Exploration is a high risk business which requires a large capital commitment with no assurance of success. Exploration activities are conducted using geologic information. Gold mineralization occurs erratically and a substantial portion of future discovery potential exists on federal lands. In order to insure a prosperous future for gold mining in the Black Hills, access with secure tenure on public lands is imperative.

Several recent public land issues are of significant concern to Homestake management and represent potential threats to the future of mining in South Dakota. All of these concerns are related to the ongoing debate over the use of public lands.

The first of these issues is reform of the 1872 Mining Law. Mining law reform is inevitable, and as you know, the U.S. mining industry has participated in good faith efforts to resolve public land conflicts. The result of those efforts is the Craig bill, S. 775. The Craig bill addresses each of the issues raised by mining critics and still

allows the mining industry to operate with some assurance that it will be able to obtain access to and secure tenure on public lands.

The second threat to continued mining in the Black Hills is the persistent attempt to lock up valuable natural resources by proposals which recommend tens of thousands of acres of wilderness. Wilderness designations may be appropriate on certain pristine lands which meet all of the strict criteria necessary to obtain such a designation. Unfortunately, many proposed wilderness areas in the Black Hills are simply intended to keep miners, loggers, and recreationists off public lands without adhering to specific wilderness criteria.

The third issue of concern to natural resource producers is revision of the forest plan for the Black Hills National Forest. The U.S. Forest Service is faced with the difficult task of revising the plan for the Black Hills Forest. Nine options are under consideration by the USFS, several of which seriously restrict natural resource production on forest lands. One option, proposed by American Wildlands and others, seeks to create wilderness areas through manipulation of the forest plan. The "Conservation Biology Alternative" does not provide for responsible natural resource production.

Homestake Mining Company is concerned that legislative action on these proposals may:

- attempt to "lock up" natural resources
- create prescriptive and inflexible regulatory mandates
- provide industry opponents with procedures which result in denial of use by unnecessary delay.

The result of such legislation could fatally affect local small business, which is the focus of this hearing.

Homestake Mining Company's Black Hills operation employs over 1,200 technically skilled, well educated, and highly paid people with an annual payroll in excess of \$45 million. Expenditures for services and supplies in 1992 amounted to nearly \$33 million. Total industry expenditures for services and supplies exceeded \$73 million.

A recent study commissioned by the State of South Dakota reported that the purchase of goods and services by the mining industry has a leakage rate of less than 24 percent outside the State. In other words, 76 percent of the \$73 million or \$55 million spent by the mining industry went to South Dakota businesses. Much of that \$55 million went to small businesses like RPM in Rapid City or Henry's Safety Supply in Lead. Many supplies are purchased through South Dakota dealers like Butler Machinery or Northwest Pipe. Local contractors depend on mining like Summit Construction, Ainsworth Benning and Donovan Construction. Consultants like Banner Associates, Inc. and NJS engineering employ hundreds of people who provide essential services to Homestake and other mining companies.

Large companies like Homestake Mining Company have the option to invest in exploration and development in other parts of the world like Canada or South America. Recently, a group of Russian mining engineers toured the Homestake Mine. Russia has vast resources which are largely undeveloped, incredible opportunities may someday exist there. If natural resource producers are prohibited from accessing the enormous resources available on public lands, available capital will be directed out of the U.S. If mining capital leaves the U.S., the burden will be borne not only by taxpayers, but by the backbone of the American economy which is small business.

Homestake Mining Company and its vendors and suppliers support reasonable regulation, a fair return to the taxpayer for resources produced on public lands, development practices which respect the environment, and legislation which provides for the responsible development of America's natural resources.

Homestake steadfastly supports the multiple use concept on public lands and urges the U.S. Senate to preserve the right of small business, natural resource producers, recreationists, and individual citizens to enjoy the benefits public lands offer. Support for the Craig bill, opposition to wilderness areas which do not strictly adhere to designation criteria, and implementation of a fully funded Forest Plan which provides for reasonable production on public lands are steps which are critically important to the survival of many small businesses in South Dakota.

Senator PRESSLER. Thank you very much.

Larry Nelson.

STATEMENT OF LARRY NELSON, PRESIDENT, SOUTH DAKOTA
PUBLIC LANDS COUNCIL

Mr. NELSON. Thank you, Senator Pressler, for inviting me as president of the South Dakota Public Lands Council to this hearing.

We represent ranchers who have permits on BLM land, Black Hills National Forest, Custer National Forest, and Nebraska National Forest here in South Dakota, the Nebraska National Forest being the National Grasslands.

The 251 permittees in the Black Hills National Forest appreciate being able to run livestock on the forest, and they need their permits to help make their ranching operations economically viable.

The consequences of reduced livestock grazing in the Black Hills would include increased risk of fire due to unutilized forage build-up, reduced vigor of the plant community due to lack of grazing pressure, and economic loss directly to the rancher and to the community in which he lives.

We feel that grazing management and timber management in the Black Hills are interdependent. Without timber harvest, the understory plants are eventually choked out, leaving very little forage for livestock or wildlife. Good timber management opens up the canopy, increases forage available for livestock and wildlife, and facilitates better livestock distribution. It also promotes good water management, which is essential for domestic ranch use, livestock, and wildlife.

So therefore, we hope the forest plan would maintain and, wherever possible, increase the available forage for livestock.

Just a bit on grazing fees, and I realize that the grazing fees situation is not going to be settled here in the Black Hills National Forest Plan, but there's been a lot of controversy over what grazing fees should be. And they need to be reasonable. They need to be predictable so that ranchers can maintain long-term financing. We've seen good cattle prices here in the last few years, but a number of forecasts are indicating that we're in an increasing cattle supply and the prices are going to trend downward. And that's going to affect the rancher's ability to pay. And the bottom line on fees is that for every dollar the fees go up is a dollar the rancher doesn't have to spend in the local economy.

On wilderness, we do not favor wilderness designation basically for two reasons as it relates to livestock grazing in the Black Hills. In the Black Hills, without timber management, as has been pointed out, Ponderosa Pine becomes the dominant species, choking out the understory and leaves very little forage for livestock or wildlife. It also restricts the ability of the rancher to use modern tools to maintain fences and water developments and to use motorized vehicles to reach improvements, check livestock, put out salt and minerals, and so forth. In addition, no new improvements can be made that would help facilitate better livestock use of an area. This combination of potential decreased forage available for livestock use and increased operating costs due to these management limitations would make it very difficult for ranchers over the long term to continue to operate in any wilderness area. And in some

cases my Forest Service board members feel that probably they wouldn't be able to continue.

So in summary, base ranch units in the Black Hills are closely tied with their forest permits. They provide winter range for wildlife, and many people hunt on private property. Without forest grazing permits, many of these foothills ranchers would no longer be economically viable. The loss of the grazing permits would accelerate the sale of base ranch units, and many would be subdivided. These units would be lost from agricultural production, and wildlife habitat and hunting would be lost as well. We feel the Black Hills Forest Plan must maintain multiple use. A good multiple use plan, as far as the ranching industry is concerned, should include increased forage available for livestock as well as wildlife whenever possible. Permits need to be continued to be issued for 10-year periods. And these are the actions that we feel are necessary to provide a stable environment in which the rancher may operate so he can obtain financing and maintain economic viability. Ranchers will then be able to remain solid tax-paying citizens, contributing to the economic health and well-being of the communities around them.

And just to kind of summarize to go along with what these gentlemen have said, this area was settled by miners, loggers, and ranchers. And that's been the basis of the economy and still is the basis of our economy, I think, today. And we've added tourism to that, which is also a big portion of it. And this is the basis of the economies in the communities here in the Black Hills and in western South Dakota. And we need all of these various industries working together to support the communities in this area. These are our economic bases.

Thank you. I appreciate very much being able to testify.

[The prepared statement of Mr. Nelson follows:]

PREPARED STATEMENT OF LARRY NELSON

Senator Larry Pressler. My name is Larry Nelson and I am president of the South Dakota Public Lands Council. South Dakota Public Lands Council members have permits on the Black Hills National Forest, Custer National Forest, Nebraska National Forest (National Grasslands) and Bureau of Land Management.

I appreciate the opportunity to participate in this Small Business Committee Field Hearing concerning the Black Hills National Forest Revision Plan.

GRAZING

The 251 permittees in the Black Hills National Forest appreciate being able to run livestock on the Forest and need their permits to help make their ranching operations economically viable.

The consequences of reduced livestock grazing in the Black Hills include: increased risk of fire due to unutilized forage buildup; reduced vigor of the plant community due to lack of grazing pressure; and economic loss to the rancher as well as the adjacent communities.

Grazing management and timber management in the Black Hills are interdependent. Without timber harvest, the understory plants are eventually choked out leaving very little forage for livestock or wildlife. Good timber management opens up the canopy, increases forage available for livestock and wildlife, and facilitates better livestock distribution. Good timber management also promotes good water management which is essential for domestic ranch use, livestock and wildlife.

Therefore, the Forest Plan must work to maintain and, wherever possible, increase the available forage for livestock. Allotment goals and management decisions should be based on range condition and trend, rather than utilization studies which do not recognize yearly fluctuation in production due to varying precipitation and temperature. Riparian management must be considered as one part of a complete allotment management plan, not as a single issue. Livestock should not be excluded

from riparian areas unless absolutely no other alternative is available. Grazing management and riparian management are compatible when ranchers and forest personnel work together.

GRAZING FEES

There is much controversy over what the federal grazing fee should be. Reasonable and predictable fees are essential for ranchers to maintain long-term financing for their operations. Cattle prices have been good for the last 5 years, but most forecasts indicate an increase in cattle supply in the next few years and a downturn in prices. This will affect the rancher's ability to pay fees. The bottom line is—every dollar the fee goes up is a dollar the rancher does not have to spend in the local economy.

WILDERNESS

Wilderness designation allows for very little management. In the Black Hills, without timber management, Ponderosa Pine becomes the dominant species, choking out the understory, leaving very little forage for livestock or wildlife. Wilderness designation also restricts the ability to use modern tools to maintain fences, water developments, and to use motorized vehicles to reach improvements, check livestock, put out salt and minerals, etc. In addition, no new improvements could be implemented to improve proper livestock use of an allotment. This combination of decreased forage, increased cost of operation and other management limitations would make it very difficult and, in many cases, impossible for ranchers to continue to run cattle in these areas. We do not feel that any sites in the Black Hills really qualify as wilderness, as most areas already have some roads, fences or water development.

SUMMARY

Base ranch units in the Black Hills are closely tied with their forest permits. Base ranch units provide winter range for wildlife and many people hunt on private property. Without forest grazing permits, many foothills ranches would no longer be viable economic units. Loss of grazing permits would accelerate the sale of base ranch units and many would be subdivided. These units would be lost from agricultural production and wildlife habitat and hunting would be lost as well. The Black Hills Forest Plan must maintain multiple use. A good multiple use plan should stabilize and, if possible, increase forage available for livestock as well as wildlife. Permits need to continue to be issued for 10 year periods. These actions are necessary to provide a stable environment in which the rancher may operate so he can obtain financing and maintain economic viability. Ranchers will then be able to remain solid tax-paying citizens, contributing to the economic health and well-being of the communities around them.

Senator PRESSLER. Thank you very much.

I would like to ask Dave Meredith or any of the other witnesses for their comments on the need for assistance in obtaining bonding. Especially what are the rules on bonding? Also as a spokesman for timber-related small businesses, what should the allowable sale quantity, the ASQ, be?

Mr. MEREDITH. The ASQ needs to be the highest number the forest will stand. In other words, whatever the Forest Service feels in their plan. The ASQ needs to be as high as the forest will allow without endangering anything. Personally, I feel that it should be somewhere around that 120 million board feet. We have survived off of that for many, many, many years, and I think we can continue that if managed properly.

Your other question was?

Senator PRESSLER. On the bonding issue.

Mr. MEREDITH. Current financial requirements by the Forest Service concerning bonding—and this has to do with the turmoil the forest industry is in right now. Bonding companies are reluctant to issue bonds to sawmills, private loggers, what have you, because of the turmoil in the forest industry. They're currently re-

quiring \$5 million in security, and anything below that, they're not willing to deal with. So small sawmills, rather than buying a bond to cover performance on a timber sale, are having to put up cash letters of credit from banks. And that alone is a deterrent to small business because that limits your borrowing power.

Cash deposits on timber sales are getting way out of hand. I think I did a comparison on here between a sale in 1986 and one in 1993. They were of the same size. Cash deposits on the 1993 sale were up something like \$89,000 cash deposit. Small businesses can't afford that. And there needs to be some mechanism or assistance for us to handle those costs.

Senator PRESSLER. This question is for Bill Honerkamp—but any other witness may respond—on the issue of the wilderness areas, I want to understand what the impact would be on tourism. Some might say such designations would help tourism of a certain type. Others would say otherwise. In preparing for this hearing, I read an editorial in the Rapid City Journal. As I understood it, it said that we should find a way that we can satisfy environmental concerns and also use some of these lands for other things. That tends to be where my thinking comes down. However, as I understand it, use is severely limited in declared wilderness areas. How would that affect tourism?

Mr. HONERKAMP. First of all, we have two wilderness areas in western South Dakota, Sage Creek out in the Badlands and Black Elk here in the National Forest. The concept of wilderness has always seemed to me to be a very extreme form of management or nonmanagement. And in terms of practical matters, a wilderness product appeals to a very, very narrow spectrum of consumers. It's a very, very specialized, superspecialized, opportunity. And while we are pleased to be able to offer that opportunity, via the wilderness areas we have, to be able to create more we do not think would probably create more customers. In other words, we do not feel more wilderness equals more customers. Indeed, it may equal less customers.

Again, there's something very ornery about it. We believe that some of the areas that have been proposed for wilderness are indeed very beautiful backcountry. And perhaps we could support some roadless management or things like that into it. But the Federal wilderness designation is a very ironclad and very limiting regulation to propose upon realists.

Senator PRESSLER. Larry Nelson, you talked a little bit about how the Ponderosa Pine is different than some other trees in terms of its effect on grazing. Can you expand a bit more on that?

Mr. NELSON. Well, my National Forest people tell me that up here in the Black Hills, without timber management, Ponderosa Pine becomes the dominant species and grows in real close, thick, dog hair stands, chokes out the understory and thereby choking out the available forage for livestock and wildlife just because it doesn't leave any available space for them to grow and shuts out sunlight, this type of thing.

Senator PRESSLER. Now, in your judgment, what is the current condition of the public lands that are included in the grazing permits in western South Dakota?

Mr. NELSON. I operate on BLM lands. BLM lands that I know of are, I think, in real good condition. I think the grasslands in South Dakota are in excellent condition, and I think that—I haven't personally looked at any forest permits, I guess, here in the Black Hills, but I think that they would be in good condition also.

Senator PRESSLER. Larry Mann, would you expand on how the mining industry has addressed reclamation and what we can expect in the future? I know you covered that in your statement, but do you want to expand on that issue?

Mr. MANN. Yes, Senator. Let me just speak to that for a few minutes. In the South Dakota Codified Law, there's a section in the code that's called the Mine Land Reclamation Act, and it consists of a 103 separate statutes. Each and every one of the statutes that have been placed on the books of the laws of South Dakota, with the exception of one, has had the support and active support of the mining industry. So we've been strong activists supporting good regulation. The only statute that we didn't support was one that was passed in 1992 by public initiative, and we only opposed that one because we felt that it was—that it contradicted a governor's commission finding, and so that's the main reason that we didn't support it.

The reclamation process in South Dakota is a very stringent one. It is open to public input, public hearings. The decision on a permit is made by a citizen's board, which is the Board of Minerals and Environment. And as an example, Senator, the last permit which Homestake submitted for the open cut expansion weighed 60 pounds. And people—I'm not talking 60 pages. I mean it was a 60-pound permit. And that wasn't the full permit because there were questions on that, and additional data was required to complete the permitting process.

We have to have a reclamation plan in place and approved by the State before the permit is heard. And we also have to post cash bonds to insure that the work will be done, should we not be here to do it. And that reclamation bond is determined by the State and by State agencies and is not fixed. It's a moving number to reflect current circumstances. A number of initiatives on the part of South Dakota government have been awarded by EPA, for instance, for outstanding environmental achievement, and we support that process fully.

Senator PRESSLER. Good. I think this panel has done an excellent job of summarizing their statements and I know they may have additional materials for the record.

I'm going to call on panel three. These witnesses will cover the impact on the environment. Brian Brademeyer of the Black Hills Group Sierra Club; Joseph Satrom, director of Dakotas Field Office of The Nature Conservancy, Sioux Falls, SD; Dick Fort, member, Action for the Environment, Rapid City, SD; Tom Troxel, executive secretary of Black Hills Regional Multiple Use Coalition, Rapid City, SD; Angie Many, secretary, Black Hills Women in Timber, Hill City, SD; and John Perceovich, owner and operator of the Pactola Pines Marina, Rapid City, SD.

Brian, you're closest, so why don't you begin.

STATEMENT OF BRIAN BRADEMEYER, BLACK HILLS GROUP SIERRA CLUB

Mr. BRADEMEYER. Thank you, Senator.

The Black Hills Group of the Sierra Club wishes to thank Senator Pressler and the Senate Small Business Committee for coming to the Black Hills to hear firsthand how public land decisions are affecting small businesses. We appreciate this opportunity to submit our testimony to the United States Senate and will focus on the two dominant public land management issues in western South Dakota, the Black Hills Forest Plan Revision and the South Dakota Wilderness Act. These two issues are, of course, deeply intertwined due to the legal requirement to review all roadless lands for wilderness designation during forest plan revision.

Regarding the Black Hills Forest Plan Revision, under the current plan, the Black Hills are managed neither for multiple use nor for sustained yield but rather for short-term timber goals. The Black Hills Forest is far and away the most developed, suburbanized, and intensively managed forest in the Forest Service region, which includes Colorado, Wyoming, South Dakota, Nebraska, and Kansas. With 84 percent of its total acreage devoted to an intensive logging program, the Black Hills produce over 42 percent of the region's timber. This intensive timber program is threatening to undermine the ecological health of the Black Hills on which all small business jobs ultimately depend.

We have extensive concerns regarding what is being proposed for the forest plan revision and also for what is being omitted from the revision. A major portion of our concerns relate to the maintenance of viable populations of wildlife species, which in turn reflect the overall environmental health of the Black Hills. We have particular concerns for repairing forest interior and all growth habitat and their associated species. These concerns are documented in detail in our written testimony. Also, a great concern is declining amounts of security habitat for big game animals such as deer and elk. This is aggravated by the extremely high open road density in the Black Hills and is having significant negative impacts on big game hunting and associated small businesses.

The timber emphasis is producing rotation ages too short to provide for much of the beneficial uses associated with our national forests, such as aesthetics, recreation, wildlife, water quality, and reduced fire risk. The aggregate effect of all these negative timber impacts is outweighing the positive contributions to lumber-related businesses. Timber products are becoming too large and expensive for small contractors or local mills to bid on. Half the timber-related jobs have been lost in the last decade due to mechanization and increased labor productivity. Most independent contractors have already been pushed off the public land. These job losses will continue due to technology changes within the timber industry. Unless major changes are made in the priorities of the Black Hills National Forest, timber concentration in the hands of out-of-State corporations will continue.

We have repeatedly asked that the important job of the recreation with its merely related small businesses be included in the forest plan revision. Recreation is already the dominant economic

force on the public lands of western South Dakota, much larger than timber and grazing combined. Recreation, fish, and wildlife produce 57 percent of income generated on national forest lands and 62 percent of jobs. This has occurred despite underfunding of recreation and wildlife programs and low priority for noncommodity uses on the Black Hills National Forest and Buffalo Gap Grasslands. The recreation sector is growing rapidly while commodity industries are declining and will continue to decline.

Regarding the South Dakota Wilderness Act, over 95 percent of the wilderness lands in the United States lay west of the hundredth meridian, which roughly bisects the Dakotas. Over 60 percent lie in Alaska. Almost all of the remainder lies in the 11 western States. In surrounding States such as Colorado, Wyoming, Montana, 4 to 5 percent of total land is in wilderness. The so-called wilderness counties in these States have experienced the highest growth of all nonurban counties, while commodity-based rural counties stagnate and decline. In South Dakota, we have less than one acre per square mile, one-sixth of 1 percent. And most of that lies in the Sage Creek Wilderness Area in the Badlands. Out of the 1.2 million acres of the Black Hills, less than 8,000 are in the single Black Elk Wilderness Area surrounding Harney Peak, representing less than two-thirds of 1 percent of forest lands. In the Buffalo Gap National Grasslands, no acres are in wilderness.

Situated on the eastern boundary of the west, the areas in southwestern South Dakota proposed for wilderness designation are ideally located to take advantage of the flow of vacationers and recreationists heading west to the attractions of the northern Rockies such as Yellowstone and Glacier. These wilderness designations can be expected to increase tourism interest in South Dakota with its result in positive impacts for recreation-oriented small businesses. Other newer businesses, such as film-making, can also be expected to benefit from the protection of the beauty of these wild lands. After all, no tourism bureau ever rushed to print maps of the newest timber sale areas.

Additional wilderness will benefit tourism, which is South Dakota's growth industry of the future. The South Dakota Wilderness Act would designate an additional 57,100 acres of Black Hills National Forest lands as wilderness, bringing the total up to around 5 percent. In the Buffalo Gap National Grasslands, another 74,000 acres are proposed for wilderness, including small portions of Badlands National Park. Five thousand seven hundred and sixty acre area around Crow Creek is also proposed as a wilderness designated area.

Again, we thank you, Senator Pressler, for holding this hearing. [The prepared statement of Mr. Brademeyer follows:]

PREPARED STATEMENT OF BRIAN BRADEMAYER

SUMMARY

The Black Hills Group, Sierra Club, wishes to thank Senator Pressler and the entire Small Business Committee for coming to the Black Hills to hear firsthand how public land decisions are affecting small businesses. We appreciate this opportunity to submit our testimony to the United States Senate, and will focus on the two dominant public land management issues in western South Dakota: the Black Hills Forest Plan Revision and the South Dakota Wilderness Act. These two issues

are, of course, deeply intertwined, due to the legal requirement to review all roadless lands for wilderness designation during forest plan revision.

BLACK HILLS FOREST PLAN REVISION

The Black Hills are managed neither for multiple-use nor sustained yield, but rather for short-term timber goals. The Black Hills National Forest is far and away the most developed, suburbanized, and intensively managed forest in the Forest Service's Region 2, which includes Colorado, Wyoming, South Dakota, Nebraska, and Kansas. With 84 percent of its total acreage devoted to an intensive logging program, the Black Hills produce over 42 percent of the region's timber.

This intensive timber program is threatening to undermine the ecological health of the Black Hills, on which all small business jobs ultimately depend. We have extensive concerns regarding what is being proposed for the Forest Plan Revision, and also for what is being omitted from revision. A major portion of our concerns relate to the maintenance of viable populations of wildlife species, which in turn reflect the overall environmental health of the Black Hills. We have particular concerns for riparian, forest interior, and old growth habitat, and their associated species.

Also of great concern is the declining amounts of security habitat for big game animals such as deer and elk. This is aggravated by the extremely high open road density in the Black Hills, and is having significant negative impacts on big game hunting, and the associated small businesses.

The timber emphasis is producing rotation ages too short to provide for much of the beneficial uses associated with our National Forests, such as aesthetics, recreation, wildlife, water quality, and reduced fire risk. The aggregate effects of all these negative timber impacts is outweighing the positive contributions to lumber-related businesses. Timber projects are becoming too large, and expensive, for small contractors or local mills to bid on. Most independent contractors have already been pushed off the public land. Unless major changes are made in the priorities on the Black Hills National Forest, timber concentration in the hands of out-of-State corporations will continue.

We have repeatedly asked that the important topic of recreation, with its myriad related small business, be included as a Revision Topic. Recreation is already the dominant economic force in the public lands of western South Dakota, much larger than timber and grazing combined (see "National Forest Contributions to Local Economy" attachment). This has occurred despite underfunding of recreation programs, and low priority for non-commodity uses on the Black Hills National Forest and Buffalo Gap National Grasslands.

SOUTH DAKOTA WILDERNESS ACT

Over 95 percent of the wilderness lands in the United States lie west of the 100th meridian, which roughly bisects the Dakotas. Over 60 percent lie in Alaska. Almost all the remainder lies in the 11 western States.

In surrounding States, such as Colorado, Wyoming, and Montana, 4 to 5 percent of total land is in wilderness (see "Where's the Wilderness" attachment). In South Dakota, we have less than one-acre per square mile, or 0.16 percent, and most of that lies in the Sage Creek Wilderness Area in the Badlands. Out of the 1.2 million acres of the Black Hills, less than 8,000 are in the single Black Elk Wilderness Area surrounding Harney Peak, representing less than $\frac{3}{4}$ of 1 percent of Forest lands. In the Buffalo Gap National Grasslands, no acres are in wilderness.

Situated on the eastern boundary of "The West", the areas in southwestern South Dakota proposed for wilderness designation are ideally located to take advantage of the flow of vacationers and recreationists heading west to the attractions of the northern Rockies (Yellowstone, Glacier). These designations can be expected to increase tourism interest in South Dakota, with its resultant positive impacts for recreation-oriented small businesses. Other newer businesses, such as film-making, can also be expected to benefit from the protection of the beauty of these wild lands. After all, no Tourism Bureau ever rushed to print maps of the newest timber sale areas. Wilderness will definitely benefit tourism, which is South Dakota's "industry" of the future.

The South Dakota Wilderness Act would designate an additional 57,100 acres of Black Hills National Forest as wilderness, bringing the total up to around 5 percent of forest lands. These areas are, in descending order of size: Pilger Mountain, 12,600 acres; Black Fox, 12,400 acres; Sand Creek, 9,700 acres; Black Elk Additions, 8,200 acres; Stagebarn Canyons, 7,300 acres; and Breakneck, 6,900 acres. Maps and descriptions of these areas are presented in the colored attachment.

In the Buffalo Gap National Grasslands, another 74,100 acres are proposed for wilderness, including small portions of Badlands National Park. These areas are: Indian Creek Badlands, 37,900 acres; Rake Creek Badlands, 16,700 acres; Red Shirt, 9,900 acres; and Cheyenne River, 9,600 acres. The proposed Act also requests that a 5,760 acre area around Crow Peak in the northern Black Hills be designated as a Wilderness Study Area.

I. BLACK HILLS FOREST PLAN REVISION

The Black Hills Group has been active in forest issues in the Black Hills since its inception in the early 1970's. The group was instrumental in the establishment of the Black Elk Wilderness Area surrounding Harney Peak, which is the only wilderness area in the Black Hills. The group sponsors monthly backcountry hiking and/or cross country skiing outings in the Black Hills, and publishes the definitive map of the hiking trail system in the Black Elk Wilderness and the surrounding Norbeck Wildlife Preserve.

The 1983 Forest Plan for the Black Hills was one of the first forest plans formulated under the National Forest Management Act. As such, it had no "models" to emulate, and little guidance in comprehensive multiple-use planning was then available. As a result, many public lands issues, such as wildlife, water quality, and recreation (and particularly non-motorized recreation) have received little management emphasis, and totally inadequate levels of funding, since 1983.

The Black Hills Group has extensive concerns regarding Forest Service management policies on the Black Hills, and is particularly concerned with the limited range of alternatives being offered to the public; the major issues not being addressed at all; and the failure of the Forest Service to adequately review viable wildlife population issues, wilderness designations, and recreational needs on the Black Hills National Forest.

A. Forest Plan Alternatives

The Black Hills Group is extremely disturbed at the choice of "alternatives" being offered for public comment. As the Forest Service is well aware, most of the public will assume that the ultimate decision is limited to the scope presented in these alternatives. We strongly disagree, since there is nothing remotely resembling our vision of future forest management presented in any of the alternatives.

The major deficiency of all of the offered alternatives is that they do not meet, or even describe, the minimum habitat conditions needed for viable wildlife populations. This has been the major issue in our appeals of the past 18 months, and to date the Forest has declined to answer our concerns. Without establishing minimum constraints on the set of all alternatives, development of alternatives such as those presented to the public is little more than drawing lines on a map.

We contend that none of the offered alternatives is even legal, since viable population requirements have not been addressed. The Forest seems to be under the impression that the regional office has upheld their actions over the past 18 months; again, we strongly disagree. The regional office has upheld that "... these are not project-level decisions, but are much more appropriately topics for Forest Plan Revision." We estimate that our recent appeals contain 150-200 such implicit remands on just the viable populations issue.

We have requested that the Forest review our concerns over wildlife raised in the Kirk/Runkle, Limestone, Graveyard, Benchmark, Minnesota/Moonshine, Victoria, Mallo, Walker, and Wabash/Buckhorn Appeals. These concerns were directly related to Forest Plan management practices and prescriptions, and should be considered as comments on the Forest Plan Revision. For comments on standards and guidelines, we also request that the Forest review our appeal of the Rocky Mountain Regional Guide.

It is becoming increasingly apparent that the Forest is unwilling or unable to produce management alternatives that provide for balanced multiple use on the Black Hills Forest. If the Forest cannot produce acceptable NEPA documentation on viable populations, we suggest that, as a minimum, you designate 50 percent of the suitable timber base as "non-scheduled" for the time period covered by the new Forest Plan.

A well established principle of NEPA is that the Forest Service must analyze alternatives to any proposed action. 42 USC 4332(2)(c)(iii). The standard by which the adequacy of alternatives is judged is one of reasonableness; an EIS must consider all reasonable alternatives before arriving at a preferred course of action. *Robertson v. Knebel*, 550 F.2d 422, 425 (8th Cir. 1977). While remote or speculative alternatives need not be addressed, the range of alternatives must be adequate in order to promote a "reasoned choice". *Id.* An EIS is rendered inadequate by the existence of a

viable, but unexamined alternative. *Cities for a Better Henderson v. Hodel*, 768 F.2d 1051, 1057 (9th Cir. 1985); see also 40 CFR 1502.14(a) (Agency must rigorously and objectively evaluate all reasonable alternatives).

The importance of evaluating a sufficient range of alternatives to a reasoned choice was explained by the District Court for Montana:

This court recognizes the broad scope of an agency's duty to study all reasonable alternatives. Appearing twice in the text of NEPA, the duty is more pervasive than the duty to prepare an EIS.

Bob Marshall Alliance v. Watt, 685 F.Supp. 1514, 1521 (D. Mont. 1986) (emphasis added).

The ultimate decision as to the development of alternatives remains with the agency. However, NEPA requires that alternatives benefiting all of the resources that the Forest is required to manage be at least considered during the development of the EIS. This is especially true here, where we have been requesting an analysis of additional wilderness for nearly 2 years now.

Our repeated request for an analysis of 25 percent old growth plus an additional 25 percent mature, closed-canopy forest is also a reasonable and viable alternative. We request that such an analysis also be included among the alternatives presented in the Draft EIS. Such an alternative would clearly include the proposed wilderness additions within these less intensively managed areas; however, we ask that the analysis be sufficiently disaggregate and detailed to allow assessment of the wilderness areas on their own merits.

Below, we summarize some of our main concerns and suggestions from our past revision comments and appeals.

1. Riparian Areas and Wetlands

Riparian habitat is critical to many species, and given the land ownership pattern in the Black Hills, these areas on the Forest are of critical concern. These areas are not only highly productive in themselves, but they "boost" the overall productivity of the adjacent landscape up to a point where species can maintain healthy populations.

We believe that a major revision in management direction is needed to address the retention of riparian-upland ecosystems as one landscape unit, instead of the typical pattern of leaving riparian buffer strips and taking everything else. Riparian standards should establish a minimum percentage of the linear distance along streams that must retain large tracts of upland forest; an absolute minimum should be at least 50 percent. Within the riparian area itself, 70 percent of the forest should be old growth.

Riparian habitats need to be blended in with old growth and forest interior habitat standards to provide contiguous habitat units. At least 50 percent of riparian forests should be contiguous with old growth and forest interior habitat.

2. Deer and Elk Cover

The standards for maintaining cover along roads and openings for deer and elk are completely inadequate to provide quality big game habitat, and must be radically altered in the new Forest Plan. The security area concept recently developed appears to provide a better means of measuring big game security. At present, the minimum threshold level of this security habitat has been suggested as 30 percent of the landscape.

We believe it is critical that a forest-wide standard establish the minimum level of 30 percent security habitat that has recently been recommended by Montana Forest Service and Montana Department of Fish, Wildlife and Parks biologists. This requires that 30 percent of the landscape exist as at least 250 acre blocks of generally contiguous forest habitat that is at least ½ mile from open roads. This measure provides a much more meaningful criteria for big game security than does Habitat Effectiveness or cover levels. This standard would fit in nicely with the retention of forest interior and old growth habitat, and limitation of total road densities to one mile per section.

3. Forest Interior Habitat

The Forest needs to implement a conservation strategy to maintain forest interior habitat; this will be structural stage 4C and 5 stands. It is becoming increasingly evident that large tracts of forest interior habitat, which are threatened on public lands, are not only needed to maintain forest interior wildlife, but to prevent excessive predation and brood parasitism on species that can tolerate more open forest habitats. We suggest that a forest-wide standard should be the retention of a mini-

imum threshold level of forest interior habitat across the landscape to retain viable populations of native plants and animals.

A minimum sized tract should be 500 acres, since this is the size recommended for the Northern Goshawk nesting stand. It is also the size of habitat block recommended for the Three-toed Woodpecker. Tentatively, without any rigorous analysis, we suggest that 25 percent of the forest stands should be the minimum standard for forest interior habitat. If a similar amount of old growth habitat is retained, this would provide a total habitat capability of 50 percent for forest interior species and species that depend upon older forest habitat (a large percentage of the forest wildlife). This would provide a 10 percent margin over the 40 percent level the Forest Service suggests is the minimum habitat capability required for population viability.

4. Old Growth Habitat

The Forest needs to implement a reasonable old growth habitat conservation strategy. Currently, we are aware of only one research paper that has effectively researched the habitat needs of an old growth species. For the Northern Spotted Owl, they found the minimum percentage of landscape old growth should be 21 percent. Since this is an absolute minimum, we suggest a 25 percent figure.

As noted above, when combined with mature forest interior habitat, the total habitat capability of old growth species may exceed the 40 percent minimum capability needed for viability. When old growth and forest interior patches are combined, these habitat patches would also provide the necessary habitat patch size (over 900 acres) required by the Black-backed Woodpecker.

5. Minimum Rotation Ages

The Forest needs to establish minimal rotation ages that reflect age classes more compatible with multiple use of the forest. Current silvicultural prescriptions focusing on fiber production also require extensive road systems, extensive disturbances to wildlife, and extensive habitat fragmentation.

We suggest that rotation ages should be established to enable retention of minimum threshold levels of old growth (25 percent) and dense, mature interior forest habitat (25 percent). Currently, rotation ages have been developed that have no rationale for management of wildlife, recreation, water quality and quantity, or reduction in fire risk.

6. Snag Habitat

We believe that an effective snag retention policy, for wildlife that can utilize snags in open habitats, needs to be established. We recommend that 10 percent of all harvest units be retained as unmanaged clumps of forest, with a minimum size of at least 1 acre. This is the only means by which snags will be preserved over time. These clumps should be placed where blowdown is not likely.

7. Road Density Levels

An additional forest-wide standard that needs to be implemented is a minimum threshold level of forest fragmentation allowed by roads. It is irrelevant as to whether these roads are open or closed. As long as the road lacks dense cover, to discourage trail use by predators, and as long as the canopy height of cover in old roads is below the adjacent forest canopy, these roads are creating negative edge effects.

The total amount of roads within forest habitat needs to be limited to an acceptable level. We suggest 1 mile per section as a maximum. In sensitive wildlife areas, such as old growth, and mature forest interior habitat, these levels will be even lower. Overall, tradeoffs could be made so that the total landscape road density is retained at 1 mile per section.

8. Wildlife Disturbance Levels

The Forest needs to establish minimal levels of disturbance that will be allowed for wildlife. Elk management guidelines typically include provisions for limitation of the amount of disturbances allowed per any given time. They also suggest provision of security areas, or areas for displacement.

As one example, provision of security habitat for the grizzly bear has been recommended by the Interagency Grizzly Bear Study Team as 58 percent of the total landscape to enable effective habitat use.

9. Recreation

Although the Forest Plan is currently being revised, the Forest Service has refused to consider recreation as a revision topic; instead, the management practices from the 1983 plan are to be retained for the next 10-15 years. The Black Hills Group has repeatedly requested that recreation in general, and trail use in particular, be thoroughly addressed through a comprehensive recreation plan.

Among the topics the Black Hills Group would like to see addressed are: increases in primitive and semi-primitive non-motorized recreation; increased protection and enforcement of the Centennial Trail and other trails from mechanized use; expanded maintenance budgets and establishment of recreation staff positions within the Black Hills Forest Service; and a forest-wide inventory of existing and potential trails.

No Forest Service planning document contains an inventory of hiking or cross country skiing trails for the Black Hills; no published analysis of forest-wide trail use currently exists. Yet the Black Hills are receiving increasing recreation pressure as the area is promoted as a regional tourist destination. This conjunction has produced a critical "window" for comprehensive recreation planning in the Black Hills. Left unmanaged, these increasing pressures will soon degrade the quality of the recreation experiences available throughout the Hills.

The Forest Service must incorporate substantive recreation and trail systems planning in the ongoing Revision of the Black Hills Forest Plan. We again ask the Forest Service to consider the requirements of the Multiple Use—Sustained Yield Act regarding recreation in the Black Hills National Forest. We feel that, given the dominant timber usage on this Forest, that recreation, and the impacts of timbering and grazing on recreation, must be included as a Forest Plan Revision Topic.

B. Roadless Area Review

The Black Hills Group of the Sierra Club is extremely concerned with the cavalier and pro forma "review" of roadless areas presented in the Analysis of the Management Situation, Ch. VIII, and as summarized in Alternative C of the Forest Plan Revision. We find this review cursory, inadequate, and indefensible. This modest request for an additional 4 to 5 percent wilderness in the Black Hills is both reasonable and viable; under scientifically defensible analyses, it may also be essential for maintenance of biological diversity in the Black Hills.

As was pointed out to you in a November 15, 1991, letter from our Northern Plains Office, limiting your review to only previous RARE II identified roadless areas was found to violate NEPA in *California v. Block*. Adding areas suggested by the public does not remove from the Forest its obligation to review all areas for possible wilderness designation.

By basing your review primarily on the flawed RARE II process which was prepared 16 years ago, you will present interested individuals and groups with the opportunity to challenge the revised Plan not only on its merits, but also on the deficiencies of the 1977 RARE II study. Given the dearth of wilderness on the Black Hills Forest compared to the average of all Forest System lands, cursory review of new wilderness designations will also allow the plan to be challenged on wilderness, recreation, wildlife and watershed grounds.

A number of potential roadless areas were presented to you by the Sierra Club, including Pilger Mountain, Black Fox, Warren Peak, Hell Canyon, and Elk Mountain. The recently completed Homestake land exchange also presents opportunities in Stagebarn Canyon and Crow Peak. If a comprehensive inventory is conducted, we believe that the Forest Service would recognize these areas as well as others suitable for wilderness designation.

We are dismayed by the shoddy logic and cursory review used to "disqualify" Black Fox, Pilger Mountain, and Norbeck from more thorough review. No field reconnaissance trips were conducted by the ID team in reaching their recommendations on these areas. We find this totally unacceptable, and ask that these areas be given proper and thorough consideration in the Forest Plan revision.

Black Fox was "disqualified" due to supposed heavy roading and planned timber sales (AMS, p. VIII-5). These roads were never identified or documented as to their technical standards; so far as we are aware, there are no engineered roads in Black Fox. The other "reason" given for disqualification was four planned timber sales. We have recognized the 1990 sale on the western limestone plateau, and have adjusted our proposal accordingly. Future sales planned for 1993 and 1997 have no bearing whatsoever on the technical review required under NFMA. Compatibility with future timber-program goals is not a consideration in the roadless review envi-

sioned under Federal law. We calculate that the Black Fox area still retains 9,000 acres even with removal of the area under the 1990 timber sale.

The Pilger Mountain area was "disqualified" due to range improvements and low standard roads. The range improvements, including pipelines, are compatible with wilderness, with only clarification of "reasonable access" being required to assure permittees of their rights and obligations. The "low standard" roads in Pilger were indeed that, at least until the unnecessary "routine maintenance" was done this past summer. This vandalism on the part of the Elk Mountain District is outrageous, and scarcely indicative of a "thorough review" of roadless areas. These non-engineered roads can be returned to natural contours, with hand tools if necessary, but do not at present constitute an obstacle to wilderness designation.

The AMS indicates that the Norbeck Wildlife Preserve was not even included in the review because an Environmental Impact Statement was prepared in 1989 wherein "an alternative leaving the preserve in an unmanaged State was determined to be inconsistent with the 1920 law that established this area to protect game animals and birds and to provide them a breeding place" (AMS p. VIII-4). The AMS also blithely admits "... Harney Peak was designated by Congress in 1980 as the Black Elk Wilderness" (AMS p. VIII-1).

Your failure to address the suggested Black Elk Additions in the Norbeck Wildlife Preserve is in direct violation of 36 CFR 219.17(a)(1)(ii), which states that "... (1) During analysis of the management situation, the following areas shall be subject to evaluation ... (ii) Areas contiguous to existing wilderness, primitive areas, or administratively proposed wildernesses, regardless of which agency has jurisdiction for the wilderness or proposed wilderness; ... " (emphasis added).

The Analysis of the Management Situation dismisses the proposed Norbeck additions to the existing Black Elk Wilderness with unsound and illogical arguments. Nothing in the Wilderness Act or the 1920 Norbeck Act indicates that Norbeck is outside of the review required in 36 CFR 219.17(a).

Aside from the fact the 1989 Norbeck EIS was remanded by the Chief, and the subsequent decision is now under appeal, the "argument" presented above is entirely without merit. The Norbeck EIS is an amendment to the existing 1983 Forest Plan; the roadless review is a part of the 1993 Forest Plan Revision. Since the new plan by definition supersedes the existing plan, the EIS argument is irrelevant. Also, the fact that an alternative was considered in no way solidifies any conclusions allegedly flowing from that alternative.

The argument that the 1920 law precludes additional wilderness designation in Norbeck is also logically flawed, since it totally sidesteps the fact that the discussion is about additions, and that part of Norbeck has already been designated as wilderness, in no apparent conflict with the 1920 law. We have specifically requested the Forest to provide one single instance in which a wildlife preserve, refuge or sanctuary has been determined to be incompatible with wilderness. In the case of Norbeck, the Congress has already established the compatibility of wilderness designation with Norbeck's designation for wildlife preservation, when it established the Black Elk Wilderness.

The position of the Forest Service that wildlife preserves are incompatible with wilderness can only produce increasing confrontation with environmental and conservation groups, at both the administrative and legal levels. We find it totally incomprehensible that the Forest can conclude that wilderness designation would be harmful to wildlife, while large-scale commercial logging would magically be "beneficial". These claims have been thoroughly refuted in our Norbeck Appeals.

The NFMA also requires a review of Wild and Scenic Rivers in Forest Plan revisions. To date, we have seen no indications of any such review, even though such a review was one of the conditions of the French Creek agreement. We fully expect you to involve the public in a thorough review of Wild and Scenic Rivers in the Black Hills.

The Forest has a responsibility to the public to perform the environmental analyses required by law, including the roadless review. If the agency persists in its adamant refusal to accept this responsibility, it should let another, more responsible agency manage our public lands.

C. Impact on Timber Jobs

Is increased public involvement in the management of our public lands responsible for the current timber woes? The simple answer is no, of course not. At least not in the sense of being a principal cause of the current difficulties within the Black Hills timber industry. There are four main reasons for the current difficulties within the local timber industry, as exemplified recently by Custer Lumber, Little River and Continental Lumber.

1. *The Black Hills National Forest is being harvested at levels that are not biologically sustainable, and has been for some years.* This has attracted large corporate timber operators, who have pressed for retaining these excessive harvesting levels to pay off their investments rapidly. This has led to an expansion of local employment sufficient to mask the overall downward employment trend within the national timber industry. As harvesting returns to sustainable levels, the impact on the local timber workers will be accentuated, since they will feel the full brunt of both industry mechanization and lower overall harvest levels.

2. *There is too much milling capacity in the Black Hills for local forest resources to support.* The large, corporate mills moved into the Black Hills in 1982-83, when the timber harvest level was raised in the 1983 Forest Plan. Currently, there is mill capacity for 300 million board feet per year, more than triple the amount biologically producible from National Forest lands, and more than double the amount producible from all local sources. Of course, a shakeout within the industry is the inevitable result, and this is now reaching to the levels of the smaller corporate mills.

3. *Mechanization of logging and milling operations is reducing the need for labor.* This is an industry-wide phenomenon, and is eliminating jobs within the timber industry at the rate of 50 percent per decade (based on the labor required per million board feet). Since the harvests from the forest cannot be doubled each decade indefinitely, long term loss of jobs within the timber industry is also inevitable.

4. *The tendency within the industry is toward bigness.* This involves more than mechanization of the logging and milling operation. It also involves the scale of timber sales most efficient for such logging methods. These are in the 5-10 million board foot range, sales on which small operators and local mills cannot possibly bid. The local mills have virtually dropped out of the timber bidding process over the past year.

Increased public involvement may play a dovetailing role in this increase in the size of the timber sales being offered, since the Forest Service can reduce its paperwork burden through larger sales. However, this is a minor effect compared to technological and organizational changes within the industry itself.

Local jobs can be retained in the short term only by limiting or prohibiting mechanized logging and upgrading of milling technology. These jobs would be saved at the expense of overall industry efficiency, so that such short term gains might merely offset longterm losses. Since much of the local timber comes from public lands, however, this tradeoff (jobs vs. industry efficiency) should be given serious public debate.

The current layoffs at Continental are not due to any shortage of timber coming off of Forest Service lands. Fiscal 1992 saw 119 million board feet offered for sale, or about the level projected in the 1983 Forest Plan. Continental's problems arise from its inability to present winning bids for these offerings. This is due to the determination of Pope & Talbot and Crook & Co. to survive the current shakeout, and to their greater success at submitting winning bids.

Continental may be at a competitive disadvantage due to its more labor-intensive operations. Again, on public lands forestry, the question arises as to whether all-mechanical logging is in the best interests of the local timber industry.

Of course the local loggers and small towns are not responsible for the current State of affairs, any more than environmentalists are. These workers and communities may have been deceived by industry promises, they may have been unwilling to see the handwriting on the wall (e.g., the inevitable job losses due to machine harvesting), they may have simply hoped against hope that the jobs would last. They deserve our sympathy and support, but that doesn't change the fact that major readjustments are inevitable.

They may not find it very palatable to admit, but the changes that environmentalists have been requesting on the Black Hills would have produced a longer stream of timber industry jobs, since forest practices would have been more labor-intensive and at sustainable levels.

D. Improper Use of Even-Age Management

NFMA clearly requires even-aged management to be used only in exceptional cases, rather than as the norm. On the Black Hills National Forest, even-aged management is being routinely applied in situations and under conditions for which it is clearly not the optimal, or even a desirable, alternative.

On May 12, 1993, Judge Robert Parker ordered a halt to continued even-aged logging in the national forests of east Texas. Judge Parker relied on the express requirement in the NFMA that the Forest Service must insure that even-aged cutting be "carried out in a manner consistent with the protection of soil, watershed, fish,

wildlife, recreation, and aesthetic resources, and the regeneration of the timber resource." 16 USC 1604(g)(3)(F)(v). Judge Parker concluded that:

The NFMA states that the Service can use even-aged logging practices only in the exceptional circumstances—i.e., only when such is insured to be consistent with the protection of the forest's natural resources. And this statutory duty clearly requires protection of the entire biological community—not of one species (e.g., the Red-Cockaded Woodpecker) alone. Indeed, the imposition by this provision of such a broad and stringent duty to protect reflects the truism that the monoculture created by clear-cutting and resultant even-aged management techniques is contrary to NFMA-mandated biodiversity. See 16 USC 1604(g)(3)(B).

The Black Hills Forest continues to implement even-aged management as the rule, rather than the exception. Indeed, these practices are mandated by the silvicultural prescriptions in the Forest Plan. Given the increasingly obvious connection between excessive even-aged logging and degradation of biodiversity, the public can reasonably conclude that the 1983 Forest Plan is in violation of the National Forest Management Act.

II. SOUTH DAKOTA WILDERNESS ACT

In the Wilderness Act of 1964, Congress declared its commitment "to secure for the American people of present and future generations the benefits of an enduring resource of Wilderness." Since then, only one wilderness area, the 10,700 acre Black Elk Wilderness surrounding Harney Peak, has been created in the 1,235,000 acre Black Hills National Forest. The Sierra Club believes that the expressed will of the Congress can only be effected in the Black Hills National Forest by expanding the wilderness system, and that only in this way can the diverse benefits of these glorious public lands be preserved for generations to come.

An expansion of the wilderness system in the Black Hills National Forest is sorely needed. The Black Hills was the first National Forest established in the United States. The Forest Service's first timber sale occurred here, providing timbers to the Homestake Mining Company. Mining, grazing, and logging have been practiced for more than a century. Historical preclusion of homesteading on forested lands led to the extensive privatization of mountain meadows and open areas, especially riparian areas. Decades of vigorous fire suppression and extensive logging have led to denser stands of smaller trees over most of the forest. More recently, pressures from suburbanization and recreational uses have increased.

The Black Hills National Forest is far and away the most developed, suburbanized, and intensively managed forest in the Forest Service's Region II, which includes Colorado, Wyoming, South Dakota, Nebraska and Kansas. Its extensive private inholdings and high accessibility to logging have produced the highest road density in the region. Combined with a near-ideal climate for Ponderosa Pine, an intensive logging program produces 42 percent of the region's annual timber production. Eighty four percent of its total acreage has been declared suitable for logging, with a current annual harvest of nearly 150 million board feet. This is three times the volume of the region's second-ranking timber producer, Colorado's San Juan National Forest, and twelve times the average timber production of the other 16 forests in the region.

In short, the Black Hills National Forest is much more developed and intensively managed than other western National Forests. In 1989, only one National Forest in the entire country—Oregon's Winema—surpassed the Black Hills in number of acres logged. Nearly 300,000 acres within the forest boundary are not under Forest Service control, and are experiencing increasing pressure from ranchers and private developers. The Black Hills' only existing wilderness area, the Black Elk Wilderness near Mt. Rushmore, is among the most popular in Region II, yet it comprises less than 1 percent of Forest lands. Demand for a wilderness experience on the Black Hills National Forest is fast approaching the maximum physical and social carrying capacity of the Black Elk Wilderness.

While comparison across forests is made difficult by variations in topography, soils, climate, and dominant usage, the accompanying table nevertheless gives a clear indication of the extensive multiple-use pressures on the Black Hills National Forest (the Bighorn National Forest, which is more typical of Forests in Region II, is located 200 miles to the west in Wyoming).

| | Black Hills | Bighorn |
|---|-------------|------------|
| Size, total acres..... | 1,235,000 | 1,100,000 |
| Unsuited/excluded logging acres..... | 197,600 | 682,000 |
| Percent of total acres..... | 16 | 62 |
| Wilderness acres..... | 10,700 | 195,500 |
| Percent of total acres..... | 0.9 | 17.8 |
| Percent of unsuited/excluded acres..... | 5.4 | 28.7 |
| Logging | | |
| Suitable acres..... | 1,037,400 | 418,000 |
| Percent of total acres..... | 84 | 38 |
| Allowable annual board feet..... | 148,300,000 | 16,000,000 |
| Annual board feet per acre..... | 143 | 38 |
| Recreation | | |
| Trail miles, forest total..... | 258 | 680 |
| Wilderness visitor days (WVD's)..... | 27,000 | 87,000 |
| WVD's per wilderness acre..... | 2.5 | 0.4 |
| Roads | | |
| Road miles, forest total..... | 7,000 | 1,500 |
| Road miles per square mile..... | 3.6 | 0.9 |
| Road miles per trail mile..... | 27.1 | 2.2 |

Given the existing degrees of suburbanization, high road densities, intensive timber management, and increasing pressures for all types of multiple use on the Black Hills National Forest, its remaining roadless and isolated areas are in a much more precarious position than are similar areas in less pressured Forests. If natural areas are not set aside as wilderness now, the Black Hills National Forest will soon have no areas of meaningful size remaining in a primitive, natural condition.

The Sierra Club proposes the addition of five new wilderness areas in the Black Hills National Forest: Pilger Mountain, Breakneck, Black Fox, Stagebarn Canyons and Sand Creek. We also propose extension of the boundaries of the existing Black Elk Wilderness, roughly doubling its present size. Although many of these areas have been damaged in the past, all have returned to an essentially natural condition; if left to natural processes, their few remaining scars would soon heal. This proposal would provide the protection necessary for these areas to regain their primitive State and retain it into the future.

When contemplating this proposal, it may help to remember the immortal words of the great Sioux spiritual leader, Black Elk:

I looked ahead and saw the mountains there with rock and forest on them, and from the mountains flashed all colors upward to the heaven. Then I was standing on the highest mountain of them all and round about beneath me was the whole hoop of the world, and while I stood there I saw more than I can tell; I understood more than I saw; for I was seeing in a sacred manner the shape of all things in the spirit and the shape of all shapes as they must live together like one being.

In the spirit of Black Elk's vision and the 1964 Wilderness Act, the Black Hills' last remaining primitive areas must be preserved. The Sierra Club urges the adoption of the South Dakota Wilderness Act in its entirety.

A. Wilderness Issues

Wilderness and controversy are no strangers: the law that established the National Wilderness Preservation System in 1964 took 8 years to pass through Congress. Unfortunately, the basic questions that Congress attempted to settle with that legislation are still debated each time a new wilderness proposal is advanced. Far too often, we hear the old myths that wilderness designation would halt livestock grazing; that untold mineral wealth would be locked up; that recreational access would be stifled; and that water rights would somehow be usurped.

Beginning in 1872 with the creation of Yellowstone National Park, our Nation has set aside tracts of undeveloped public land in order to preserve the unspoiled remnants of what was once a pristine continent. Formal standards for the designation and protection of wilderness areas were established in 1964, when Congress passed the Wilderness Act. The creation of each new wilderness area requires an act of Congress providing official protection to the area.

Wilderness is a key component of the multiple-use idea, and is specifically recognized as a legitimate use of national forest land in both the Multiple Use—Sustained Yield Act of 1960 and the National Forest Management Act of 1976. Multiple-use is a concept applied generally to the forests, but does not mean—nor has it ever meant—that every use must be applicable on every acre.

Wilderness areas generally do provide more than one use. Their natural wild characters serve to protect watersheds; provide wildlife habitat; and provide a scientific database for the study of natural ecosystems. Other uses allowed in wilderness areas are:

- Non-commercial hunting, fishing, and trapping;
- Hiking, horseback riding, and backcountry camping;
- Cross-country skiing and snowshoeing;
- Canoeing and float boating;
- Guiding, outfitting, and packstock use;
- Control of wildfires, and insect and disease outbreaks;
- Livestock grazing, where previously established; and
- Mining, on valid pre-existing claims.

In order for natural forces to operate free from human interference, and to preserve opportunities for solitude, certain uses are not allowed in wilderness areas:

- Use of mechanized transport (except in emergencies, or medical appliances such as wheelchairs);
- Roadbuilding and logging (and similar commercial activities, such as ski lifts);
- Commercial harvesting of plants or animals;
- Competitive events or large organized group activities, such as Volksmarches;
- Staking of new mining claims or mineral leases; and
- New reservoirs or powerlines (except when authorized by the President).

B. Wilderness uses

With the recent publicity following the Sierra Club's proposed South Dakota Wilderness Act, the various Black Hills newspapers are again overflowing with hysterical letters and anti-wilderness misinformation. When you read that "fire and insect control are not allowed" in wilderness, be advised that this is not true. When you read that "grazing will be discontinued", be advised that this is not true. When you read that "wheelchairs are not allowed", be advised that this is not true.

The following facts about true uses of wilderness are taken from the Forest Service Handbook and the Wilderness Act itself.

Fire, Insect, and Disease Management

Wildfire is an important part of natural ecosystems. Fires remove debris, recycle soil nutrients, and encourage new plant growth. Fires caused by lightning within designated wilderness areas can be allowed to burn if there is no threat to life and property. Wilderness fire management should conform to a fire management plan, adopted following comments from the public.

Fire suppression techniques must employ the minimum necessary equipment (e.g., avoid bulldozers where hand tools are sufficient), and they must prevent unnecessary degradation of the land.

Prescribed burning may be permitted to restore and maintain the natural condition of a fire-dependent ecosystem. This can help perpetuate habitat for certain threatened and endangered plants or animals.

Insect and disease outbreaks, like fire, are normal events in natural ecosystems. Our use of the term "infestation" only shows how little we know of these natural processes. Still, insects and disease may be controlled within designated wilderness areas, if not to do so would threaten endangered plant or animal species or other resources outside the wilderness.

Livestock Grazing

One of the little-understood provisions of the Wilderness Act of 1964 is that livestock grazing is allowed in designated wilderness areas. The act's specific language was further clarified by Congress in the Colorado Wilderness Act of 1980. The committee report (H.R. 96-17) contains guidelines which the Forest Service has since incorporated into its wilderness management policy: "The legislative history of this language is very clear in its intent that livestock grazing, and activities and the necessary facilities to support a livestock grazing program, will be permitted to continue in National Forest wilderness areas, when such grazing was established prior to classification of an area as wilderness."

This report specifies that wilderness designation cannot be used as an excuse to reduce or phase out grazing. Grazing levels may be allowed to increase if there would be "no adverse impact" on wilderness values; however, no new permits can be issued. New improvements such as fences and water developments are permissible, but should be aimed at protecting resources, rather than increasing grazing levels. Livestock permittees cannot be compelled to use natural materials in the construction of facilities, if doing so would impose "unreasonable" costs. Maintenance of existing facilities is allowed.

Wilderness designation can benefit a livestock operation by eliminating conflicts between off-road vehicles and livestock, including vandalism, open gates, and harassment and theft of livestock.

Off-road Vehicles

Off-road vehicles (ORVs), which include four-wheel-drive pickup trucks, three- and four-wheeled all-terrain vehicles, snowmobiles, and trail bikes, are commonly used in the Black Hills. Off-road vehicle users often ask why their form of recreation is not allowed within designated wilderness areas. Vehicles are essentially incompatible with wilderness, and conflict with other users. When an ORV intrudes into a wild place, the solitude sought by the visitor on foot or horseback is lost as the natural silence is suddenly shattered. Wildlife serenity is similarly disrupted.

Physical resource damage is another reason why ORVs are not permitted in wilderness areas. When operated off of established roads, ORVs can destroy fragile soils, break off delicate rock ledges, erode stream banks at stream crossings, destroy plants and adversely affect animals, and leave unsightly tire tracks. The damage from such vehicle use is often irreparable.

Mineral Resources

The leasing, claiming or sale of Federal mineral resources is prohibited in wilderness areas. However, valid existing claims can be developed, as long as the surface of the land is restored as near as practicable after mining. A few of the areas in the Black Hills Wilderness Proposal have had historic mining activity located in or near them.

Sand Creek is located just northwest of the Tinton area, where active mining still occurs. The Sand Creek roadless area, however, appears to be outside the area of heavy mineralization. Only one patented mining claim is located in the area. Some uranium exploration and mining has occurred in the Pilger Mountain area, although none recently. Pegmatite and high quality limestones are also known to occur in some of the areas, but these are common in many parts of the Black Hills.

NATIONAL FOREST CONTRIBUTIONS TO LOCAL ECONOMY
 Economic Dependency (1985-1989)
 203 - Black Hills Area

| Resource Groupings | Income (millions of 1989 dollars) | | | | Employment (# of FTE's) | | |
|-----------------------|-----------------------------------|------------|------------|------------|-------------------------|--------|------------|
| | Personal | Property | Total | % of Local | % of NF | Total | % of Local |
| Local Economy-Total | 1,416.8895 | 2,786.9202 | 4,203.8097 | 100 | --- | 70,302 | 100 |
| National Forest | | | | | | | |
| Rec., Wildlife & Fish | 31.5234 | 31.8739 | 63.3973 | 1.51 | 55.76 | 2,440 | 3.47 |
| Range/Grazing | 2.3674 | 4.9787 | 7.3462 | .17 | 6.46 | 209 | .30 |
| Timber | 22.7125 | 16.5267 | 39.2392 | .93 | 34.51 | 1,170 | 1.66 |
| Other | 1.6511 | 2.0676 | 3.7185 | .09 | 3.27 | 91 | .13 |
| Nat'l Forest-Total | 58.2544 | 55.4469 | 113.7013 | 2.70 | 100.00 | 3,910 | 5.56 |

Source: Rocky Mountain Regional Guide
 "Economic Diversity & Dependency
 Assessment," Vol. 1, Text

Yosemite, Sequoia, Mount Rainier — followed. By the second decade of the twentieth century, a few people began to realize that our national forests might also be valuable for something more than timber. The long road to wilderness preservation had begun.

1917—Landscape

architect Frank Waugh's survey of the recreational potential of national forests concludes that the "enticing wildness" of the forests has "direct human value" and should be given parity with economic considerations when determining the forests' future.

1919—Forest planner

Arthur Carhart recommends that the Trappers Lake area in Colorado's White River National Forest not be developed for summer homes but be allowed to remain wild. Regional office approves Carhart's plan.

1924—Forester and noted ecologist Aldo Leopold, one of The Wilderness Society's eight co-founders, urges the

State Acreage % in Wilderness

| | | |
|----------------|------------|--------|
| Ohio | 77 | 0.0003 |
| New York | 1,363 | 0.004 |
| Massachusetts | 2,420 | 0.05 |
| Mississippi | 7,806 | 0.03 |
| Pennsylvania | 9,705 | 0.04 |
| New Jersey | 10,341 | 0.2 |
| Nebraska | 12,735 | 0.03 |
| Indiana | 12,935 | 0.06 |
| Delaware | 17,046 | 0.06 |
| Kentucky | 18,056 | 0.07 |
| Michigan | 19,392 | 0.09 |
| Oklahoma | 22,844 | 0.06 |
| Illinois | 30,316 | 0.08 |
| Arizona | 33,396 | 0.1 |
| North Dakota | 39,652 | 0.1 |
| Wisconsin | 44,043 | 0.1 |
| Vermont | 59,421 | 1.0 |
| South Carolina | 61,190 | 0.3 |
| Minnesota | 64,973 | 0.25 |
| Missouri | 71,311 | 0.2 |
| South Dakota | 74,074 | 0.2 |
| West Virginia | 80,631 | 0.5 |
| Idaho | 83,174 | 0.05 |
| New Hampshire | 102,932 | 1.8 |
| North Carolina | 110,199 | 0.4 |
| Arkansas | 128,486 | 0.4 |
| Hawaii | 142,370 | 3.5 |
| Virginia | 169,144 | 0.7 |
| Montana | 249,064 | 0.7 |
| Georgia | 460,215 | 1.3 |
| Utah | 798,943 | 1.5 |
| Nevada | 804,525 | 1.1 |
| Minnesota | 805,456 | 1.6 |
| Florida | 1,422,135 | 4.1 |
| New Mexico | 1,643,685 | 2.1 |
| Oregon | 2,102,587 | 3.4 |
| Colorado | 2,645,376 | 4.0 |
| Wyoming | 3,089,083 | 5.0 |
| Montana | 3,442,165 | 3.7 |
| Idaho | 4,004,402 | 7.6 |
| Washington | 4,258,646 | 10.0 |
| Arizona | 4,507,421 | 6.1 |
| California | 6,342,990 | 6.0 |
| Alaska | 57,638,965 | 15.7 |

Where's the Wilderness?

A majority of the nation's wilderness, 60 percent of the system or 56.5 million acres, is in Alaska.

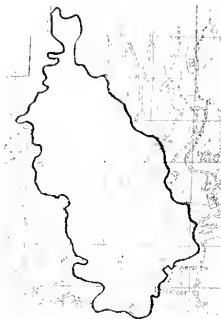
Most of the rest, 40 percent of the entire wilderness system, is in the western states. Thus, 95.3% of all the protected wilderness in the United States is in the 11 western states or Alaska. Only 4.7% of the nation's wilderness lies east of the 100th Meridian, and almost half of that can be found in just two areas: Everglades National Park in Florida — the second largest wilderness area in the lower 48 states — and Minnesota's Boundary Waters Canoe Area.

The Northeast has the smallest amount of wilderness. In the 11 states from Maine to Maryland, where nearly one-quarter of the nation's population resides, there is a total of only 205,574 acres of wilderness.

Source:

"America's Wilderness"
The Wilderness Society
August, 1992

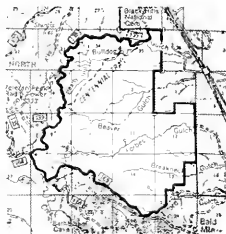
PROPOSED *BLACK HILLS* WILDERNESS AREAS



BREAKNECK. The proposed 6,900-acre Breakneck Wilderness Area is marked by rugged terrain covered with dense forest. While its "front range" slopes have small watersheds, the power of rushing water is evident in the spectacular box canyons and watersheds that have formed.

The area's ruggedness is matched by the colonizing forest, where blackbark and yellowbark pines tower above an understory of deciduous trees and shrubs. Spruce have taken root in the upper reaches of the gulches, where by midsummer the multi-storied trees produce a cool, dark climate on the forest floor. The few clearings are splendid, although limited to small parks, rock outcrops and talus slopes.

The area's deep valleys and lush forest provide excellent winter habitat for deer and elk. Other mammals such as squirrels, porcupines and coyotes find winter shelter, food and solitude here. The dense forest cover supports a variety of nesting birds such as warblers, nuthatches, vireos, and thrushes, while rocks and cliffs provide aeries for golden eagles, prairie falcons, and turkey vultures.

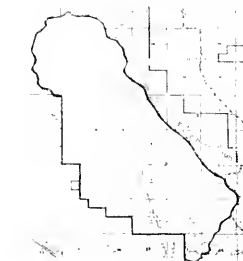


SAND CREEK. Probably the most pristine area remaining in the Black Hills, the proposed 9,700-acre Sand Creek Wilderness Area is within one of the most isolated, rugged and lightly logged parts of the Black Hills. Containing large, intact stands of consolidated old-growth forest unmatched anywhere else in the Black Hills, the area offers outstanding opportunities for solitude and for primitive and unconfined recreation. Its variety of ecosystems in rugged and diverse terrain provides excellent habitat for wildlife and rare plants, especially old-growth species.

The area's topography is characterized by a high limestone plateau dissected by steep-walled canyons. While its towering limestone cliffs and majestic old-growth Ponderosa pines are the dominant features, panoramic views can be had from some of its hills. Frequent stands of birch, aspen and other hardwoods complement the diverse types of forest understories. Sand Creek Canyon rivals nearby Spearfish Canyon in splendor.

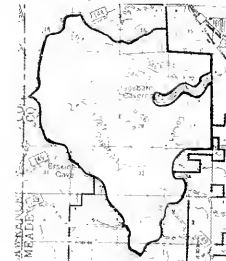
STAGEBARN CANYONS. The proposed 7,300-acre Stagebarn Canyons Wilderness Area is one of the newest additions to the Black Hills National Forest. Much of the area has recently entered the public domain through the Homestead land exchange. Past private ownership has been largely custodial, rather than extraction oriented, due to the rugged terrain dominated by limestone cliffs, outcrops, and canyons.

Although located less than 10 miles from Rapid City, the solitude in its deep canyons is nearly total. Fed by perennial springs originating in deep limestone fissures, South Stagebarn Canyon (known locally as Botany Canyon) is a naturalist's dream. Its steep cliff walls harbor a series of protected microclimates that sustain water-loving plants more usually encountered in moister southern climates. These seeps, springs and pools provide habitat for a wide variety of insects, amphibians and reptiles. These in turn provide food sources for higher vertebrates such as bats, birds, and rodents.



PILGER MOUNTAIN. Set in a remote part of the Black Hills, the proposed 12,600-acre Pilger Mountain Wilderness Area is highly dissected by canyons draining south into the Cheyenne River. Pilger Mountain is a prominent feature and offers spectacular vistas both toward Custer and toward the Pine Ridge in western Nebraska. Vegetation along the canyons is mainly pine and juniper, while prairies, such as Robinson Flats, dominate the ridgetops.

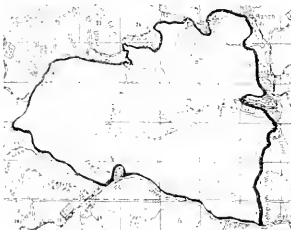
This area is in a region known for its archaeological rock art sites. Ecologically, the area would add a unique forest type to the National Wilderness Preservation System, thanks to the Ponderosa pine and juniper found in the steep canyons of this distinct "hogback" range. Its relatively mild winter climate, remoteness, deep sheltering canyons and good forage provide excellent winter habitat for deer and elk. The area is also frequented in winter by golden eagles and several species of hawk.



BLACK FOX. The proposed 12,400-acre Black Fox Wilderness Area is located in the upper reaches of the Rapid Creek watershed. The area is well-appointed with springs which keep riparian sites dependably watered, its steep topography and unkempt forest present challenges to wilderness travelers, while its location offers substantial opportunities for solitude. Its size will permit unconfined primitive recreation. Cliffs and steep ridges along Swede Gulch and south Rapid Creek are features of topographic and geologic significance.

The forest is perhaps the area's finest feature, harboring diverse species, ages and stand-densities of trees. The principal species here are Ponderosa pine, white spruce and quaking aspen, much is in an old-growth stage. Despite widespread past logging, myriad logs, snags and yellowbark pines suggest the area's once-undisturbed character.

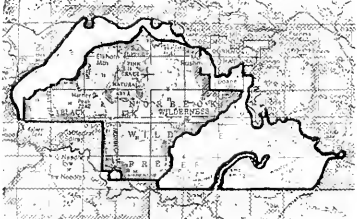
Topographically, Black Fox features high rolling plateau to the west, dropping abruptly through 1,000 feet to form the steep Swede Gulch flowing eastward through the area's center. This proposed wilderness, while no longer pristine, nevertheless retains its essentially wild character. Given time, traces of logging will disappear as nature reclaims disturbed places.



BLACK ELK ADDITION. Expanding the existing Black Elk Wilderness by approximately 8,200 acres, the proposed Black Elk additions contain some of the most magnificent old-growth Ponderosa pine forest to be found in the Black Hills. These ancient pines, in part, are what make the Black Hills sacred to Native Americans, who consider the region integral to their religion. While vast portions of the Black Hills have been altered by human intervention, this remains among the few places where Native Americans -- among other lovers of wilderness -- can achieve the peace, quiet, and solitude they seek.

High precipitation in the region, caused by its elevation of nearly a mile above the surrounding prairie, has resulted in a dense forest growth over much of the proposed additions, which are prime habitat for mountain goats, elk, deer and other old-growth Ponderosa pine forest species.

The general topography of both Black Elk and the proposed additions consists of rugged mountains with soaring granite spires, interlaced with pristine valleys containing springs and permanent creeks. The additions also include spectacular rock formations where wild mountain goats flourish similar to the nationally famous Needles in adjacent Custer State Park, as well as undeveloped sections of Mt. Rushmore National Memorial.



Senator PRESSLER. Thank you.
Mr. SATROM.

**STATEMENT OF JOSEPH SATROM, NATURE CONSERVANCY,
SOUTH DAKOTA/NORTH DAKOTA STATE OFFICE**

Mr. SATROM. Thank you, Senator.

I am here today representing The Nature Conservancy, an international organization, a nonprofit that does land conservation projects throughout the United States and more recently in Central and South America. The mission of The Nature Conservancy is to identify sensitive, rare, endangered plants and animals and natural communities and to seek methods of protection and conservation for those species and communities and ecosystems.

In South Dakota, The Conservancy has ten preserves involving a little over 11,000 acres. We have over 1,050 members and approximately 25 corporate associates in the State. Nationally, we have 707,000 members and 800 corporate associates and are involved in the ownership of approximately 1 million acres of land. On many of those acres, we pay property taxes like all other—like most other private owners.

For the information of the Committee, I have provided a list of our trustees and a list of our preserves in the State. I'd point out that we do not own land in west river, SD.

The Conservancy, as many people know, is committed to carrying out its conservation mission in a nonadversarial, nonconfrontational, and nonlitigious manner. Our organization believes that a sustainable economy is dependent on a sustainable environment and vice versa.

The Black Hills of South Dakota, it's interesting to me as a North Dakotan, represent in the most dramatic proportions in the two States the economic forces and the concerns and the conservation issues and serious environmental questions that really face us all, but specifically here in South Dakota.

The South Dakota Chapter leadership believes that far more and better scientifically derived base of information needs to be collected on the Black Hills in terms of rare plants and animals, natural communities, and ecosystems. The unfortunate fact is that we do not really know what the breath of the richness and uniqueness is of the Hills region. And there's a surprisingly serious lack of information even for the purposes of making decisions such as forest management. We need to know what is here in terms of the biodiversity, where it's located, just how sensitive, rare, and endangered it is for South Dakota and for the Nation. And then we need to look at policies that will protect that biodiversity to the degree necessary to protect it for the future generations.

Without much better data, every economic development proposal is subject to the criticism that, oh, you can't or shouldn't do that because of a purported or unsubstantiated impact on a particular species or ecosystem. I think good data will serve everyone's long-term interest. And there are several specific steps we think the Congress could take that would help us deal with that biological diversity issue in the Black Hills.

First of all, we support the Black Hills Forest request for \$115,000 in fiscal year 1994 funding to begin a 3-year cooperative project with us, our organization, and with others, hopefully with private business in the Black Hills, to realize a more comprehensive data base of information, scientific information, on species in the Black Hills.

We support the current consideration that Congress is giving to the National Biological Survey in H.R. 1845.

And last, we'd like the Congress to support funding now for the South Dakota Biological Diversity Trust that was part of last year's omnibus water bill. We believe that that trust is the vehicle by which the State can deal with its long-term needs more effectively.

The Conservancy also supports the Black Hills Forest Revision Plan's efforts—we anticipate at least—to designate several additional—or a number of additional special interest and research natural areas within the forest. There are areas that we know about that deserve protection. In most cases they're small, but they represent the true uniqueness of the Black Hills.

Mr. Chairman, I want to compliment you on bringing this type of Committee hearing to South Dakota.

We're committed as an organization to seeking out a balance. And I think the diversity of opinion here today represents the need for seeking that balance. And we look forward to being a resource whenever we can to support this kind of proceeding for that purpose.

Thank you.

[The prepared statement of Mr. Satrom follows:]



Dakotas Field Office

701/222-8464

STATEMENT OF JOSEPH A. SATROM
DIRECTOR, DAKOTAS FIELD OFFICE
THE NATURE CONSERVANCY
BEFORE THE U.S. SENATE SMALL BUSINESS COMMITTEE
SEPTEMBER 4, 1993
RAPID CITY, SOUTH DAKOTA

Mr. Chairman, members of the Committee, my name is Joseph Satrom, and I am the Director of The Nature Conservancy's field office in the Dakotas.

The Nature Conservancy is an international non-profit land conservation organization dedicated to the preservation of biological diversity. The mission of The Nature Conservancy is to identify sensitive, rare and endangered species and to protect and maintain these species, natural communities and ecosystems.

In South Dakota, The Nature Conservancy has 10 preserves involving 11,188 acres. Over 1,050 individual South Dakotans and more than two dozen of the state's businesses are members of the Conservancy. Nationally we have 707,000 members and over 800 Corporate Associates. We own approximately 1 million acres within the United States protecting many of the country's threatened and endangered species.

For the information of the Committee, I have attached a list of our South Dakota preserves and a list of our Board of Trustees.

Our organization appreciates the opportunity to appear here today to reflect our views on the balance that should and must exist between economic activity and future growth and protection of our environment.

The Nature Conservancy is committed to carrying out our conservation mission in a non-adversarial, non-confrontational, non-litigious manner.

Our organization believes that a sustainable economy is dependent on a sustainable environment and vice versa. The Black Hills of South Dakota represent, in dramatic proportion, the economic forces and concerns and conservation issues and serious environmental questions and challenges facing all of us, everywhere on this earth.

The South Dakota Chapter believes that far more and better scientifically-derived information must be collected on rare plants, animals, natural communities and ecosystems of the Black Hills and the entire state of South Dakota. Despite the biological diversity, richness and uniqueness of the Hills region, there is surprisingly



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Page two

little comprehensive information on what is here, what is sensitive, rare and endangered and where these unique species and natural communities are.

Without much better data, every economic development proposal is subject to the criticism that "Oh, you can't or shouldn't do that..." because of the purported unsubstantiated impact on a particular species or ecosystem. Good data will serve everyone's long-term interest.

Several specific steps can and must be taken to begin the process of increasing our knowledge of the biological diversity in the Black Hills:

The Nature Conservancy supports the Black Hills Forest staff request for \$115,000 in the FY94 budget to begin a 3-year comprehensive Natural Heritage inventory initiative. Our organization is committed to a substantial role in this 3-year initiative.

We support the passage of legislation establishing the Natural Biological Survey that is currently under consideration in the Congress (H.R. 1845).

The last Congress, through efforts by the South Dakota Congressional delegation, authorized the South Dakota Biological Diversity Trust in the omnibus water bill. We believe that this Trust is the vehicle by which the state can deal with long-term needs for more effective efforts to conserve biological diversity.

The Nature Conservancy supports efforts within the Black Hills National Forest Revision Plan to designate a number of additional special interest areas and research natural areas within the Forest. We believe that these special areas recognize an irreplaceable natural resource to the state and that the conservation of these areas is a very significant step toward protecting overall biodiversity in the Black Hills.

Mr. Chairman, I want to compliment the Senate Small Business Committee for coming to South Dakota to gain input concerning these important issues. The diverse opinions put forth represent the importance of finding the "balance" that must exist between our need for economic viability and our need to conserve and enhance the natural world and the biodiversity that is key to sustaining this earth.

Thank you for the opportunity to present testimony today.

Joseph A. Satrom
Dakotas Field Office
The Nature Conservancy

The Nature Conservancy Preserves in South Dakota



- Altamont Prairie** (62 acres, Deuel County). Turn right off Hwy. 77 north of Clear Lake at the one-building town of Tunerville. Travel 7.5 miles east. The preserve is south of the road.
- Aurora Prairie** (30 acres, Brookings County). From the Holiday Inn travel 2.7 miles east on Hwy. 14 (to the trap grounds). Turn right on the gravel road, travel south 3.5 miles. The preserve is on the east side of the road.
- Clovis Prairie** (157 acres, Brown County). From Columbia, travel 8 miles north, then 3 miles west. The preserve is southeast of the intersection.
- Crystal Springs Centennial Prairie Preserve** (1918 acres, Deuel County). Travel one mile north from the town of Clear Lake on Hwy. 77, then turn right at the rodeo sign and travel three miles east on county road, one mile north, one mile east, one mile north, then finally one and one-half miles east to the parking area on the south side of the road just before you cross Monighan Creek.
- Hansen Nature Preserve** (800 acres, Brown County) From the intersection of Hwy. 12 and Brown County 16, travel 7 miles south on 16. Turn left at the Lutheran Church, go 1/2 mile east to the preserves southwest corner.
- Makoce Washtic Prairie** (40 acres, Minnehaha County). From the intersection of I 29 and Hwy. 42 (same as 12th Street) travel 9.5 miles west on 42. Turn north on gravel road 0.5 miles. The preserve is on the east side of the road.
- Samuel H. Ordway Jr. Memorial Prairie** (7800 acres, McPherson County). From the intersection of Hwys. 10 & 45, travel 9 miles west on Hwy. 10. Look for the kiosk at the trail head on the south side of the road. Headquarters is one-half mile further west.
- Sioux Prairie** (200 acres, Moody County). From the intersection of I 29 and Hwy. 34, travel west 1.5 miles on Hwy. 34 to Hwy. 77. Turn north and travel 3.5 miles. The preserve is on the east side of the road.
- Vermillion Prairie** (22 acres, Clay County). From the SD Hwy. 50 bypass travel 1.2 miles north on Hwy. 19 to Bluff Road. Turn left onto Bluff Road and travel west for 11.7 curving miles. The preserve is on the north side of the road.
- Also: Wilson Savanna Preserve** (160 acres, Hudson County)

The Nature Conservancy

Dakotas Field Office

701/222-8464

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Senator PRESSLER. Well, I think you were absolutely right. There's a great diversity of opinion, including diversity of opinion in our audience, and I think it's good that we get them together.

Dick Fort, member, Action for the Environment, Rapid City.

STATEMENT OF DICK FORT, MEMBER, ACTION FOR THE ENVIRONMENT, RAPID CITY, SD

Mr. FORT. Thank you, Senator Pressler, for this opportunity to address you on these issues of use of public land.

Action for the Environment is the organization that sponsored the initiative and the referendum that were on the ballot last fall. Of course, these were successful from our point of view. I think that the results of those votes told us something about the temper of public opinion in South Dakota. Perhaps it's a little ahead of some of our politicians in regard to environmental issues. I think it also made clear that all over the State—it isn't just the people out here—people care about the Black Hills and how the Black Hills are going to be used.

Our concern, of course, as an organization has been focused more on the problems of surface mining and on the problem of importing of out-of-State garbage and on water issues. Those have been the focus of our activities. I think my remarks should be addressed to related subjects.

We have a particular problem I think I would say with surface mining and the multiple use concept. We are supporters of the multiple use concept. We think that's sound, and I think that on the whole we don't have a lot of quarrels with the way it's been handled in our public land and national forest. But we are very much dissatisfied with whether surface mining can actually fit into the multiple use concept. How could you log, how could you graze, how could you have recreation, how can you fish, how can you hunt, how can you do all those other things when there's a huge surface mine that is, in effect, destroying the land? So let it be said that if we have wonderful laws, I'm afraid that we are not satisfied with the status of our laws in regard to this. And certainly reclamation standards could be greatly, greatly improved. But we do support multiple use, all the other uses. There should be shared use here in the Black Hills, but we're not so sure that surface mining fits comfortably into that picture. So that's a particular concern of ours.

We are very much concerned right now, Homestake—of course Homestake is not small business, you understand. They're all over the world. They just did a \$700 million deal buying one of the largest mines in the northern hemisphere. Somehow I don't think they fit into the picture of small business. But Homestake is—because they get 13 percent of the profits—promoting, as it were, a new mine on the rim of Spearfish Canyon. That's certainly a threat to one of our most incalculably valuable resources in the Northern Hills.

As Bill Honerkamp said of the tourist industry, this is a big, big business—it's becoming so in South Dakota. Of course as big business, in a sense, it is a combination of many, many, many small businesses. And it's our big growing industry, really. And so we're

very much concerned with this prospect of a threat to what we think is one of our most valuable tourist resources.

This should be an opportunity too to say something to you, Senator. I guess we disagree with you on the Craig bill. I know that there was some maneuvering going on in regard to that, which we can understand. We need yet some explanations on the political complexities that may crop up. But that bill is a sham. It is not meaningful mining reform. The public should not have to pay for the costs of mining. Pay as you go. That's a good principle. And it should be applied to the mining industry.

And Larry Mann from Homestake referred to Summitville, CO. Well, we're paying for that. That's coming out of our tax money, \$30,000 a day. That's public money that is going to clean up a bad situation in Colorado. We in South Dakota are helping pay for that problem in Colorado. We are not against mining, but we do think they should be paying their way. And we strongly question the 1872 law which allows mining companies to take public land, allows the Forest Service no option to say no, does not have a provision for setting up funds for reclamation. The Craig bill, does not address this, and is totally inadequate.

In Congress is another bill, the Rahall-Bumpers bill. We think that does address the problem, and we certainly would want to indicate that our position is that we should be supporting these stronger measures to make the mining industry pay their way and not be supported in their cleanups by public money.

Thank you.

[The prepared statement of Mr. Fort follows:]

PREPARED STATEMENT OF DICK FORT

Thank you for the opportunity to testify before the Senate Small Business Committee. ACTION for the Environment is a nonpartisan citizens' action group dedicated to passing and upholding stronger laws to protect our environment from the effects of gold mining and waste management. Our testimony today will focus on the need for hardrock mining reform and replacing the 1872 Mining Law.

All across the country, the public is getting billed for the long-term costs of this latest new gold rush. The most notable example is the \$30,000 plus you and I spend daily to clean up the Summitville heap-leach mess in Colorado.

Here in South Dakota we are realizing the short-term benefits are not worth it. Foreign-owned companies promised lower taxes in return for carving up the area in the 1980s. Now a Canadian gold mining company (Wharf Resources) is suing the local county and school board over its property taxes, while county residents have watched their local taxes almost double.

State regulators have found acid mine drainage (AMD) at two of our four heap leach mines (Bond Gold and Brohm), shutting down Bond Gold just 4 years after receiving its permit. Citizens want the AMD mess moved out of the Spearfish Canyon watershed and treated. Bond Gold just wants to leave it in place and monitor it "forever".

Traces of cyanide have shown up in monitoring wells at Brohm, who tried to blame it on sabotage. State officials disagreed; it was Brohm's leaking heap leach pad. Last year South Dakota's four heap leach mines put over 2,300,000 pounds of cyanide on less than 1500 acres. We need Federal environmental standards to protect public and domestic water supplies from cyanide poisoning.

Over 1,000 migratory birds have been killed from open cyanide solution ponds. Surface mining companies need to be prosecuted because it is the law: a \$10,000 fine per bird. Fines collected could be used to enforce minimum Federal standards for hardrock mining and reclamation.

Bird mortalities will continue as long as these open ponds exist. All cyanide use needs to be enclosed in tanks and vats to prevent wildlife deaths and to better protect water supplies.

Lawrence County citizens are angry that Homestake is trying to transfer an invalid local permit to another foreign company (Minerva) who wants to mine at the very rim of Spearfish Canyon. Homestake would get 13 percent net royalties. Citizens also want Homestake to bring back Spearfish Falls in the Canyon which ran until the 1920s.

Although to date, no gold surface mining has taken place on public lands in South Dakota, we are still very concerned about the lack of Federal laws to protect public health.

ACT believes S. 775, which passed the Senate unanimously, is sham reform. Sham 775 allows patenting to continue for the price of the "surface value" of the land. Somewhat better than the current \$5 an acre but far less than the billions worth of gold that will be removed, mainly by foreign companies. What a public rip off!

Sham 775 2 percent net profits royalty tax is a mockery to the 12.5 percent gross tax charged for removing oil, coal and gas from Federal lands, and the royalties charged by other countries and companies.

Better mining law reform exists—H.R. 322 by Representative Nick Rahall (D-WV). It would eliminate patenting and establish annual rental fees and royalties (8 percent gross). It would establish and fund a program for abandoned mine clean-up. Sham 775 mentions such a program but forgets to fund it. It will ultimately cost an estimated \$20 to \$50 billion to clean up hardrock mining's poisoned past.

Federal (and State) agencies need to be given the ability to deny risky mining projects, say no to bad actors, levy adequate violation fines, and enforce minimum environmental and reclamation standards.

These companies are not small businesses; they operate on budgets of tens and hundreds of millions of dollars. Multiple use does not exist wherever surface mining takes place, and usually no use exists after mining. Many times communities are left with toxic messes to clean up. It is time to end the corporate welfare.

In the last 5 years, ACT has been instrumental in placing five citizens' initiatives on local and State ballots. Support for stronger mining laws has moved from 22 percent to 60 percent, increasing with each vote before the people. Forty-eight percent of Lawrence County itself supported an individual mine size regulation last year. Many State residents have been shocked to find out surface mining contributed only two-tenths of one percent to the State's economy in 1989.

Conservation of our resources (recycling), and how we extract those resources from the ground, will continue to grow in importance on this finite planet. Today's surface mining moves huge amounts of waste for tiny amounts of mineral, while leaving dangerous threats to our soil and water. As clean water supplies become an even more precious resource, pollution from past and present mining will become less and less acceptable.

ACT asks you to support real hardrock mining reform such as H.R. 322 and end the public handouts. Thank you.

Senator PRESSLER. Thank you very much.

Tom Troxel, executive secretary, Black Hills Regional Multiple Use Coalition, Rapid City, SD.

STATEMENT OF TOM TROXEL, EXECUTIVE SECRETARY, BLACK HILLS REGIONAL MULTIPLE USE COALITION

Mr. TROXEL. Thank you, Senator.

Today we've heard many accounts of small businesses that depend on the management of our public lands for their very survival. Clearly the residents of the Black Hills have benefited enormously from the economic diversity and stability resulting from public land management. At the same time, we can all be reassured by the fact that the public lands have been well-managed and are in very good condition.

I'd like to describe several aspects of the environmental health of our public lands. To talk about the forest for a minute, our forests are very different today than they were historically. Compared to the forests of 1874, today's forests are much denser. They cover many more acres. They're less fragmented. The average age of the forest is older. Wildfires and mountain pine beetle epidemics occur

with far less frequency due in large part to successful forest management and access. However, these do remain a constant threat.

To look at wildlife for a minute, I think the report card on wildlife is very positive, and I will review several key species. The Black Hills has a stable goshawk population. In fact, the South Dakota Department of Game, Fish and Parks even allows collection of goshawk chicks by falconers. Pine martens, which were once extirpated from the Black Hills, have made such a successful comeback in the mature forests of today's Black Hills following their reintroduction was in 1981 and that today a limited trapping season is planned for 1996.

Elk numbers have increased from 550 in 1980 to 1,200 in 1992. Deer populations increased from 62,000 in 1980 to 85,000 in 1992, but there has been a recent decline that raises concerns about winter range and the effects of a closed canopy forest on forage and browse. Turkey populations have increased from 8,000 in 1980 to 15,000 in 1992. Breeding bird surveys near Roubaix Lake in Custer clearly indicates stable populations of Hairy Woodpeckers and Red Breasted Nuthatches, which are both species of interest in forest management debates.

One of the few exceptions to this wildlife success is ironically the Norbeck Wildlife Preserve. There, many species such as the mountain goats, have shrinking populations primarily because of decreasing forage.

To talk a minute about range lands, Forest Service monitoring shows that 29 allotments were reanalyzed between 1984 and 1988. Of those, 78 percent either stayed the same or showed a significant increase in the acreage of range in satisfactory condition, and only 14 percent of the ranges showed a decrease in satisfactory conditions.

As you review today's testimony, I believe the following considerations are essential. People are clearly part of the ecosystem, and we obviously depend on the earth's resources for our survival. And do we in South Dakota really take any moral high ground by reducing timber harvest or livestock production or mining in this country only to import those same commodities from other countries, countries which often don't have the skill, technology, or willingness to do an environmentally sound a job as we do? I think not.

I agree with you that the Black Hills National Forest can be a national leader in forest management. The present management of our public lands works and works well. We don't need and we don't want more wilderness designation. Neither do we need or want the proposed conservation biology alternative, which would designate 500,000 acres of the Black Hills National Forest in a series of core areas and corridors where roads are closed, no motorized activity is allowed, no livestock is permitted, and private land is purchased for the Federal Government.

We need a commitment to forest health, to ecosystem management, and to ecosystem sustainability. But we must remember that people are part of the ecosystem. We must also remember that non-management does not inherently provide for ecosystem sustainability.

The frivolous appeals of Forest Service decisions must be stopped. The appeals process is out of control, and despite legisla-

tion nearly a year ago, the administration has still not implemented the regulations to streamline the appeals process. It is not right that legitimate projects can be delayed for months and months by frivolous appeals and a 29-cent stamp.

A planning process with strong involvement by local governments and the public is essential. Everything cannot be maximized, and trade-offs must be recognized and choices made.

The Forest Service is obligated to ask for public comments. They must also be willing to listen and to respond. And local governments must be involved as the Forest Service considers decisions which will dramatically affect local counties and local communities.

Just as we must maintain biologic diversity, we must also maintain economic diversity. Rather than trying to substitute one segment of our economy for another, we must focus instead on making each slice of our economic pie as healthy as possible.

In conclusion, I'd like to read a quote from Aldo Leopold to Sand County Almanac. He said, "There are two spiritual dangers in not owning a farm. One is the danger of supposing that breakfast comes from the grocery, and the other that heat comes from the furnace. To avoid the first, one should plant a garden, preferably where there is no grocer to confuse the issue. To avoid the second, he should lay a split of good oak on the andirons, preferably where there is no furnace, and let it warm his shins while a February blizzard tosses the trees outside."

Well, fortunately there's not a February blizzard outside today, but certainly the wisdom in this quote is obvious.

I thank you, Senator, for this opportunity to speak, and I thank you for your very timely leadership on this vital issue.

[The prepared statement of Mr. Troxel follows:]

PREPARED STATEMENT OF TOM TROXEL

I'm Tom Troxel, executive secretary of the Black Hills Regional Multiple Use Coalition. The Black Hills Regional Multiple Use Coalition includes 29 organizations representing hunters, trappers, snowmobilers, off-road riders, fourwheelers, the forest products industry, livestock producers, mining interests, irrigators, trailriders, conservation districts and economic development entities (Attachment 1). The combined members and employees of these organizations easily exceeds 20,000 people who live, work or play in the Black Hills region of South Dakota and Wyoming. They have joined this coalition because of their concern about multiple use management of the Black Hills National Forest and other public lands in South Dakota and Wyoming, and also the effects of State and national environmental policy on private lands management.

The Black Hills region includes a high percentage of Federal lands in national forests, national grasslands, and national parks and monuments. These lands provide an economic base which is vital to the continued well-being of the region. Other panelists have reviewed the thousands of jobs in forest products, mining, livestock, and recreation businesses which depend on the public lands. Just as in the rest of America, most of these businesses are small business. In the Black Hills they range from family ranching operations like the Thompson's north of Spearfish, logging businesses like the Ballard's in Custer, sawmills like McLaughlin's and Linde's, snowmobile lodges like Dampier's west of Lead, and many less obvious businesses like Dale's Tire and Retreading in Rapid City, the Sundance State Bank, Black Hills Yamaha Harley Davidson in Rapid City, and many, many more.

I've been asked to address the impact of Federal land management on the environment. This is very timely and appropriate, because factual discussion of environmental issues has been overwhelmed today by slick campaigns of "Chicken Little's—the sky is falling" environmental hysteria, foisted on the American public by big-business environmental groups with their combined annual budgets which

exceed \$500 million. This campaign to push an environmental agenda at the expense of our economy and people now includes as converts the President and Vice-President of the United States, and frankly threatens the well-being of our country, but especially threatens the very existence of rural America.

Unquestionably, the public lands of South Dakota have an excellent track record of management. At the same time, residents of the Black Hills have benefited enormously from the economic diversity and stability resulting from public land management. This has not been an issue of jobs versus the environment—indeed, the Black Hills National Forest is an outstanding example of how we can have our proverbial cake and eat it, too!

In assessing environmental effects of management, we must first understand that our forests and grasslands are naturally in a constant state of change. The Black Hills in 1993 is far different than in 1874 when General Custer's photographer recorded them for posterity. I would like to briefly make some comparisons of several areas of environmental concern.

Forests

Today's forests are much denser and cover many more acres than in 1874. The forests are also much less diverse in both age and species distribution. Today's Black Hills National Forest is dominated by a mature forest of Ponderosa Pine with far fewer stands of aspen or birch. The average age of the forest is older, and the forests are also much less fragmented than the forests of the late 1800's.

Catastrophic wildfires and mountain pine beetle epidemics are much less frequent in today's Black Hills than occurred naturally, due in large part to successful forest management and access. However, the 6,000 acres of mountain pine beetle infestation last year west of Hill City, and the recent Galena and Westberry Trails fires remind us of their constant threat.

Wildlife

Wildlife populations are dynamic, vary with available habitat and are often conflicting. Habitat which maximizes one species or group of species will often afford only poor habitat for other species. With changes in the forests have come changes to wildlife populations. In the increasingly mature forests of the Black Hills is one of the few stable goshawk populations in the United States. The SD Department of Game, Fish and Parks even allows collection of goshawk chicks (called eyas) for falconry purposes. Pine martens, once extirpated in the Black Hills, have made a remarkable comeback since their reintroduction in 1981; so well, that a limited trapping season is now planned for 1996 by the SD Game, Fish and Parks Department.

Elk numbers have increased from 550 in 1980 to 1,200 in 1992. Deer populations have increased from 62,000 in 1980 to 85,000 in 1992, but seem to now be declining, raising concerns about winter range and the closed canopy forest which reduces forage and browse growth. Turkey populations have increased from 8,000 in 1980 to 15,000 in 1992, and now appear to have stabilized. Mountain lion sightings have increased in the past decade, apparently benefiting from denser forest canopy conditions and adjacent openings from logging and the browse created for deer and rodents. Breeding bird surveys near Roubaix Lake and Custer clearly indicate stable populations of Hairy Woodpeckers and Red Breasted Nuthatches, both species of interest in forest management debates.

The Norbeck Wildlife Preserve is one area which has decreasing wildlife populations, most notably the mountain goats, because of decreasing forage. But many other species of wildlife are also less abundant in Norbeck because of reduced forage availability beneath the dense forest cover. Ironically, it has been the Black Hills Group of the Sierra Club that has delayed any management of Norbeck for the past 15 years by their appeals of every Forest Service decision related to Norbeck.

Water

Streamflows have declined from streams in the Black Hills. Streams such as Boulder Creek, which ran year-round as recently as the 1930's are now dry by early spring, due in large part to evapo-transpiration from closed canopy Ponderosa Pine stands on the forested slopes. Dr. Bob Gartner has conducted research near Pactola Reservoir which clearly shows the effect of a dense Ponderosa Pine canopy on reducing the amount of soil moisture.

Rangelands

The 251 livestock permittees on the Black Hills National Forest graze an annual 22,300 animals on their allotments. The monitoring and evaluation of the land man-

agement plan by the Forest Service shows that: Of 29 allotments re-analyzed between 1984 and 1988, 78 percent showed either a significant increase or no significant change in the acreage of range in satisfactory condition; only 14 percent of the range showed a decrease in satisfactory conditions.

People

The final aspect of the environment I will address is people, because people are clearly an integral part of the ecosystem. Biologic objectives cannot be separated from the social and economic facets of the ecosystem. Many in the preservationist community are clearly apologetic for people, believing the human species to be a cancer in an otherwise perfect ecosystem. But the reality is that we're here, there are some 5 billion of us, and we depend on the Earth's resources for our very survival. We in South Dakota need to be cognizant of the effects of our natural resource use. Do we really take the moral high ground by reducing timber harvest or livestock production or mining in this country only to import those same commodities from other countries, which often don't have the skill, technology or willingness to do as environmentally sound a job as we do?

SUMMARY

The present management of our public lands in South Dakota works and works well. We do not need or want more wilderness designation or alternatives which propel a preservationist agenda at the expense of the people in the Black Hills. On the table right now is a proposal from the Sierra Club to designate 122,000 acres of the Black Hills National Forest and the Buffalo Gap National Grasslands as wilderness. These areas don't even meet Wilderness Act definitions of "untrammeled by man"—the areas in the Black Hills National Forest have roads, water developments, and have been logged, and the Buffalo Gap National Grasslands were all originally homesteaded—homes were built and fields were plowed, even Crazy Johnson Table where peanuts were planted. Designating these areas wilderness will only restrict existing access and uses.

Also on the table is a Conservation Biology Alternative proposed by the Fiends of the Bow from Laramie WY, which goes even further. Under the guise of the "Island Biogeography Theory", this alternative proposes to designate 500,000 acres of the Black Hills National Forest in a series of core areas connected by corridors in which roads are closed, no motorized activity allowed, no livestock are grazed, and private land is purchased.

The revision of the Black Hills NF Land Management Plan is a critical milestone for several reasons:

The Black Hills National Forest represents the pinnacle of multiple use management in the National Forest system.

It is the first land management plan to be revised, and will set precedents for the remaining 155 plan revisions.

The Black Hills includes a public which strongly supports the current management, a region which depends heavily on the economic benefits, and a confrontational preservationist community intent on implementing a no use agenda.

In my view the following are essential steps for the Black Hills:

The FS has committed to implement Ecosystem Management. This is not a new concept, but does provide a new framework through which to gauge land management of our national forests. We should manage for integrity of ecosystems. We must recognize however that people are part of the ecosystem, and that non-management does not inherently provide for ecosystem sustainability. Black Hills ecosystems developed naturally with periodic fires, insect epidemics and other agents of change which people and communities are no longer willing to accept. Fortunately, the occurrence of fires and insect epidemics can be minimized and the positive effects mimicked through sound forest management practices.

A key to management of the forest is the defining of the Desired Future Condition, that is what do we want the forest to look like, and what opportunities do we want, and what products should come from the forest in the future.

Perpetual appeals of FS decisions must be stopped. Despite a proposal 2 years ago, an out-of-control appeals process has still not been changed to prevent the blocking of legitimate projects.

An open planning process with strong involvement by local governments and the public is essential. The Forest Service is obligated to ask for public comments; they must also be willing to listen and to respond.

Also key to a process that everyone can trust are state-of-the-art resource inventories. Better decisions will flow from better data, one of the few points on which there is universal agreement. But I would caution that better data doesn't always result from more data. I would also add that we are supporting the plans of The Nature Conservancy to inventory the Black Hills for rare species and habitats.

With better data, and more trust in the data, all parties would be able to focus better on the alternative management strategies available and the true trade-offs between those strategies.

There continue to be parties that advocate replacing commodity industries with tourism or recreation. We cannot allow reductions in our economic diversity; rather than pitting one element of the economy against another, we must focus on making each segment of our economic pie as healthy as possible.

Clearly management of the forest must be sustainable. We do not manage the forest just for ourselves, but for our children and grandchildren.

Finally, the Black Hills Multiple Use Coalition has prepared and presented the attached position paper for the revised forest plan (attachment 2). We feel the minimum levels we have outlined are responsible and realistic, and provide an environmental and economic balance within the capabilities of the forest. We have also committed to work with any other group in resolving conflicts over management of our public lands in the Black Hills region.

In conclusion, I want to thank you for your leadership in holding this hearing. The public lands of South Dakota are vital to all of us. I am reminded of the following quote from Aldo Leopold's A Sand County Almanac:

"There are two spiritual dangers in not owning a farm. One is the danger of supposing that breakfast comes from the grocery, and the other that heat comes from the furnace. To avoid the first, one should plant a garden, preferably where there is no grocer to confuse the issue. To avoid the second, he should lay a split of good oak on the andirons, preferably where there is no furnace, and let it warm his shins while a February blizzard tosses the trees outside."

Attachment 1

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Attachment 2

Black Hills Regional Multiple Use Coalition

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AUGUST 1993 POSITION PAPER EVALUATING THE FOREST PLAN REVISION

People and communities, their resource needs and their lifestyles are an integral part of healthy economic and social environments. A healthy economy is also necessary for maintaining a healthy environment and the protections that are necessary for proper resource management. Our objective is to find a solution to include BOTH a healthy environment and a healthy economy.

Our expectation is that the Black Hills National Forest Land Management Plan will continue to recognize the essential relationship between the providers of America's resources and the consumers of those resources, the Forest Service must continue to provide predictable policy decision in order that people will feel secure enough today and confident enough tomorrow to invest in sustainable land management; that the Forest Plan will continue to foster successful rural communities and lifestyles; and that the Forest Service will fully incorporate input from local elected officials in the decision making process.

The following criteria need to be met to maintain multiple use management and to meet the above expectations:

ECONOMIC IMPACT OBJECTIVE - The Forest Plan will provide an equal or improved contribution to the economy for the Black Hills Region.

The Forest Plan revision must maintain or improve the contribution to the average annual payroll, and personnel benefits as well as maintain or improve private property values realized by Black Hills area residents.

The Forest Service shall involve county governments and affected private businesses in projected economic impacts of Forest Plan Management alternatives.

Ranching, hunting, trapping, farming, timber, mining, tourism, and water yield are assets that create and develop the tax base that is necessary for community services and infrastructure. Our hospitals, schools and public safety agencies are supported by businesses who are using these resources.

FOREST HEALTH/BIODIVERSITY OBJECTIVE - The Forest Plan will not decrease biodiversity through a decrease in vegetation management.

Current biodiversity is a direct result of aggressive management, substantiating the fact that management, forest health and biodiversity coexist.

Biodiversity includes the entire range of plants and animals. Annual grasses and forbs must be considered along with perennial plants in the analysis of biodiversity.

Old growth and set aside areas discriminate against many plants which provide high quality forage and cover for game and nongame animals. Because of effective fire control, these plants are totally dependent upon management actions to survive. Management can simulate the effects of wildfire and insect infestations in creating biodiversity objectives while maintaining a heathy forest.

The needs of all wildlife species need to be addressed. Many of the species that we are now protecting are here because of historical management. Managing the forest for a variety of habitats will increase the diversity of wildlife.

GRAZING RESOURCE OBJECTIVE - The Forest Plan will maintain or improve the current level of AUM's as demonstrated to maintain healthy plant life.

The decades-long trend of loss of permitted and used grazing capacity must be stabilized and reversed. Relevant factors include: economic loss to the interdependent communities, as well as ranchers directly; increased risk of catastrophic wildfire as unutilized forage converts to fuel; and reduced health, vigor and diversity of plant populations deprived of grazing challenge, hoof action, and nutrient recycling provided by livestock.

Management objectives and decisions should include recognition of range condition and trend, rather than being based on utilization standards which fail to recognize yearly variations in production and are often based on information developed far from the unique environment of the Black Hills.

Riparian area management must be done holistically. To treat riparian area concerns as the sole or overriding issue is certain to produce the distortions and environmental consequences that inevitably result from single issue management. Livestock should not be excluded from riparian areas except in very rare cases where no alternatives are available. Grazing and riparian objectives are compatible when effective cooperative management and good communication are present.

Effects on private property such as wildlife depredation, fire risk and reduced stream flow must be addressed by the plan. Landowners should be compensated when adjacent management affects the landowner's ability to use or manage private land.

RECREATION RESOURCE OBJECTIVE - The Forest Plan must maintain current levels of motorized and nonmotorized recreational opportunities in the forest, as well as address the need for expanding recreational opportunities.

Recreational opportunities and public land access in the Black Hills National Forest enhance the lives of Black Hills residents and visitors. Snowmobile, motorized and nonmotorized trails are needed to meet the needs of visitors and residents. Plans for expansion may be needed to minimize conflict, congestion and resource impact.

Roads that are currently open should remain open. Conflicts that are currently solved with "closures" should be resolved through public education, by providing better and more accurate signing and mapping, and more public involvement in the management of recreational facilities. Road closures should be a last resort.

Road closures severely impact trappers economically, especially those who make their living from trapping.

The requirements of the disabled and senior citizens must be considered according to Federal Law. Snowmobiling and motorized trails provide the only access for many of these people to remote parts of the forest.

WATER RESOURCE OBJECTIVE - The Forest Plan will maintain or increase stream flows, surface water availability, community water needs, and recharge of aquifers.

The Forest Plan Revision must maintain or increase surface water yield and recharge ground water aquifers to meet the growing needs of urban communities, agriculture, industry, recreation, fisheries management and wildlife habitat.

Vegetation management on the Black Hills National Forest drastically affects stream flow, surface water availability, community water systems, and the recharge of the Madison and other aquifers.

The Forest Plan must explicitly recognize State water law to protect water users from loss due to federal intervention.

The Forest Plan standards and guidelines must reflect the State's determination of Best Management Practices for water quality.

AESTHETICS OBJECTIVE - The Forest Plan will maintain aesthetic objectives through continued current management.

The lengthening of rotations is not necessary to maintain an uneven aged forest appearance nor create larger diameter trees. Science, proper and practical land management and technology can meet the aesthetic needs of both visitors and residents without reverting to an approach which injures economic stability.

WILDERNESS OBJECTIVE - The Forest Plan will not recommend additional wilderness.

No additional wilderness is needed or wanted in the Black Hills. Wilderness excessively reduces access to public lands and eliminates alternatives for fire reduction and biodiversity.

Areas which have received no management such as those found in the Norbeck, Sand Creek and Beaver Park Diversity units are negatively affecting aesthetics, ASQ, AUM's, wildlife habitat and water yield as well as increasing fire risk.

MINERAL RESOURCE OBJECTIVE - The Forest Plan will acknowledge that mining is an important economic industry to the Black Hills area and responsible development should be encouraged and promoted as one of the multiple uses of the land.

Access and secure tenure for mining claims shall not be diminished.

With diminished access and secure tenure not guaranteed, use of mining claims by small businesses or individuals will be non-existent.

State primacy with regards to the regulation of mining should be promoted.

ECOSYSTEM MANAGEMENT - The Forest Plan will maintain healthy ecosystems that include healthy economic and social components. Communities, people and their needs must be included as integral components of healthy ecosystems.

The natural Black Hills Ecosystem was sustained primarily by fire. It is not possible to return to the natural ecosystem. The best alternative is to mimic nature's cycles while at the same time allowing resource utilization from the forest.

Today, efforts must try to duplicate nature's work, only without destructive wildfire. With more people living in forested areas, a concerted emphasis must be placed on keeping the forest healthy to reduce wildfire activity from occurring.

FOREST RESOURCES OBJECTIVE - The Forest Plan must insure a reliable and sustainable harvest quantity of a minimum of 110 MMBF as demonstrated by the most recent information used by the Black Hills National Forest.

A healthy forest products industry is necessary as a management tool to achieve other objectives from the forest such as managing fuel loading, preventing disease and insect infestations, minimizing pine encroachment, increasing the availability of water and forage, and increasing plant and animal diversity.

Management must begin early in the successional stage of the forest to provide for a continued healthy and productive forest.

Any old growth areas should be managed to reflect condition of old growth of the Black Hills as shown 100 years ago, not as shown by the biology of other parts of the Pacific Northwest.

CONCLUSION - "If you can't measure it, you can't manage it" is valid. Without the measurement of outputs such as visitor days, campsite visits, animal months, or board feet, management becomes a process without a result. The economy, the environment and the public would be ill-served by such a situation.

The Forest Plan must clearly state management objectives and planned level of outputs. Output level ~~must~~ be sustainable and predictable, and reflect the Forest's ~~commitment~~ to attainment.

Senator PRESSLER. Thank you.

Angie Many, secretary of Black Hills Women in Timber, Hill City, SD.

STATEMENT OF ANGELA MANY, SECRETARY, BLACK HILLS WOMEN IN TIMBER, HILL CITY, SD

Ms. MANY. Thank you and good morning.

My name is Angie Many, and I'm a founder of Black Hills Women in Timber. And I've been asked to discuss a little bit the impacts of logging upon our local environment.

I started researching these impacts back in 1976, the day after my husband came home and told me that he had a job cutting trees. I thought that what he was doing was wrong, and I was determined to show that to him. So I spent a lot of time with local people and in libraries, and what I found out, of course, is that loggers are doing a good job out in the forest. My research backfired or I wouldn't be sitting here in this position.

I learned that we had more trees in this country than we had 100 years ago. I learned that many wildlife species that were near extinction at the turn of the century are now flourishing. I learned that wood is the most environmentally safe and cost-effective building material that we have. And through forest management, we've reduced the number of trees lost in this country by about 90 percent from about 5 million acres a year—or excuse me, from about 50 million acres a year down to 5 million acres a year. We've also dramatically reduced the number of trees that we're losing to insect and disease infestations.

And one of the figures that really caught my attention, the amount of land that is harvested in the National Forest System every year is about one-half of 1 percent. That's all the land that we're talking about, one-half of 1 percent. And that figure holds pretty true in the Black Hills National Forest also.

One of the things I realized from research was that our forests are managed. If they're not managed by man, who would then get to use the resource and would stabilize wildlife population, then they're managed by nature, and nature often uses destructive catastrophes for management.

You know, Chairman Pressler, that the Black Hills is a beautiful area, and I'm sure that you're familiar with this book, Yellow Ore, Yellow Hair, Yellow Pine. Almost every picture in here—and we do have some blowups here—shows that the forest has increased substantially in the amount of trees and the health of the forest in the last hundred years, and this has been done at a time that we've taken 5 billion board feet of timber out for the needs of American citizens. These pictures of the Castle Creek area, in particular, show the dramatic growth of the Black Hills National Forest in a hundred years.

We are experiencing in this country constant land withdrawals, land taken out of the timber base, land taken out of different bases in our country. Right now we have 170 million acres in the national park system and the wilderness systems alone. That makes it vital that we continue to manage our national forests in ways that will maximize the production of goods, the economic stability of

communities, and the motorized recreational needs of our citizens. For a hundred years the Forest Service has been able to meet these needs and still insure that we have a healthy and perpetual forest. I do not believe that we should change the direction of that management.

I do not agree with wilderness expansion here in the Hills or actually anywhere in the country because now we're not preserving pristine areas. It's become a land grab. It's been extended to areas that have been logged and mined and grazed and roaded. Wilderness areas pose a threat to themselves and to the surrounding public and private lands. These lands are by law left to natural processes, and nature tends to renew forest through catastrophic methods.

The Black Hills are historically managed through wildfire and by the mountain pine beetle, and there's absolutely no reason to believe that natural management in wilderness areas would spare our forests or our local residents from these catastrophes. These processes do not recognize property lines. They destroy animal habitat.

Also, expansion of the wilderness system would mean a tragic loss in the amount of timber available for our products, not just for our generation but for all of those to come. The growing of trees for timber is a long-term commitment. The seedlings of today will be lumber for my great grandchildren. Any land that we set aside today reduces the amount of timber and lumber available for those who follow us. I don't believe that we have the right to say that our descendants cannot have affordable shelter and daily newspapers and abundant forests because we were shortsighted and we set aside land in this generation.

I ask that the Members of this Committee put the needs of individuals, small businesses, and our forest environment ahead of those who would have us padlock Federal lands so that the healthy and the wealthy can hike in solitude. When wilderness lands burn or its trees die from infestation, these people are going to go elsewhere for their recreation. Those of us who have made the Black Hills our home will be left here to deal with the aftermath.

You know, of course, that right now the Forest Service is facing the monumental task of revising the forest plan. This document affects almost every person in the area. Because we can select cut here, many visitors to the area are unaware that there's even any logging going on in the Hills. Logging has been used, however, to create the beautiful forest that we have today. And because of this, I'm very disturbed by indications that our plan might reduce the amount of timber to be harvested. This is not a national park created solely for the enjoyment of people and for the protection of wildlife. It's not a wilderness area created for solitude and naturalness. It's a national forest created for a continuous supply of timber and for a perpetual forest and dedicated to community stability. Yet it seems that like many of our national forests, it's being managed more and more as an old growth preserve, a nonmotorized recreational preserve, and a wildlife preserve.

I think that we should change the current policy of managing for wildlife at epidemic levels and we should instead manage for endemic levels. I believe that we should give maximum opportunities

to motorized recreation. I believe that cattle have their places on the national forest and that they reduce the amount of grass subject to fire and they provide the recycling of nutrients, which replaces the need for fire. And I believe that our Forest Service should be actively working to increase timber sustained yield levels for the benefit of future generations and increasing opportunities for those multiple use activities that are now being denied many American citizens on many public lands.

Thank you.

[The prepared statement of Ms. Many follows:]

STATEMENT FOR THE RECORD
OF
ANGELA MANY
SECRETARY, BLACK HILLS WOMEN IN TIMBER
BEFORE THE
SMALL BUSINESS COMMITTEE
OF THE UNITED STATES SENATE
FIELD HEARING
RAPID CITY, SOUTH DAKOTA

September 4, 1993

1. Introduction

Good morning. My name is Angela Many. I live in Hill City, South Dakota, with my husband, Bruce, and our two children. We own two businesses that are dependent upon logging, our property is bordered by National Forest, and my family uses the Black Hills National Forest for various recreational purposes. We have a vital stake, both economic and social, in the management of the Black Hills National Forest.

I helped to found both Wyoming Women In Timber and Black Hills Women In Timber, and I served as president of each organization for two years. I am currently secretary of Black Hills Women In Timber. Women In Timber members in 12 states work to promote the conservation of natural resources, with conservation given its true meaning of 'wise use'. We also work to educate the general public about the advantages that our forests, our wildlife, and our citizens receive from the responsible harvesting of timber.

I have been asked to discuss the impacts of logging upon our local environment, and I must state that I am very concerned about recent trends in public lands management. Because I love the Black Hills and the outdoors, I have tried to become as knowledgeable as possible about the issues currently affecting this area and our country.

I grew up on a beef ranch in Alabama. I learned at an early age that food does not magically appear on grocery store shelves. Our table was full because we gardened, butchered, hunted, and fished. I had a very solid background in the wise use of land and its natural resources, except for our resource of trees.

I graduated from college in 1972, when the environmental movement was beginning to become prominent. I believed in that movement. I believed in its sincerity and in its

arguments that our forests and our air and our water must be protected. When we moved to Hill City in 1976 for instance, I used a minimum of paper products -- no paper towels, no paper plates, no paper napkins, etc.-- in the mistaken belief that I was 'saving trees'.

It was quite a shock to me when Bruce took a job cutting trees. I was not able to talk him into changing his mind, so I started researching. I wanted to be able to show him how 'morally wrong' his job was. I talked to lifelong Hills residents, I spent hours in libraries, and I found old written accounts and photos of the Black Hills.

The fact that I am sitting here today shows that my research backfired. Instead of learning about the 'evils' of logging, I learned that we have more trees in this country than we had 100 years ago. I learned that many wildlife species that were on the verge of extinction at the turn of the century are now flourishing because of the efforts of loggers and hunters. I learned that wood is the most environmentally-safe and cost-effective building material that we have, that logging has helped to reduce by approximately 90% the amount of trees lost each year to carbon-spewing wildfires, and that insect and disease infestations have been dramatically reduced because of the sensible management of our forests, using logging as the primary tool. I learned that responsible logging can mimic natural processes to increase the health and the beauty of our forests and to rejuvenate them with young, vibrant trees that supply our world with the oxygen we require.

I learned that our National Forest system was created in large part to "furnish a continuous supply of timber for the use and necessities of the citizens of the United States" (Organic Act, 1894), and that the harvesting of timber on these National Forests has actually increased the amount of timber available for future generations while improving the forest environment itself. I learned that we harvest only about 1/2 of 1% (.5%) of our National Forests each year. I learned that our forests will be managed -- if not by man, with the

benefit of resource use and stable wildlife populations, then by nature with its often destructive catastrophes.

I became proud that my husband was helping to supply affordable wood products for our country while keeping our forests safe for my children and their children. I am still proud that my husband is a logger, but for the last five years I have worked almost as hard at keeping logging alive as my husband has at actually logging.

I hope that as you came to our area, you were able to witness the extraordinary beauty of the Black Hills. This is a forest that has been logged for one hundred (100) years without one plant or animal extinction attributed to the harvest of timber. Pictures taken during General Custer's expedition show that our forest has grown substantially in size and increased in health during those years, even though five billion (5,000,000,000) board feet of timber have been removed to meet the needs of American citizens. The Black Hills National Forest, to me, should be the showcase of the nation.

In the last few years, small but very vocal groups of people, whom I term "radical environmentalists" or "preservationists", have brought so much pressure to bear upon the Forest Service, both locally and nationally, that this agency, as well as other agencies within our government, is unfortunately changing to reflect some of these pressures. I believe that some of these preservationists are sincere but shortsighted individuals who have lost the connection between resources and products and who believe that a living, growing, dying forest is instead a static entity that can be preserved much as in a picture postcard. I believe that many are victims of what I term the 'environmental industry' - a money-making machine that profits most through broadcasting a 'sky is falling' hysteria. Others are a part of, and beneficiaries of, the environmental industry itself, and I believe that still others are

comprised of a small segment of our society who believes that land and the control of the land belongs in the hands of our federal government.

Today's preservationists, whether well-meaning or insidious, are negatively affecting the management of our public lands. Often armed with studies conducted on Caribbean islands and tropical jungles, they have entered the public arena to falsely state that those of us who have lived on the land for generations are not caring for it adequately, that we are for some insane reason determined to destroy our parents' legacy and our children's heritage. Improvements can certainly be made in any activity, including resource uses. Improvements in techniques, knowledge, and equipment have been made steadily over 100 years of logging and will continue to be made. Improvement is not, however, the goal of these activists. Simply stated, their goal is the cessation of all commercial and motorized uses of public lands, as well as severe restrictions upon the uses of private lands. The federal government controls one-third (1/3) of the land in this country. Cessation of traditional uses of these lands will cause economic and environmental devastation.

From the activities of early environmentalists and preservationists have come various land use philosophies. The National Park system was created to preserve truly unique areas in our country for the enjoyment of people and the protection of wildlife. Then came the Wilderness system, created to set aside 'pristine' areas for the predominance of natural processes and to provide settings for nature to be enjoyed in solitude. The Wilderness system has now grown to encompass ninety (90) million acres. Each of these original concepts may be worthy, but combined they lock one hundred seventy million (170,000,000) acres of land away from the production of goods needed by Americans, and lower local tax bases. More importantly, they remove this vast acreage from the modern methods of land management which make it possible to keep lands healthy in an ever-constricting, ever-demanding world.

The withdrawal of vast amounts of land into these systems make it vital that we manage our National Forests in ways that will maximixe the production of goods, the economic stability of communities, and the motorized recreational needs of our citizens. For one hundred years, the Forest Service has been able to manage our National Forests to meet these needs while still ensuring a healthy and perpetual forest. I do not believe that we should change the direction of that management.

2. Wilderness Expansion

In my opinion, the Wilderness system has grown much beyond the expectations of even its own creators. Far from preserving 'pristine' areas, the Wilderness system has become a 'land grab' which is now being extended to areas that have been logged, mined, grazed, and roaded. The local Sierra Club has proposed that fifty-seven thousand (57,000) of such acres of the Black Hills National Forest be added to the ten thousand (10,000) acres of legal Wilderness now present. In addition, they request that seventy-four thousand (74,000) acres of grasslands and badlands be converted to legal Wilderness.

I believe that legal Wilderness poses a threat to itself and to surrounding public and private lands. These lands are by law left to natural processes, and nature tends to renew forests through catastrophic methods such as wildfires and infestations. These processes do not recognize property lines. While these natural processes accomplish the rejuvenation of forest stands, regrowth takes place at a much slower rate than the regrowth after logging. The natural processes are more destructive and less selective than logging, they destroy our precious resource of trees, and they destroy animal habitat. Although the Sierra Club will contend that infestations and wildfires in Wilderness areas may be fought by technological and/or mechanical means if necessary to protect surrounding lands, in reality these methods are very rarely used unless human life is threatened.

The Black Hills were historically managed by wildfire and the mountain pine beetle. There is no reason to believe that natural management in Wilderness areas would differ, nor that it would magically spare our forest, or our local residents and visitors, from those catastrophes. When I first moved here, in 1976, there were few roads that you could drive without seeing slopes of bug-killed trees. The Forest Service then began a very pro-active management plan, and because of this management we have not had an uncontrollable outbreak since that time. I firmly believe that if we slow this type of forest management, we will return to management by natural destruction. I ask that you remember well the 1988 fires of Yellowstone, which were put out not by man but by snow. Those fires burned enough timber to meet the needs of this country for three years. That, to me, is a crime and a shame, and I would not like to see that waste repeated in this area. Logging, forbidden in Wilderness areas, gives us healthy trees that are resistant to disease and infestations, stands where wildfires will burn cooler and slower than in unmanaged stands, and access roads that enable firefighters to respond quickly.

A substantial part of our local economies depend upon people being able to recreate in our Forest. Tourists will not drive here to see scorched trees and ground. Neither is Wilderness beneficial for wildlife. One hundred years ago when natural catastrophes struck, wildlife could simply move to a different area until their original habitat was restored. Because of human cities and suburbs, wildlife habitat areas today are restricted. If their habitat is destroyed, they will be subjected to cruel and unnecessary starvation.

Expansion of the Wilderness system would also mean a tragic loss in the amount of timber available for products, not just for our generation but for those to come. The growing of trees for timber is a long-term commitment. The seedlings of today will be lumber for my

great-grandchildren. Using the principles of scientific forestry that we have learned, and those that we will discover in the future, we have the capability to dramatically increase the natural growth of trees. All lands that we lock up today, however, reduces the amount of usable timber available for those who follow us. In addition, as good timber lands are locked away, loggers are being forced to use more 'marginal lands' where timber does not regenerate as well as possible, also lowering future yields.

We do not have the right to deprive our descendents of affordable shelter and daily newspapers and abundant forests because we bowed to the pressures of a vocal minority who believe that resources are to be viewed and not used.

The lack of management in the Norbeck Wildlife Preserve here in the Black Hills graphically demonstrates the consequences to the forest of 'natural management'. Norbeck is full of what local preservationists refer to as 'old-growth', a term designed to invoke visions of magnificent trees. The old-growth in Norbeck instead consists mainly of trees six inches (6") in diameter, in dense stands that keep trees cramped and stunted. They are prime candidates for nature's favorite forest renewal methods of wildfire and infestation. In addition, these dense stands of over-mature, stunted trees keep other vegetation from growing. Since few animals can subsist upon pine cones and needles, Norbeck has become somewhat of a local joke--the Wildlife Preserve with no wildlife. The wildfire danger that it poses, however, to our forest, area residents, campers, and Mount Rushmore is no laughing matter.

Wilderness is counter-productive to forest health and longevity and to wildlife habitat. Wilderness does not protect the environment. Neither do I believe that we need expansion for the use of people. Figures indicate that there is very heavy human usage of our Black Elk Wilderness Area along two specific trails: those leading to Harney Peak. The

outstanding scenic qualities and the desire of many people to hike to the top of the highest peak east of the Rockies command the heavy visitation. The remainder of the area does not show enough use to interfere with the 'solitude' demanded by the small percentage of people who leave those trails. Expansion of the Wilderness system here cannot, therefore, be justified even by human needs, and is in fact exclusionary for most people, since it can only be entered on foot or on horseback.

As in other areas of the West, the federal government owns a large portion of land here, which means that much of our local tax base is supported by the extraction of products from our National Forests. Whenever land is withdrawn from production, the burden of lost tax revenues and the concurrent loss in jobs is devastating to the very local economies which the Forest Service a century ago pledged to support and stabilize if citizens would stop opposing the creation of National Forests.

I ask that members of this committee put the needs of individuals, small businesses, and our forest environment ahead of those who would have us padlock federal lands so that the wealthy and healthy can hike in solitude. When Wilderness lands burn or its trees die from infestation, these people will go elsewhere for their recreation. Those of us who have made the Black Hills our home will be left with the aftermath.

3. Black Hills National Forest Plan Revision

The Black Hills National Forest Service is now facing the monumental task of revising the Forest Plan, a document which affects almost every person in the area as well as the Forest itself. Many of us-- loggers, ranchers, miners, and tourist businesses-- depend upon the Forest and its products or opportunities for our livelihoods. Others use the Forest for its recreational opportunities, including hunting, fishing, boating, motorized recreation, hiking, and camping. The National Forest has provided stability to our communities and a

reasonable return of tax dollars to our local treasuries to compensate for the dearth of private land in our area. The Black Hills National Forest is one of the most intensively - used National Forests in the country. In the past the Forest Service has done an excellent job of protecting our access to the Forest, of maximizing the uses of the Forest, and of protecting the forest environment itself.

We are extremely lucky that our ponderosa pine regenerates naturally and prolifically in shade, eliminating the need for clearcut methods of harvesting. Because we can select cut, many visitors to the area are unaware that the Hills are logged unless they happen upon a recently harvested area. Logging has, however, been used as the primary tool to create the beautiful forest that we have today.

I am very disturbed, then, by indications that our revised Forest Plan may reduce the amount of timber to be harvested. This is not a National Park, created solely for the enjoyment of people and the protection of wildlife. It is not a Wilderness area, created for solitude and naturalness. It is a National Forest, created for 'a continuous supply of timber' and for a perpetual forest, and dedicated to community stability. Yet it seems that it, like many of our other National Forests, is being managed more and more as an old-growth preserve, a non-motorized recreational preserve, and a wildlife preserve, to the detriment of sensible forest management.

Our wildlife is healthy and populations are at high levels. There are more elk and turkey in the Hills now than have been present within living memory. Pine marten reintroduction has been successful. Although deer populations are not quite at record levels, they are causing problems by invading lawns in Rapid City and roadsides where grass is prevalent. I believe that this problem is caused by the state of our Forest, which is currently in a 'climax' stage. There are too few openings, and too many places where the forest canopy is closed,

causing a loss of vegetation. An increase in logging would create a better habitat for our deer.

I enjoy the wildlife of the Hills, and I especially like seeing deer in my yard during the spring and winter months. I believe, however, that the current policy of managing for wildlife at epidemic levels should be changed and that we should instead manage for endemic levels. I believe that maximum opportunities should be given to motorized recreation, which is severely limited in National Parks and unavailable in Wilderness Areas. I believe that cattle, too, have their roles in our National Forest, especially in reducing the amount of grasses that are subject to fire and in the recycling of nutrients which replaces the need for fire. I believe most of all that the Forest Service should be actively working to increase timber sustained-yield levels for the benefit of future generations, managing timber pro-actively to avoid natural catastrophes, and increasing opportunities for the multiple-use activities that are now being denied American citizens on many public lands.

4. Conclusion

Many people opposed to logging forget that their homes, their favorite magazines, and thousands of other products that they use daily are made possible through the harvesting of trees. Most do not realize that these products are affordable because we harvest on public as well as private lands.

This country has been blessed with near-ideal conditions for the growing of trees. We are physically and technologically capable of meeting the needs of our citizens for wood products and of exporting these products to other countries.

Sadly, there are many people today who do not realize the global impacts of reducing our timber supply. First, of course, is that we lower our export level and increase our import

level, contributing to our trade deficit. More importantly, however, we then throw the burden and responsibility of harvesting timber upon other countries. The United States has the strictest laws in the world governing the harvest of timber. The fact that these laws work is emphasized by the increase in trees and forested area and timber volume since the 1930s. Many of the countries from which we will import wood products have no restrictions upon logging, and many of these countries are poor enough that they will gladly strip their forests for the American dollar. A refusal to manage our timber lands for maximum timber production will contribute to the deforestation of other countries, most of which do not have the technology nor the funds to reforest. This is inexcusable given the fact that the United States has been actively reforesting for decades and is capable of doing so into infinity.

An article in the Rapid City Journal recently reported that because of fluctuations in the price and availability of lumber, some home builders are turning to the use of steel beams instead of 2X4s for home construction. The manufacture and transport of steel takes over nine (9) times the amount of energy as does the similar structural amount of wood. In addition, neither steel, concrete, nor the petroleum used to make the new 'plastic wood' is renewable. We cannot grow more. It is also inexcusable, in my opinion, to replace wood with nonrenewable resources when we have an evergrowing supply of trees.

I stated earlier that twenty years ago I believed in the environmental movement. I believe that we all support the concept of caring for our environment. We all want clean air and clean water and healthy plants and animals and lands, and we all want those wonderful aspects of this great planet to be enjoyed by our descendents. The environmental movement of twenty years ago, however, is no longer. It has been replaced by the environmental industry: a multi-million dollar per year industry that has become dependent upon unfounded hysterics that destroy people and businesses. Witness the "Alar scare"

which tragically and unnecessarily bankrupted many apple growers, the "global warming scare" which is now being disproved, "the acid rain scare" which is no longer considered a threat, and the "mercury in fish scare" which was finally disproved by testing mercury levels in tissue from fish that lived before the Industrial Age.

The environmental industry of today uses these 'scare tactics' to raise funds to increase memberships and to pay the generous (by my standards) salaries of their personnel. Their tactics and their lobbying unfortunately also have the effects of encouraging government to acquire more land, taking it away from individuals and off the local tax rolls, of restricting traditional uses of public lands, and of giving government more control over private land. Restrictions caused by Wetlands regulations, applications of the Endangered Species Act, and lawsuits adjudicated by those with little or no natural-resource knowledge are causing severe economic harm to those whose labor and products have made this country the strong nation that it is today: our loggers, farmers, ranchers, and miners. Unfortunately, in most cases these restrictions are not even helping our environment.

I ask Congress to remember that the wealth of a nation is based upon its natural resources, and that America has an abundance of those resources. It is imperative that we use them wisely, but use them. Refusing to use them at all will only succeed in lowering the United States to the economic level of those countries that lack abundant natural resources.

Angela Mary

I was not asked to testify about the effects of public lands use upon my businesses, but I would like to add the following written testimony for the record. I own "Andrea's Chain Saws" in Hill City, which has been severely impacted by the loss of 2 1/2 area mills. We have added other items, such as mowers, wood splitters, weed trimmers, to our inventory, but even with the expanded product lines our sales are down 10%. Because of that and because of the cost of the additional products, I have not had a paycheck from "Andrea's Chain Saws" in over a year.

My husband is a logging contractor who was working for Little River Lumber when it went out of business. The only job he could find was in Montana. My children see their father only on weekends now. Although his income has not decreased, his costs have drastically increased. We must maintain two homes, with increased costs of travel and communication between them. We have also had to increase payments to our crewmembers so that they can afford to live away from home.

Mary

Senator PRESSLER. Thank you.

John Perceovich, owner and operator of Pactola Pines Marina.

**STATEMENT OF JOHN PERCEVICH, OWNER AND OPERATOR,
PACTOLA PINES MARINA, RAPID CITY, SD**

Mr. PERCEVICH. I'd like to thank you for this opportunity to testify at this hearing.

I'd also like to reinforce a couple of things I've heard through my experience. Mr. Honerkamp had stated that the tourist would not be drawn here by wilderness areas. I speak to thousands of tourists every year. And one thing they come to the Black Hills for and the one thing they say when they leave is, "We'll come back because we can get out in the Black Hills." I have to disagree with Mr. Brademeyer. I don't believe that the tourist will come back if half the Black Hills are in wilderness areas. They won't come here.

When we speak about tourism in South Dakota, we're talking about hiking trails. We're talking about backpacking, things of this sort, but also winter sports such as cross-country skiing, hundreds of miles of snowmobile trails, and many, many other things. So I'd just like to reinforce that before I give you my testimony.

I've been a businessman in South Dakota for over 30 years. My background has been in education, I guess, as a teacher before I went into business. I was born and raised here. My grandfathers on both sides were settlers in the Black Hills. Like Tom, I've seen many, many changes in the Black Hills. From proper timber management, I have seen things get better.

I've seen it so bad during deer season that you had to hunt for a track. Now you don't have to do that. We didn't have any Elk in the Black Hills prior to 1980, I believe. We had them in the eastern Black Hills, but we didn't have any right here in the Black Hills. So I think a healthy forest also promotes healthy game conservation. Since we have started managing the forest, I think we've seen that here in the Black Hills.

You know, I was raised under the old-fashioned belief that God put things on this earth for man to use, not to abuse. And I don't think the forests in the Black Hills have been abused. I would take exception with the extreme environmentalists that say they have. I would like to have them take me to an area that they think has been that abused through proper forest management.

Angie has said, if you do not manage the forest, mother nature's going to go it. And we've all seen examples of this. I can't imagine any group, whether extreme environmentalists or not, willing to say, let's make this a wilderness area. Let it burn instead of man using it. It does not make good sense. I hope the people in Washington can also see that.

The one thing I wish to address here that nobody has addressed is water conservation. Water is our most important natural resource. I'm prejudiced. I depend on water at Pactola. I have fought droughts for 6 years. I've seen many businesses in Rapid City and outside of Rapid City go bankrupt during those drought periods.

Recreation is a big business. Just in Rapid City or western South Dakota and eastern Wyoming, during the drought season, we took a survey and the recreation-related businesses is a 30 million dollar

industry. If you take this wilderness area and put it in and take all the runoff that we would have, it would be disastrous to this western half of the State and eastern Wyoming also.

There has been a survey done by the University of South Dakota, South Dakota State University in conjunction with the Soil Conservation Service and the USDA Forest Service. Dr. Robert Gartner and Keith Wrage have done this survey. I've told Senator Pressler he can get more information from them. But what they did was to look at a dense canopy forest—over 60 percent dense canopy and compared it to an open area in 1993. They found that there was a 28.4 difference in precip that actually hit the ground, 28.4 percent in precip that hit the ground. If you take this, like Tom said, the total acreage that's involved in this thing for buffer zones and corridors and so on, this would be disastrous to the Black Hills. It would drain Pactola if we had a dry year and Deerfield and Angostura Reservoir, also Belle Fourche Reservoir and Keyhole Reservoir. It would be disastrous to the Black Hills area to have this happen.

We have to look at the report of the drought committee in Rapid City. They spent thousands and thousands of dollars on this thing, and they're spending more money on this hydrological research that Bob Gartner is doing now. We have to use this information to our advantage. The drought committee said conserve water; Forest Service, cut and manage and thin timber in the watershed areas of these reservoirs. We also wanted proper management of our reservoirs. These things have to be done, and they have to be done on a continued basis or we're not going to get the runoff we need to build these reservoirs. This will not only affect the recreation business, it will eventually affect the manufacturing business in Rapid City and it will affect the agriculture business below Rapid City on the lower confines of Rapid Creek.

I would urge Congress to take a good look at the appeals system that we have that is endangering the lumber industry right now in western South Dakota. But in the long term, we must address water conservation.

I think the Black Hills National Forest Revision Plan has a lot of merit, but the one thing I would have Congress look at before they ever do that, I think there should be a hydrological study done on the areas that they're recommending for wilderness areas in the Northern Hills or in the Belle Fourche watershed, because the Belle Fourche watershed is also very, very important to the Black Hills area.

I would urge you to go back, Senator Pressler, and do everything you can to get rid of these frivolous appeals and to come up with some recommendations that's going to help the economy of this area instead of hinder the economy of this area.

Thank you.

[The prepared statement of Mr. Percevich follows:]

TESTIMONY PRESENTED
BY
JOHN PERCEVICH
PACTOLA PINES MARINA
RAPID CITY, SOUTH DAKOTA

PREPARED FOR
SMALL BUSINESS COMMITTEE
HEARING ON:
PUBLIC LAND
USE IMPACT
ON SMALL BUSINESS

CONDUCTED BY
SENATOR LARRY PRESSLER
UNITED STATES SENATE
RAPID CITY, SOUTH DAKOTA
SEPTEMBER 4, 1993

Testimony of John Perceovich, owner and operator of Pactola Pines Marina , Rapid City, South Dakota.

Before giving this testimony, I would like to give you a brief background of my life here in the Black Hills. I am a Black Hills native, born in Deadwood and raised on a ranch in Englewood. I received my education in Englewood, Lead, and Black Hills State College. I have lived here all my life except for a tour of duty in the US Navy in Korea and Japan. My grandparents on both sides were immigrants from Ireland and Yugoslavia arriving in the Black Hills in the late 1800's. One of my grandfathers made his living cutting timber for the mines. My other grandfather worked in the mines in Trojan. My father was a rancher in Englewood, worked in the mines in Trojan, and also worked in the timber. Later in life he sold his ranch and worked for Homestake Mining Company. He was also caretaker of about 4000 acres of land owned by Golden Reward Mining Company and was responsible for the timber management in that area.

I have worked for Homestake Mine, in the timber, was a school teacher for 11 years, owned a drive-in restaurant, operated a ready mix plant, and am presently operating Pactola Marina. I am giving you this background because I believe the future of the Black Hills should be in the hands of people that respect and love it. These same people must earn a living while residing here.

Five years ago during the worst part of the drought here in Western South Dakota, I did a survey of the economic impact the drought had on small business. In just recreation related industries in Western South Dakota and Eastern Wyoming, we were looking at a 30 million dollar negative impact due to the lack of water in our reservoirs. If you looked at the total impact of gas, food, motels and other related tourist industries, the impact would be tens of millions more.

During this drought many small business in Rapid City went out of business. How do you put a dollar value on these businesses that were lost? During this drought the City of Rapid City appointed committees to study this drought and to come up with some criteria to alleviate the drought and to prevent it from happening again. Some of the criteria they established are listed below:

1. Keep water conservation a top priority even in moist years.
2. Proper timber management of cutting and thinning in the Western South Dakota and Eastern Wyoming watersheds that fill our reservoirs to attain maximum runoff of water.
3. Proper management of water by the contracting agencies that control the water. (e.g. Bureau of Reclamation.)

There were other criteria set up by the committee but these were the most important.

This decrease in runoff could be disastrous for recreation, but could also stall economic development in Rapid City, and have a negative effect on agriculture on the lower confines of Rapid Creek.

There are also 17,000 acres located in the Belle Fourche watershed and some in the Angostura watershed in the Sierra Club's proposal. This whole proposal spells disaster for water conservation and storage in Western South Dakota.

I would appeal to the members of Congress to let the experts in forest management, the USDA Forest Service, and private enterprise, manage the Black Hills. These people reside here, earn their living here, and would not jeopardize their children's and grandchildren's heritage.

Don't let these organizations compare the Black Hills to the Rocky Mountains, the Cascades or any other mountain region. We are unique in size and annual precipitation. We need proper timber management, not more wilderness areas.

It is unthinkable to me that the Sierra Club and allies would introduce a South Dakota Wilderness Bill after the negative reaction their original bill received in Rapid City. This bill should be called the Out-of-State Interest Bill, because the people of South Dakota do not endorse this bill. I would hope that Congress gives these people the same consideration that they gave the people of Western South Dakota. They did not listen to us at all.

Concerning the Black Hills National Forest Revision Plan, we see some forward-thinking recommendations have been made by committees and professionals. These people have spent long hours studying the problems.

The proposal in this plan to manage the timber above Pactola Reservoir to attain maximum water yields is commendable. Water is our most important natural resource and the conservation and storage of water is critical to this area. The USDA Forest Service should be commended for implementing the following recommendations to the drought committee:

1. Maximum flow of forest products. This would maintain our local timber economy.
2. Their plan also increases back-country recreation, which is commendable. I deal with thousands of tourists and locals each year and the one thing they enjoy about the Black Hills is that they are accessible by roads, hiking, horseback riding, mountain biking, trail biking, four-wheeling, snowmobiling and cross-country skiing.
3. The only part of this revision plan I would question is the wilderness area proposed in the Belle Fourche watershed. I believe before this happens there should be a hydrologic study to see the effects of runoff and storage in the Belle Fourche watershed.

History does not teach us much. Already some Rapid City Council members are advocating getting rid of water restrictions because our reservoirs are full.

Now the Sierra Club is telling us we need more wilderness instead of more timber management in these watersheds. It seems to me that the Sierra Club and their allies did very little homework on this proposal. They do not address water conservation and the amounts of water we would lose in our reservoirs if these wilderness areas become a reality.

Last winter the Sierra Club had a public meeting on the original wilderness proposal. Over 500 people crammed the room at Howard Johnsons and during a three-hour period waited in line to speak against the Sierra Club's proposal. During the meeting the only people who spoke for the proposal were those who were on the stage. These people on the stage were all from out of state, except one. In other words, none of these people had to worry about how to make a living here in South Dakota. During this meeting I asked about the hydrological consequences of this proposal. One man's answer was that usually you did not have to worry about that because snow pack would fill the reservoirs. I got this answer after fighting low water in our marina for six previous years. Great research by a group that should have had this information before making a proposal that is so critical to the people of this area.

I have compiled some hydrologic facts on the Pactola Watershed area:

The Sierra Club's proposal includes 14,900 acres of wilderness in the Pactola watershed area.

Pactola's average precipitation is 20.13 inches per year.

This data was collected at a Pactola study site in 1993:

Precipitation recorded beneath dense pine canopy and in open grassland is as follows:

Open areas had 22.89 inches of precipitation

Dense areas had 16.35 inches of precipitation.

This is a difference of 28.4 % of moisture actually getting to the soil. If moisture does not reach the ground it cannot run off.

There is much more data in this hydrologic study. It was started in 1990 and is still ongoing. The study is supported by South Dakota State University, University of South Dakota, Soil Conservation Service and the USDA Forest Service. More information on this study can be obtained from Dr. F. Robert Gartner, Professor SDSU, Dept. of Animal and Range Science or Keith J. Wrage, Research Assistant, University of SD, Dept. of Biology, 414 E. Clark St., Vermillion, South Dakota, 57069.

I would hope what I have put down here reaches the eyes of Congress.

In summary, we do not need the South Dakota Wilderness Bill. It will greatly diminish our efforts to conserve and store water in all of our reservoirs in Western South Dakota. It would be an economic disaster to the recreation industry in drought years. It would be an economic disaster to the timber industry in Western South Dakota and Eastern Wyoming. It would hamper our tourist industry by closing off so many areas that they now enjoy.

Since the Black Hills are inhabited for the most part by houses, small ranches, and cabins, wilderness areas would present an extreme danger of wildfires that could destroy private property and pose a danger to human life.

Please listen. Let the people govern; not pressure groups hiding behind the word "environment."

Senator PRESSLER. Thank you very much.

Let me address this question to any of the members of the panel who want to comment on it. What do you believe to be an accepted allowable sale quantity, ASQ, level for the Black Hills, or how should it be determined?

Ms. MANY. Tom should be the one answering this instead of me, but I think what we would like to see is 120 million. But we certainly don't want anything over the sustained yield level of the forest, but we think that the Forest Service should be actively looking for ways to increase the sustained yield level. And we're working under so many restrictions right now, leaving snag trees, for instance, but not only leaving snags, leaving potential snags. There's just more and more areas that are being denied to us and more and more areas that we're having to not use anymore. And I think we need some creative thinking by the Forest Service to get in there and increase the sustained yield in the areas that we can use.

You know, one of the things that is real disturbing to me, the Yellowstone fire, for example, burned up enough timber to support this country's needs for 3 years. It's just gone up in smoke. If we don't find ways to find the timber here, then we're throwing the burden on other countries. And most of the other countries that will send timber to us are poorer countries, and some of them will literally strip their forests. They'll have no environmental control. They'll have no funds to replant. We're reforesting here in the United States. There's no sense in contributing to the deforestation of other countries. We need to look hard here in our own forests for ways to find that.

Mr. BRADEMEYER. The allowable sale quantity should be a ceiling. It's not a target. It has to be determined based on multiple use requirements, which include wilderness, which include wildlife, which include recreation, which include water. Timber cannot dictate what they need as an allowable sale quantity. Mechanization and expansion of mills can absorb any amount taken off of this area. If you want jobs, you'll have to do it sustainably. And this whole concept of allowable, demandable sale quantity is where their problems are coming from. They should be worrying about utilization of what they're getting rather than burning the top third of the tree. They should be eliminating waste in the construction industry. They should be stabilizing small businesses to compete with these out-of-State corporations.

Mr. TROXEL. The only thing to add is when we talk about those numbers—and Angie is right that the number has to be sustainable. But in many ways, the timber harvest level is a byproduct of all the other management objectives. If we manage the forest well for those other objectives, there will be a good, high, sustainable level of timber harvest.

The amount of growth right now in the Black Hills National Forest, I think, is a good comparison because there's a 159 million board feet of timber growing each year. Right now the ASQ is 118 million board feet. And it just seems to me that we ought to be able to stay close to this same level.

Senator PRESSLER. On the issue of the appeal process—and here again, I should mention that I have voted for some Craig amend-

ments, which would make it more difficult to just file automatic appeals. Those amendments have failed. The question is what is the standard used by the Sierra Club or others in filing these appeals?

Mr. BRADEMEYER. We assume that when the Congress of the United States passes a law, they expect it to be obeyed. We assume that when the forest plans, State regulations and what they will maintain for quality on the forest, that they will follow through. Appeals could be entered tomorrow. The Forest Service would obey the law. The Congress would direct the Justice Department to enforce the law.

Senator PRESSLER. Well, I don't want to get into a debate here, but I think the appeals process is open and if you feel that there's something being violated——

Mr. BRADEMEYER. You can file frivolous appeals. There are appeals on small business set aside actually. It's one out-of-State corporation on one side versus another out-of-State corporation on the other. Anyone can file appeals. If you don't cite violations of the law, you will not get anywhere.

Senator PRESSLER. What I'm trying to get to here is how can we, in a positive way, fix this process so that appeals would be filed only when there's an actual, substantive objection to a particular sale? To file an appeal against every proposed sale seems to be an abuse of process. Maybe the law invites that. If it does, it should be changed, and we've tried to change it. I'm not trying in any way to put you down or argue here, but what can we do to improve that process so that when the Sierra Club has a substantive objection——

Mr. BRADEMEYER. We have substantive objections. We've been raising them for 3 years. We haven't got a substantive response. Have the Forest Service answer the questions.

Senator PRESSLER. Could I ask what criteria the Sierra Club used in determining which areas should be considered for the wilderness proposal?

Mr. BRADEMEYER. Those required by law, 5,000 acres with relatively unengineered roads in them, which were the only ones in the Black Hills were those six.

Senator PRESSLER. Mr. Satrom, The Nature Conservancy, I believe, owns properties in South Dakota. How are these properties managed with respect to livestock and watershed, and what are the long-range goals with respect to placing additional South Dakota properties under control of The Nature Conservancy?

Mr. SATROM. Well, first of all, we—the buzzword of the hearing is multiple use, and I've been thinking I suppose a majority of our larger properties represent multiple use because we have—in addition to the conservation function of those properties, we do have generally grazing and in some cases haying contracts. In a number of our preserves, we also have hunting on a very limited basis—or a controlled basis, I should say, because they are often small preserves where we feel there is some endangerment of participants.

With respect to our long-term goals, we view ourselves as an organization that will probably have staff in western South Dakota within the next several years and have been actively looking at properties for some time. Perhaps some people here are aware that

we were a bidder on the Cascade Creek property that sold to an out-of-State real estate development firm several years ago in the southern Black Hills. I think that interest indicates an element that hasn't been touched on today. Large scale out-of-State real estate developers will be increasingly interested in the Hills. In this case they were willing to pay 20 percent over appraised value for a large tract. The tract had significant rare endangered species because of the nature of the hot water coming out of Cascade Springs. We weren't successful in that acquisition, but we will continue to look for tracts that have rare endangered species. And in some cases, depending on our organizational development here, we'll be able to acquire those.

I don't view our organization, though, as real aggressive in that area until we have a solid data base on what's here, what's rare, what needs protection.

Senator PRESSLER. I think John made a good point on water conservancy. Do any of you have any comments on that or on what priority it should have in the Forest Service plan?

Mr. FORT. I would like to comment on that, Senator. I agreed with that testimony. I think water is one of the biggest issues we confront here in the Black Hills and in South Dakota in general. And I think some relooking at the ways water is allocated—of course, we're actually involved in trying to restore falls in Spearfish Canyon and restore water to Spearfish Creek so that it will be the great trout stream that it could be. We think water issues are very much going to come to the forefront and that we should be working on that, sir.

Senator PRESSLER. That concludes my questions. The record of this hearing will be open for at least 7 days. You may drop off any testimony or comments you want included at my office in the Rushmore Mall or mail it to me in Washington, DC. Also, there will be a period for public comment once the 10-year Forest Service plan is proposed.

There would be a 90-day comment period, Mr. Sylva; is that right?

Mr. SYLVA. That's correct.

Senator PRESSLER. I want to thank our witnesses. I know they were under very great time constraints today, and all of their comments will be placed in the record.

This has been a very useful hearing for me, and, as I said earlier, I shall summarize it in a speech on the Senate floor. I would be happy to send that to anyone who wishes it.

Let me say that these hearings are supposed to be all business with not too many comments by the Senator. I am supposed to be listening and collecting information. At the conclusion of this hearing, I've got to go next door and talk to the members of the press just for a few minutes. Then I'm going to return and be available here in a more informal manner. I see so many familiar faces in the audience. I want to greet as many of you as possible.

If some of you have specific cases that you want to talk to me about, my staff will gather over here in this area. They might start talking about some of those cases or ideas.

I want to thank all of you again for being here. I'm going to bolt next door. I'm not leaving. I'm going to come right back. With the

reputation of the Senate, if anybody still wants to shake hands with a Senator, I'll be standing over here. So thank you very much. I thank the witnesses, each and every one of them. I appreciate their coming, and thank you all for coming.

[The hearing concluded at 11:35 a.m.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

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Statement of Senator Tom Daschle
Before the Senate Small Business Committee
Rapid City, South Dakota
September 4, 1993

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Thank you, Senator Pressler, for inviting me to participate in the Senate Small Business Committee's field hearing on "Public Land Use Impact on Small Business." I regret that prior schedule commitments preclude my presence, but I am confident that the testimony you will receive today will contribute to our joint efforts to promote sustained economic growth and maintain a healthy environment in the Black Hills.

The topic of this hearing is vitally important, and I commend the Committee for holding this forum to explore it further. I also commend the witnesses who will present testimony and the concerned citizens who have come to hear that testimony.

We have traditionally achieved a good balance in the Black Hills between a variety of uses of our public lands, including logging, mining, grazing, hunting and fishing, and recreation. It is my hope that today's proceedings will help strengthen the historic South Dakota commitment to this multiple use philosophy.

I cannot over-emphasize how interested I am in what will be said by the panelists and individual citizens at this hearing. Their comments will offer Congress and the Administration valuable direction in the debate over the use of our nation's public lands. While I am in eastern South Dakota today, Mark Rambow of my Rapid City office is attending this hearing on my behalf, and he will report back directly to me on the testimony presented.

As Chairman of the Senate Agriculture Committee's Subcommittee on Agricultural Research, Conservation, Forestry and General Legislation, I am particularly eager to review the final details of the yet-to-be released Forest Service Revision Plan for the Black Hills National Forest. This plan will have significant implications for our area, and the Clinton Administration has been placed on notice that we will have constructive comment to offer on their proposal.

Again I want to thank you, Senator Pressler, for holding this hearing, and for allowing the public the opportunity to have input on the use of their federal lands. I look forward to talking with you personally about your impression of these proceedings when we both return to Washington next week.

TIM JOHNSON
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STATEMENT OF THE HONORABLE TIM JOHNSON
SENATE SMALL BUSINESS COMMITTEE
HEARING ON PUBLIC LAND USE IMPACT ON SMALL BUSINESS
SATURDAY, SEPTEMBER 4, 1993
HOWARD JOHNSON LODGE, RAPID CITY, SD

I want to thank Senator Pressler and the Senate Small Business Committee for holding this important field hearing to look at and discuss public land use policies and their impact on small business here in the Black Hills of South Dakota. The management of the Black Hills National Forest is an important issue in both South Dakota and Wyoming and has a tremendous impact on many sectors of the local economy. It is important to hear from all of those sectors of the economy, and the testimony received today should provide additional insights into the impacts on small business and the environment.

I look forward to reviewing the testimony of those participating in an effort to better inform myself as to the impact of public land use on small business. As a member of the House Committee on Natural Resources and the House Committee on Agriculture, I have participated in many hearings, debates and discussions on various public land use policies and their impacts on both the economy and the environment.

Increasingly, public land management decisions involve finding fair, common-sense balances between environmental and economic issues. Most of these issues are very complex and there is no clear answer, so the task is to devise the best possible solution.

The Black Hills have had a long history of settlement and development since the late 1800's and have been home to logging, sawmills, mining, grazing, recreation, camping, hiking, and tourism ever since. The Black Hills National Forest is also unique in many ways in comparison to other national forests in the West, including a high number of private inholdings that creates a checker-board map and various management issues.

TIM JOHNSON
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The Forest Service is faced with balancing the competing uses of the National Forest and will continue receiving public comment on the direction the management plan should move as the process for updating and revising the 10 year forest plan continues. It is critically important that anyone with an interest in the management of the Black Hills share their comments with the Forest Service. Forums such as this also provide an excellent opportunity for elected officials and the Forest Service to hear from interested citizens so that the full impact of land management decisions can be anticipated as accurately as possible.

I will continue to work with all concerned parties to see to it that the Black Hills are utilized in a manner which promotes a multiple use concept that provides for a sustainable forest.

WRITTEN STATEMENT FOR THE RECORD OF

FRANK M. GLADICS
VICE PRESIDENT

WESTERN FOREST INDUSTRIES ASSOCIATION

BEFORE THE UNITED STATES SENATE

COMMITTEE ON SMALL BUSINESS
FIELD HEARINGS

PUBLIC LAND USE IMPACT ON SMALL BUSINESS

SEPTEMBER 4, 1993

I am Frank M. Gladics, Vice President of Western Forest Industries Association (WFIA) located in Portland, Oregon. WFIA is an association of small independent sawmill owners with operations in South Dakota, Wyoming, Colorado, Montana, Idaho, Washington, Oregon, California, Arizona, Minnesota, Wisconsin, and Michigan. Our members depend heavily on federal lands for their supply of timber. We represent the following companies which have operations in and around the Black Hills National Forest: (1) Continental Lumber in Hill City; (2) Neiman Sawmills in Hulett, Wyoming; and until just recently (3) Little River Lumber Company in Piedmont, South Dakota.

Western Forest Industries Association and its members appreciate the opportunity to describe the importance of the Black Hills National Forest planning effort, how national forest management has effects on the small business sawmills, and our views on the preservationists' wilderness plan. Our testimony and data will focus on those companies which purchase saw timber from the Black Hills National Forest. Although there are several other forest-products companies in and around the forest, they purchase small stem material which cannot be made into lumber. It is the lumber mills that have the most economic impact on the local economies of the cities and towns around the Black Hills.

Given the timing of the hearing and the limited time allowed for oral statements, we ask that our written statement be made part of the official record for this hearing.

FOREST PLANNING IN THE BLACK HILLS

Commitments Made By The Forest Service In Past Forest Plans

Over the last twenty years the U.S. Forest Service went from an agency that encouraged economic development (the construction of sawmills) in the Black Hills, to one that daily sends signals that they want nothing to do with the sale of timber from the Black Hills. As recently as the middle 1970's, the Forest Service was telling the forest-products industry that the Black Hills National Forest had far more timber than mill capacity. The agency made estimates of

being able to sell upwards of 180 million board feet of saw timber per year as late as 1975. The agency begged forest-products companies to locate in the Black Hills. As a result, some companies did come and many of the existing companies invested heavily to modernize their operations in order to take advantage of the available federal timber.

In 1983, when the Forest Service completed the forest plan that it now operates under, they projected an ability to offer 118 MMBF of saw timber and an additional 30 MMBF of post and pole material for the first five years of the plan; with a commitment during the second five years of the plan to offer 128 MMBF of saw timber plus 30 MMBF of post and pole material. Many companies, including a number small businesses, made substantial investments to modernize their mills in order to position themselves to be able to compete for the expected 128 MMBF of Forest Service saw timber.

Several companies including Continental Lumber of Hill City, Neiman Sawmills of Hulett, R.E. Linde, and Hamms Forest Products all made major investments and modernized their mills in order to compete with the likes of Pope & Talbot's mill in Spearfish, SD.

The Forest Service recognized this demand in the forest plan in its final environmental impact statement on page xxxiii, when it indicated "The average annual harvest for 1975-1980 was 102 MMBF, but about 146 MMBF were sold annually in the same period."

By 1988 it was very clear that the Forest Service was failing to meet its commitment to sell 128 MMBF of saw timber, and the agency representatives were beginning to articulate expectations of reducing the Allowable Sale Quantity (ASQ) in future forest plan revisions. By this time, the agency's saw timber offerings were more than one year behind the proposed forest plan. The plan called for approximately 590 MMBF of saw timber to be sold between 1984 and 1989, and the agency had only sold approximately 472 MMBF.

Additionally, Forest Supervisor Darrel Kenops told the forest-products industry that the Black Hills National Forest would not increase saw timber offerings to the 128 MMBF planned for in the remaining five years of the forest plan.

During a meeting to discuss what future saw timber offerings might be, the forest-products industry was warned that future ASQ's could be reduced to between 100 and 110 MMBF when the forest-plan revision was complete. **During this same meeting, Supervisor Kenops assured the forest-products industry that the Black Hills National Forest would offer no less than 118 MMBF of saw timber until the forest-plan revision was completed.**

Now, current Forest Supervisor Roberta Moltin met with the forest-products industry and indicated the FY 1994 ASQ and funding would only produce 100 MMBF and that the revised forest plan would recommend a saw-timber level of between 85 to 90 MMBF. Not only has the Forest Service failed to meet its forest-plan commitments, they have willingly requested budgets that make it impossible to meet Supervisor Kenops commitment to maintain the 118 MMBF level until the forest plan is finalized. These shortfalls have had very negative impacts on the ability of the survival of some small mills. The attached list of sawmills operating in the Black Hills in 1955 compared to those mills currently operating tell part of the story. By the late 1960's several other small business mills had also been built, including: Garhart & Poole in Spearfish, Wood Sawmill in Spearfish, Cambria Forest Products in New Castle, Pope & Talbot in Spearfish, Powder River Forest Products in Osage, Little River Forest Products in Piedmont, Hamms Forest Products in Rapid City, Potters Mill in Rapid City, Neiman Sawmills in Hulett, McLaughlin Sawmill in Spearfish, and Continental Lumber in Hill City.

Of these nearly 40 mills, fewer than 10 still survive. In fact, only four are able to purchase saw timber from the U.S Forest Service. Of these four, only one, Pope & Talbot with mills in Spearfish and New Castle, has the capacity to mill 109 MMBF per year according to their 1990 production -- as reported in Random Lengths Big Book. It is no wonder that most of the small business mills have either gone out of business or have been bought out.

Just this last May, Little River Lumber Company made the decision to close its doors. This trend continues this month with the closure and auction of Hamms Forest Products in Rapid City. I suggest you stop by the auction scheduled for September 29, it will give you a whole new

understanding of the devastation faced by a family who put their blood, sweat and tears into their business, only to discover that the Forest Service found it more convenient to stop selling timber than to meet the covenant they made with the public in implementing the Black Hills forest plan.

The history of small business in the Black Hills is a story of an uphill battle against fire, hostile takeovers and sadly, broken promises from an agency that time and time again has ruled in favor of a few large companies, at the expense of many small family owned mills that used to exist in the Black Hills.

Today, we stand on the brink of seeing the last of those small family mills driven from business by the U.S. Forest Service and one or two other companies who also struggle to survive the ever-changing estimates of how much timber can be produced on the Black Hills National Forest.

Since the Black Hills Forest Reserve was established in 1897, the U.S. Forest Service, the forest industry, and the people of the Black Hills have taken a burned over forest and increased the number of trees to the point it is today. In 1897 the estimated standing timber in the entire forest of the Black Hills was: saw timber 1.5 billion board feet; other material 13,360,000 cords.¹

Since that time, the National Forest has grown to nearly 1.236 million acres (nearly 5% more land than existed in the previous forest plan) and has the capacity of producing in excess of 1.54 billion board feet of saw timber and post & poles over the 10 year life of the plan. Inventories being completed in preparation for the revision of the forest plan indicate the net growth on the forest has increased rather than decreased.

This Forest Plan Must Be Open to Public Review

As early as 1989, the Black Hills National Forest had inventory data showing increased volume on the forest, this would suggest an increase in allowable sale quantity in the forest plan rather

¹. Sawmills of the Black Hills, Martha Linde 1984.

than the 25% decrease currently projected by the Forest Service. The forest-products industry has questioned this data more than one time, but has been unable to convince the agency that it should be reviewed.

Recently, the Governor of South Dakota requested that this inventory data be reviewed by an independent third party to learn whether or not more timber exists that might be added to the ASQ. The Forest Service refuses to open their books to an independent review. In this day and age of politically driven forest planning, the small business men and woman of the Black Hills cannot afford a forest plan based on perceived political correctness.

We request this Committee intercede with the Secretary of Agriculture to ensure the forest-inventory data is reviewed by an independent third party, before the draft forest plan is released.

SMALL BUSINESS FACES AN UPHILL BATTLE FOR SURVIVAL IN THE BLACK HILLS

To understand the demise of small business sawmills in the Black Hills, one must examine: (1) the tendency of the Forest Service to favor large business over small business; (2) timber-sale contract hurdles which all purchasers must overcome; and (3) the implications of reduced timber supply on small business.

The Tendency of the Forest Service to Favor Large Business

"1914, two severe fires destroyed the old mill site of[a] new development because of this was reported by the Forest Service which stated that, without other mills bidding on the timber; the Homestake had more or less been promised the timber in the Nemo area since they had invested considerable money in the Nemo plant and railroad."²

². Sawmills of the Black Hills, Martha Linde 1984.

"The practice of designating certain good blocks of timber to the large mills was followed again in 1913 with the sale of 145 MMBF in Spring Creek to the Lanphere-Hinrichs Company which later became the Warren-Lamb Company."³

"By 1924, special favor was once again granted to the Warren-Lamb Company for a fifteen-year agreement for the especially good timber in the Spring Creek area." In 1926, a large sale was awarded to Warren-Lamb Lumber Company for sixty-two million board feet. The stumpage was set at \$6.00/MMBF. Warren-Lamb officials state to the Forest Service that they could not pay over \$3.50/MMBF because of the large investment they would need. In 1926, they did get the sale for \$3.65/MMBF. The Forest Service officer justified this special treatment on the basis that immediate cutting was needed for the over-mature timber."⁴

This special concern for the large sawmills of the Black Hills did not end in the twenties and thirties. There has been concern about how the small business operators have been treated under recent Forest Supervisors. While we cannot prove allegations beyond a shadow of a doubt, it appears that Pope & Talbot has been able to negotiate more favorable solutions to timber-sale contract disputes compared to how the Forest Service treats purchasers with less financial resources.

Since the 1970's, the federal government has had a program in place to protect the small business operations who depend upon federal timber for their survival. In the Black Hills, the small business share has been reduced in recent years. During periods when the small business set-aside program is triggered or likely to trigger the Forest Service seems as if they would prefer the small business program to go away. They consistently use the same excuses of the 1920's, that some timber must be harvested very quickly and that can only be done by the larger mills.

³. Sawmills of the Black Hills, Martha Linde 1984.

⁴. Sawmills of the Black Hills, Martha Linde 1984.

Just this year the Black Hills experienced three large blowdowns as a result of micro-bursts resulting from thunderstorms. Although the Small Business set-aside program was triggered and the agency knew they would be unable to sell all the set-aside sales they had previously scheduled, the Forest Supervisor decided the salvage sales would be sold on the open market to ensure those mills with the greatest capacity could bid on the sale. Some things never seem to change, when in doubt help the large business mills.

Timber-Sale Contract and Forest Service Policy Discourages Small Purchasers

Over the years, the Forest Service timber-sale contract has become increasingly more difficult to enter. Not only have they become more costly, the provisions and responsibilities have become more difficult. Today, any person entering into a timber-sale contract must have two or three foresters who not only know how to get the logging completed, they must understand the Forest Service timber-sale contract in a detailed fashion. Even up into the 1970's, the Forest Service was interested in selling timber and the end-product management that resulted from the sale of the timber. Today the agency expends a tremendous amount of energy working to ensure each and every provision of the contract is met. Many times fulfillment of the provision has little to do with "good forest management" or completion of the logging job at hand, but more to do with crossing the t's and dotting the i's of the timber-sale contract.

Another trend which has made it increasingly difficult for small business mills in the Black Hills, is the strategy of using the timber-sale contract to complete all forest management. A good example of this the practice was the strategy of including pre-commercial thinning in the timber-sale contract. This was practiced in the 1970's and into the early 1980's. It was costly and difficult for the smaller companies to deal with. Fortunately, below cost timber sales became an issue, and the Black Hills was embarrassed by its record of being the most below-cost in the nation. The agency found another way to complete this needed thinning, and stopped including thinning requirements in the timber-sale contract. However, this has not stopped the agency from

including other work unrelated to the sale of timber in the timber-sale contract. These additions are expensive and make it difficult for the small mills to purchase the sale.

In recent years, the Forest Service has included pre-haul road maintenance as a requirement of some contracts. This practice requires a purchaser of timber to complete various road-maintenance tasks prior to cutting and hauling the timber. Most times the Forest Service includes work items that have little to do with past logging; rather the road damage has been caused by recreationists or weather. Sometimes the roads are perfectly useable but the agency engineers have decided to replace culverts or cattle guard that are old and in disrepair. The front-end loading of required contract work has two very negative effects. First, it delays the time when a purchaser can bring in logs to convert them to lumber and therefore revenue; second, it costs the purchaser up-front money they may need for other projects.

This is not the only contractual practice that unfairly impacts the smaller companies. The entire financial security portion of a Forest Service timber-sale contract is very costly and disadvantages the few remaining small business operators. Federal timber sale contracts require the purchaser to make: (1) a 10% bid guarantee which is held until 25% of the value of the sale has been logged; (2) a 10% performance guarantee equal to 10% of the total bid value of the sale which is held until the end of the sale; (3) deposit funds equal to 70 days worth of harvesting before harvesting can begin. Then the agency requires a mid-point payment equal to 50% of the sale value and an additional interim payment worth 25% of total sale value, due three-fourths of the way through the contract.

The adverse effect of these requirements is compounded by the fact that most large business mills have enough financial backing that they are able to purchase bonds which are accepted in lieu of cash. The larger the company, the less the cost of the bonds. Some of the larger companies, like Pope & Talbot, purchase performance bonds for pennies on the dollar. Payment bonds are funded through the sale of stocks and bonds, and typically a large business's cost of payment bonds is three to four percent less than banks can offer the small business purchaser.

Meanwhile, the small business mills are forced to pay cash or produce an irrevocable letter of credit from their bank. In order to get such a letter, the small mill must either sign over collateral of equal value or deposit cash of equal value in the bank.

The combination of up-front contracts costs and up-front field requirements is compounded by the formal paperwork required by a Forest Service contract. Finally, this is all complicated by contractual timing requirements for wildlife mitigation that limit logging for as much as six months of the year.

Another practice of the Forest Service is to appraise timber to be sold to towns where lumber mills no longer exist. This allows the agency to reduce the haul-cost allowance made in the timber-sale appraisal. An example of this is the two year old practice of appraising timber sales to the town of Custer, SD where no high capacity mills remain. When WTD sold out to Pope & Talbot in 1991, and the mill was auctioned off, certain timber sales, due to their size and the time allowed for logging, should have no longer been appraised to Custer, SD.

The next closest mill site to Custer that is capable of manufacturing the sale volume in the time allowed, is the Hill City concern of Continental Lumber. The refusal of the Forest Service to drop Custer as an appraisal point, costs whoever purchases the sale an additional \$2.50/MMBF. For the small business mill, this could make a difference in whether or not the sale is purchased.

Companies with a limited amount of capital cannot afford to purchase more than one or two small sales at a time. These constraints impair the flexibility of most small sawmills in the Black Hills. Most have simply given up on the Forest Service as a viable source of timber. We are down to three small business mills which have the financial ability to participate. One of these mills, McLaughlin's Sawmill from Spearfish is directly tied to the Pope & Talbot operations, since it is the McLaughlin's mill which provides mine timbers for the Homestake Mining Operation. Under the agreement Pope & Talbot made with Homestake Mining Company when they purchased the Spearfish sawmill, Pope & Talbot committed to provide mine timber to the Homestake Mine. This is not a high profit venture, and Pope & Talbot subcontracted with the

McLaughlin Mill. Thus, some doubt exists related to McLaughlin's ability to independently act in the open market.

Timber Supply Adversely Affects Small Business Operators

During the 1960's and 70's, the Black Hills National Forest encouraged purchasers to hold large amounts of timber under contract. This added stability for companies and a comfort level for any banker asked to loan money to the sawmills.

During the middle 1980's Federal managers decided that less volume under contract would help increase the price paid for Federal timber, and began efforts to reduce volume under contract. They encouraged the harvest of this timber and shortened the timber-sale contract life to reduce the volume under contract held by most companies. Additionally, they reduced the amount of timber being sold on the Black Hills. As a result prices jumped dramatically as did downpayment and other financial security requirements. Today it is not uncommon for the Forest Service to demand a \$200,000 to \$300,000 up-front payment simply to be allowed to bid on a timber sale. The total deposits required for a 5 to 10 MMBF timber sale can be as high as a million dollars or more.

This situation is exacerbated by the Agency's failure to meter out the timber sales over the twelve months in the year. This year is a very good example, most of the volume sold on the Black Hills will be sold in the fourth quarter. It is incredibly difficult for a small business purchaser to find adequate financing to cover the up-front costs of eight to ten large timber sales. Thus, the small business mills are forced to purchase the set-aside sales before even considering competing for the large open sales. The practice of loading up sales in the fourth quarter only benefits those with blanket-payment bonds. As stated earlier, it is very difficult for small business mills to purchase payment or performance bonds.

Even though clear demand exists for timber volumes sold off the Black Hills National Forest, the Forest Service continues to reduce timber-sale levels on the Black Hills. This factor alone has

driven more mills away from Forest Service timber sales. Price are driven up, contractual requirements become more onerous, and the small business mills are either driven out of business or they give up purchasing federal timber.

All along the Forest Service has displayed an almost paranoid fixation related to fair and open competition. In the late 1980's, after the liquidation by Pope & Talbot of the Garhart & Poole mill in Spearfish, the Forest Service initiated an anti-trust investigation against many of the small mills in the Black Hills. Policy was changed to require sealed bid only timber sales and company records of all Black Hills mills were requested as part of a Justice Department anti-trust investigation. After two years, the Justice Department dropped the investigation without bringing any charges of wrong-doing.

During this same time period, three mills were purchased and auctioned off by Pope & Talbot, and one other was purchased that remains a Pope & Talbot operation today.

It is important to remember that all this happened during a period of raising lumber markets. None of these closures can be blamed on widespread adverse market conditions. The lumber market during this period has continued to improve. Although some of these companies may had been weakened by the timber market crash of the late 1970's, most had recovered and were extremely competitive in the mid-eighties before the Forest Service either knowingly decided to exterminate the small business mills in the Black Hills, or unknowingly bungled their responsibility to maintain community stability while encouraging fair and open competition for products sold off the National Forest.

ADDITIONAL WILDERNESS IS NOT NEEDED AND WOULD ADVERSELY AFFECT FOREST HEALTH

To understand the Black Hills National Forest, one must understand the pre-settlement conditions which existed on the Black Hills, the cyclical nature of catastrophic fire and insect epidemic, and review public use of the existing wilderness areas, including the Norbeck Wildlife area.

Through our desire to control fires in the Black Hills, man has drastically altered the very nature of the Black Hills. Our successful efforts to control fires has allowed the most wealthy western South Dakotan's to build recreational and primary residences within the confines of the Black Hills National Forest. Part of the successful fire prevention program lies in the ability to harvest timber overstocked and decadent stands of timber within the forest. Another part has been the excellent transportation system which was paid for through the sale of saw timber in the forest.

The forest health situation is complicated by the presence of the mountain pine beetle which grow to epidemic proportions every seven years on average. The Black Hills National Forest has done an excellent job of controlling these pests through the timely application of timber salvage sales. At the very least, additional wilderness would make this job more difficult.

Although you can expect the preservationists to say they do not oppose harvesting insect infestations, the additional land set-asides make it very unlikely that such treatment will be carried out. Quite simply, the health of the Black Hills National Forest, the millions of additional board feet of timber which is now produced, the hundreds, even thousands of additional deer, elk, and turkeys which inhabit the Black Hills would not exist if aggressive timber management had not been practiced on this forest.

More wilderness would simply set-aside more acres that would make fire fighting more difficult due to lack of road access. If the mountain pine beetle continue their cyclical attacks on the Black Hills, the new wilderness areas will serve as isolated infection courts, and could result in large portions of the forest being killed or damaged by the insects.

Current public use of the existing wilderness areas is very low as compared to the general dispersed recreational use of the forest. In the Norbeck, the functional equivalent of a wilderness, the only use which occurs is on two trails which lead into the Harney Peak Area. Why if use is so limited and the wilderness attributes being so low, would the preservationists want additional wilderness? We suspect it is because they do not want logging, mining or tourism to survive in the Black Hills.

Further, we do not believe Congress will include legal assurances in any wilderness bill to guarantee the future timber-sale programs will be sold. The traditional wilderness release language found in so many other wilderness bills have proven to be worthless. The end result is that the preservationists take every opportunity to propose more and more wilderness. Unless, and until, Congress develops wilderness release language that truly releases multiple-use lands for future management, Western Forest Industries Association and our members vehemently oppose any additional wilderness in the Black Hills.

THE IMPLICATIONS OF REDUCED TIMBER SUPPLY ON SMALL BUSINESS

The implications are that fewer mills exist today than in any other time during this century, and more are lost each year. If the trend is not reversed we will be down to two small business mills that will be able to compete for federal timber, and a handful of others who refuse to do business with the Forest Service.

A careful examination of the closures and purchases of small mills over the last five years is very revealing.

- 1987 Pope & Talbot, Inc. buys out Garhart & Poole of Spearfish, SD.

- 1988 - 1989 Hamms Forest Products, R.E. Linde, Morgan Sawmills, Newburg Sawmills, and Wheeler Consolidate all finish their last Forest Service sales and make it known they could no longer afford to purchase Forest Service timber.

- 1989 Pope & Talbot, Inc. purchases Cambria Forest Products in New Castle WY and continues to operate the mill today. Neiman Sawmills purchases Johnson Sawmill of Hulett after the Forest Service refuses to forgive default claims against Johnson Sawmill, despite the owners having declared bankruptcy.

- 1989 Custer Lumber of Custer, SD sells out to WDT Industries, a large business concern from Portland, Oregon.
- 1990 Pope & Talbot, Inc. purchases Powder River Sawmills and liquidates the sawmill.
- 1990 Pope & Talbot, Inc. purchases WTD's Custer mill and liquidates the mill.
- 1990 Potters Mill of Rapid City stops operations and is liquidated
- 1992 Little River Lumber Co. of Piedmont, SD closes down and sells its assets to Continental Lumber Company. Piedmont mill is scheduled to be auctioned off.
- 1992 Hamms Forest Products shuts down and announces a September mill auction will be held.

At present there are only three sawmill companies that appear to have the ability and desire to purchase Black Hills. These are Pope & Talbot, a large business mill with operations in Washington state, Canada, Spearfish and New Castle, South Dakota; Continental Lumber Company, with operations in Hill City, and Neiman Sawmills with operations in Hulett, Wyoming.

One of these companies has only three months volume under contract and will not survive the winter unless the Forest Service sells all of its 1993 program and meets Supervisor Kenops commitment from 1989 of selling 118 million board feet of saw timber until the forest plan revision is completed.

The Forest Service, with its program to increase the value of volume sold off the Forest, is indirectly responsible for the demise of at least eight small business sawmills in the last six years. Pope & Talbot, Inc. was directly involved in purchasing five of these mills.

If the Forest Service truly wants to meet its charge of maintaining community stability, they certainly have found ways **not** to succeed. Is Pope & Talbot, Inc. at fault for buying out so many mills? No! The blame lies with the Forest Service for weakening these mills to the point that they could no longer compete for federal timber.

The Forest Service's pricing and sale policies have been directly responsible for the demise of eight mills. The agency has already reduced competition for its future sales by over 75% over the last six years. Now the agency is suggesting it will reduce the saw timber ASQ in the next forest plan down to 80 MMBF. That could very well drive the remaining two small business mills, which still have the where-with-all to participate in Forest Service sales, out of business. At that point, one large business mill will remain and dictate prices the Forest Service receives for its timber. The Black Hills will become a defacto federal sustained yield unit for Pope & Talbot, Inc., not because Pope & Talbot, Inc. conspired to drive everyone else out of business, but because the Forest Service, through its misguided management strategies, weakened the small business purchasers to the point they could not survive.

The losers in this process are the small communities of Custer, Pringle, Hill City, Keystone, Sturgis, Spearfish, Hulett, Deadwood, Piedmont, Sun Dance, Belle Fouche and Whitewood to name a few, and the employees and families that depended on the small sawmills for their living.

The irony is that the Forest Service has more employees in the Black Hills than almost any other time in history, and they have high paying secure jobs. Most of these employees have little or no feelings of remorse for the demise of the small business mills in the Black Hills. They would just as-soon sell timber to one company as six or eight, or forty, like those that existed around 1960. And most feel it is terribly important that seven district rangers offices are maintained because: as Darrel Kenops put it when he first told the industry that the next forest plan would reduce the ASQ by fifteen to twenty percent, "our district offices are key to the community stability of the small town in which they exist, and our salaries are important to the economic stability of these towns".

CONCLUSION

If this Committee is truly interested in maintaining the small business forest-products companies in the Black Hills, then it is critical that it support a final forest plan that will meet the demands of the existing forest-products industry. Since a legitimate difference of opinion on the quality of data being used to develop the Forest Plan exists, we request this committee intercede on behalf of the small business operators, and convince the Forest Service to open their planning records for review. The survival of both small and large sawmills within the Black Hills does not hinge on more wilderness or fancy programs to reduce the procedural blockades of the current timber-sale contract, it hinges on an adequate, consistent and dependable supply of timber from the forest which is predicated on what the land can produce, not what the agency thinks is politically correct or acceptable.

◆◆◆◆◆◆◆◆

Sawmills of the Black Hills
1950 & 1960

| Name | Town | Current Status |
|---------------------------|----------------------|---|
| Amio Lumber Co. | Deadwood, SD | closed - liquidated |
| Berman Lumber Co. | New Castle, WY | closed - liquidated |
| Boggs Sawmill | Pringle, SD | closed - liquidated |
| Boise Cascade Corp. | Osage, WY | closed - liquidated |
| Buckingham Wood Prod. | Rapid City, SD | closed - liquidated |
| Cambria Forest Prod. | New Castle, SD | Purchased by Louisiana-Pacific |
| Louisiana-Pacific Corp. | New Castle, SD | Sold back to Cambria |
| Cambria Forest Prod. | New Castle, SD | Sold to Pope & Talbot |
| Pope & Talbot Inc. | New Castle, SD | Purchaser of FS saw timber |
| Custer Lumber Co. | Custer, SD | Purchased by WTD (large business) |
| Cimarron Lumber Co. | Custer, SD | closed - liquidated |
| J.U. Dickson Sawmill | Sturgis, SD | burned & closed |
| Fall Brothers Sawmill | Sundance, SD | closed - liquidated |
| Four-Mile Post & Pole | Custer, SD | closed - liquidated |
| Garhart & Poole Sawmill | Spearfish, SD | Purchased by Pope & Talbot - liquidated |
| Hamms Sawmill | Rapid City, SD | closed - liquidated |
| Harry Grams Sawmill | Sturgis, SD | open - does not purchase FS sales |
| Hart Brothers Sawmill | Sundance, SD | closed - liquidated |
| Hill City Lumber | Hill City, SD | open - one of three small business mills that continues to purchase FS saw timber. |
| Homestake Mining Co. | Lead & Spearfish, SD | Sold to Pope & Talbot Inc. |
| Johnson Sawmill | Hulett, WY | Bankrupt - acquired by Nieman Sawmills |
| Harry Linde Sawmill | Keystone, WY | closed - liquidated |
| John Linde Sawmill | Keystone, WY | closed - liquidated |
| R.E. Linde Sawmill | Custer, SD | open - does not purchase FS sales |
| Little River Lumber Co. | Piedmont, SD | Sold to Continental - liquidated |
| McLaughlin Sawmills | Spearfish, SD | open - does purchase FS saw timber |
| Miller & Son Sawmill | Spearfish, SD | closed - liquidated |
| Morgan Sawmill | Pringle, SD | open - does not purchase FS sales |
| Montgomery Sawmill | Belle Fourche, SD | closed - liquidated |
| Newberg Lumber Co. | Custer, SD | open - will not purchase FS sales |
| Nieman Sawmills | Hulett, SD | open - does purchase FS saw timber |
| Northwest Wood Preserving | Deadwood, SD | closed - liquidated |
| O'Conner Lumber Co. | Custer, SD | closed - liquidated |
| Payton Sawmill | East Rapid City, SD | closed - liquidated |
| Potters Sawmill | Rapid City, SD | closed - liquidated |

| | | |
|---------------------------|----------------|---|
| Pope & Talbot Inc. | Spearfish, SD | open - does purchase FS saw timber |
| Powder River Lumber Co. | Osage, WY | closed - purchased by Pope & Talbot - liquidated |
| Don Reed Sawmill | Pringle, SD | closed - liquidated |
| Jack Richtman Sawmill | Custer, SD | closed - liquidated |
| Paul Rosse Sawmill | Custer, SD | closed - liquidated |
| L.W. Sanders Sawmill | Custer, SD | closed - liquidated |
| Glen Ventling Sawmill | Custer, SD | closed - liquidated |
| Southern Hills Lumber Co. | Custer, SD | closed - liquidated |
| Warren-Lamb Lumber Co. | Rapid City, SD | closed - liquidated |
| Wheeler Consolidated | Whitewood, SD | open - will not purchase FS saw timber |
| Whitewood Lumber Co. | Whitewood, SD | closed - liquidated |
| Whitewood Post & Pole Co. | Whitewood, SD | open - does not purchase FS saw timber |
| Wood Sawmill | Spearfish, SD | burned down - never reopened |
| WTD Sawmill | Custer, SD | Sold to Pope & Talbot - liquidated |

BELLE FOURCHE IRRIGATION DISTRICT

PHONE 605-456-2541
P.O. BOX 225
NEWELL, SOUTH DAKOTA 57760

September 4, 1993

The Honorable Larry Pressler
US Senate
Ranking Member of the U.S. Senate Small Business Committee

To: Senator Pressler and Members of the Committee

Subject: Testimony regarding the issues surrounding public land use, especially the wilderness proposals offered by the Black Hills Sierra Club

My name is Jim Winterton. I am the project manager of the Belle Fourche Irrigation District. I am a registered Professional Engineer in South Dakota. My background includes working 15 years for the State of South Dakota, Department of Water and Natural Resources prior to being renamed "Department of Environment and Natural Resources". Twelve years were with the Department in the Division of Water Rights. I was the head engineer in charge of determining surface water supplies that were available for issuing water permits. I am very well aware of the limited surface water supplies in the Black Hills Area.

The Belle Fourche Irrigation District is in Newell, SD. The District provides irrigation water service to approximately 350 water users on 57,000 acres of land. The Belle Fourche Project was constructed beginning in 1905. The Belle Fourche Reservoir, which stores water during the off season, depends on the flows of the Redwater River, Belle Fourche River and their tributaries.

The flows of the rivers have not been adequate during recent years to provide the volume necessary to provide for full irrigation of the lands. This has been the case also for many of the past years. The water year of 1993 has been an exception to the rule where we have adequate water supplies.

The District is concerned about the possible decreased yield of the Northern Black Hills and Bear Lodge watersheds if areas are designated Wilderness. I believe that it could prohibit good tree management of the watershed areas. All studies that I have read indicate a significant decrease in water yield when forests are not periodically thinned and cleared of the debris.

The USDA Forest service has published most of the information regarding water yield characteristics in the Black Hills. The Forest Service studies show a significant increase of water yield in forested areas which are thinned. A forest can be over stocked with trees all competing for a limited water supply. The

Senator Pressler and Members of the Committee
September 4, 1993
Page 2

studies indicate that a significant amount of the snow falling on a forest is intercepted by the Ponderosa Pine and is then lost to the atmosphere through evaporation and sublimation.

Good management in the Black Hills Forests which includes periodic thinning will maintain water yield. Allowing large areas of dense old growth and new growth trees will increase evapotranspiration, will increase interception of moisture and reduce stream flows.

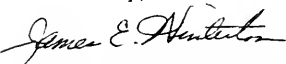
As manager of the Belle Fourche Irrigation District, I have to be concerned for stream flows. If the water yield of one of our watersheds is reduced by only 1 inch over 100,000 acres; this would result in a reduction of 8,300 acre feet of water. Enough water to irrigate 5,000 acres of land with 12 inches of water at the field.

The original Black Hills had much less forest than it does now. This is apparent by the water supplies that were available 85 years ago compared to that which is available now. The Belle Fourche Irrigation District had a more dependable source of water than at present. The District is now going through a \$50,000,000 rehabilitation program to help conserve water within the project. A water conservation plan has been instituted and submitted to the Bureau of Reclamation. This must be updated every 5 years.

Therefore, the District would object to establishing a Wilderness Area that could reduce the available water supplies without a very thorough Environmental Impact Study that would address the water supply situation. Any establishment of a Wilderness Area that would reduce water supplies in the drainage area and that could have an adverse impact on existing water appropriations must provide a corresponding increase in water yield in another area of that drainage area.

The Irrigation District asks you to study the information put out by the Forest Service regarding the need for proper management of the forested areas in order to reap the greatest overall benefits of the forest lands. The District also hopes that you will seek our comments on any actions that may be taken. Thank you.

Sincerely,



James E. Winterton, P.E.
Project Manager, Belle Fourche Irrigation District

August 26, 1993

Leonard Benson
HC 56 Box 65A
Oral, SD 57766

The Honorable Larry Pressler
United States Senate
Washington, DC 20510

Dear Senator Pressler,

In response to your invitation to provide some written testimony on **"Public Land Use Impact On Small Business"**.

Without using numbers and statistics that can vary by the very nature of the study or the research that was done to generate the numbers, I would say common sense tells us that increased user fees or regulations that cost more to live up to, will cause businesses to go out of business. This, then puts that person and his employees, if any, on the unemployment list and maybe also on the welfare roll.

I believe that using common sense and putting people's livelihood first in managing our country would certainly have better results.

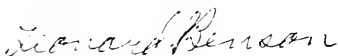
My simple analysis says that, as costs and regulations increase on anything, the use of that item decreases, therefore decreasing the revenue, which ends up putting that business out of business or starting the circle over again. This seems to be trend more often than not.

This is what I see happening on the Public Lands and the businesses that are dependent on these lands. I heard Secretary Babbitt say fees should be raised on National Parks, which starts the circle.

I believe 95% of the public, be they users or non users, are good stewards of the lands. The emphasis should be put on training and policing the 5%, not making it more difficult for the 95% to respond to a 5% problem.

This is my perception of our problem, which leads to the impact on Small and all businesses.

Sincerely,



Leonard Benson

Testimony of: Continental Lumber Co. Inc.
(a small business)
P.O. Box 619
Hill City, SD 57745

Before: Small Business Committee
U.S. Senate

On: Public Land Use Impact on Small Business

Date: September 4, 1993

At: Rapid City, South Dakota

Continental Lumber Co. Inc. is a legitimate small business entity located in the heart of the Black Hills of South Dakota, just east of Hill City, six miles north-west of Mt. Rushmore.

Continental purchased our current location and an antiquated sawmill in 1983. Beginning in 1985, and over a five year period, we completely re-built and renovated to achieve a modern, state-of-the-art lumber manufacturing facility. Currently we employ 86 full time employees plus provide employment for another 40 contractors - loggers, log haulers, road builders, chip, shaving, sawdust, and bark, haulers, and lumber haulers. We operate on a gross budget of approximately \$20 million dollars annually.

Being located in the middle of the Black Hills National Forest, the future of our operation, our employees, and the surrounding rural area is wholly dependent on Public Land resources, laws, regulations, and management philosophies. At this particular point in time, that is not a particularly re-assuring reality when assessing our long term potential and hopes for the future.

We support, encourage and need a continued A.S.Q. from the Black Hills National Forest of at least 118 mmbf.

When we began our investment and modernization program in 1985, we based our business plan on an assured supply of Forest Service timber in the amount of 128 mmbf (million board feet) per year. Before construction was complete that volume dropped to 118 mmbf. Several months ago the Black Hills Forest Supervisor announced a further reduction to 100 mmbf for fiscal year 1994. And now, preliminary estimates of future resource supply are + 85 mmbf - a loss of one-third of the total program. All this reduction is coming at a time when Forest timber growth is in excess of 150 mmbf/year!

An unnecessary reduction by 30% of available raw material has an adverse impact on all operations in the area. The most severe impact, however, is on the smaller mills which are not diversified, have no other available raw material, and do not have other operations to subsidize one through tough times.

We do not support, and are adamantly against, designation of any further Wilderness areas.

The Black Hills National Forest has increased visitors, deer, elk, turkeys, and a variety of other wildlife due to the diversity of a 100 years of wise management. The only areas showing decreases in numbers are the existing Black Elk Wilderness and the Norbeck Wildlife Reserve which has been precluded from management by countless frivolous appeals over the last five to ten years.

We support more reasonable and realistic cash and bonding requirements for small business concerns.

The cash and bonding requirements for bidding, executing, and bonding Federal timber sales have progressively become more prohibitive over the last ten years. Average sales routinely require in excess of a quarter million dollars in cash, letter of credit, or bonding. Larger offerings run in excess of half million dollars. This seriously depletes cash flow and balance sheets, detours cash and credit from facility improvements, and receives no interest from the Forest Service for the time it is held.

We support a timber appraisal system which is fair to all purchasers and the Government.

The current T.E.A. (Transaction Evidence Appraisal) system in use in USFS Region II has been subject to gerry mandering and arbitrary interpretation by Regional Forest Service officials. This has resulted in improper appraised rates and a upward ratcheting effect on timber prices. We need and support a reasonable, simple, and sensible appraisal system which will allow legitimate competition to determine fair market rates.

Another item related to timber sale appraisals is the manufacturing point to which timber is appraised. Traditionally the Forest Service has appraised timber sales to the nearest operation facility with reasonable capability and capacity to manufacture the quantity being offered. Recently Regional Forest Officers have arbitrarily designated appraisal points which have no facilities-merely to force a higher than proper appraised rate. Two specific examples of this situation are the use of Kremmling, Colorado and Custer, South Dakota, As appraisal points when neither have facilities capable of handling Forest Service sales.

Continental Lumber Co. Inc. appreciates the opportunity to enter these comments in the Record. If indeed the Government cares about the Small Business community, it must help instead of hinder the overall climate in which we operate and try to survive.



Maurice Williams
General Manager



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Dave Stoddard City/Zip: 52702
Street: 4505 Bellwood Ave Occupation: Timber Co OWNER
Rapid City, SD Phone (optional): 605-343-5752
Wish 605-787-6736

What has happened on this subject concerning the
Black Hills is that emotions have taken over
in place of facts. The Black Hills National Forest
Multiple Use Plan currently works for ALL
Concerned. Some facts:

- There is more timber here than 100 years
ago.
- Only 2 1/2% of 1/2 the forest that is deemed
suitable for harvesting is cut, a total of
1 1/4% of the forest. VERY FRAGMENT - of
that nothing is clear cut. over

Thank you for submitting your comments. Your thoughts are important
and will be made part of the Official Record of today's Field Hearing of the
Senate Small Business Committee. Please use additional sheets if neces-
sary. Call (202) 224-8485 if you have any questions or comments. Your
interest in this issue is appreciated.

- We are cutting less board feet than what the Forest Regeneration, 148 million board feet grown, 118 million board feet cut.
- Black Hills National Forest is a profitable forest both to the Federal government & the county & state governments.
- The current appeals process is costly to the Forest Service.
- The possible loss of jobs in the timber does that would be made up by an increase in jobs in the tourism industry. Do NOT equate when you ~~are~~ look at wages & benefits.
- A ecosystem that needs more consideration is the North Dakota businesses and their jobs. We have 160 families that are DIRECTLY tied to the Black Hills. That does not count our suppliers and their suppliers. These people make a decent living, pay taxes, and are good to the community.
- ~~Take~~ Take the time to drive thru a timber sale from 2 years ago. Growth is good, grass is growing & wildlife is there. Ask for common sense ~~why~~ making a decision. David K. Robinson



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Marty McDermond

City/Zip: Rapid City SD

Street: 4713 J Court

Occupation: pm line operator (11/11/02)

Phone (optional): 348-393-2027

I don't think shutting down timber sales is worth the jobs (including mine) that it would cost the people. Also doing this would cost the city of Rapid City millions in tax dollars along with the state of South Dakota. My position at Merrill & pays my bills. If I lose this job, who would pay my bills??

In my opinion a renewable source is not worth losing jobs over. Besides without the timber industry where will you live. Outside no timber no house why not use the timber instead of letting it rot or worse get so up in flames.

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.

To whom it may concern

This letter is in reference to the proposed timber sale reduction. The job I have is of the utmost importance to me and to my ability to support my family. And if the proposal is passed it could ~~and~~ probably will cost me my job.

With the cost of living in Rapid City being as high as it is, there is no way I would be able to support my family, pay my other bills or other financial obligations without my job, if it was eliminated.

With the timber being a renewable resource, I do not think a few birds, deer or other wildlife is worth putting myself along with thousands of others out of work and onto unemployment, welfare or other means of supporting their families that they cannot afford. So please think of the families that would be hurt if this proposal is passed.

Thank you
Marty Mulerman



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: William Keiry

City/Zip: _____

Street: HC 76 Box 164

Occupation: Dairy Farmer

Nisland, SD 57762-9712

Phone (optional): 605-257-2252

Aldo Leopold said "In order to cherish the wilderness one must handle it and fondle it; in the end there is no wilderness to cherish. - If you can hear motors, cars, buses, trucks and see other human ~~and~~ activities you are not in a wilderness. There is no place in the Black Hills that can be called a wilderness as a matter of fact no place in S.D. can qualify as a wilderness.

The producers of new wealth, Agriculture, Timber industry, Mining, Oil, Fishing industries and any other I have not mentioned are be regulated by the men Producers of new wealth. This has to change. - Rachel Peden said in her book The Land, The People "History indicates that for any people 'The user is the price paid for the loss of farm freedom'. I believe that it applies to all producers of new wealth."

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.

It appears that in all cases extremists are always wrong no matter which side of the fence or cause they represent. It's time that we have common sense solutions instead of radical extreme solutions.



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Joe Logue
Street: HCR 46 BOX A1

City/Zip: Del Rio, 59763
Occupation: Rancher-Trapper
Phone (optional): (605) 535-2202

We need no further wilderness designation in South Dakota, nor do we have any true wilderness.

The Forest Service policy of road closures is detrimental to timber business, ranchers, trappers, and other users. We must maintain access!

The sale quantity of timber need not be lowered, as it is now below the production of the forests.

Any changes in Forest Service policy must take into account economic impact on business.

The forest must be managed for multiple use.

Tourism and recreation, while important, do not produce any commodity as do uses of our natural resources.

Joe Logue

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.

Senator Pressler

Sept 4, 1993

My name is Jane Locke. I am a wife, mother and grandmother. Nine months of the year I am a housewife, raising a garden, canning, sewing, feeding and watering wild birds, and picking up trash from six miles of highway three times a summer. The other three months of the year I work at the oldest profession in the world. That profession is trapping!

The first steel-jawed foothold trap came to this country on the Mayflower, and has been an important part of this country's history and growth.

Trapping has never caused a species to become extinct, but has kept some from becoming extinct:

The fur industry plays an important part in the ^{last} ~~rest~~ of money raised by renewable animal resource users returned to the wildlife ^{last} ~~year~~ ^{also the fur industry} employs 500,000 people a year, ^{with earnings of over \$1 Billion.} Money I earn from trapping has given my family a few extras each year and

allowed me to send money to the Red Cross and other organizations helping people.

Since my husband has retired, taxes and the cost of living ~~has~~ gone up. We now need the income from my trapping for living.

Please, help us persuade your colleagues to stop voting in favor of a small segment of the population who call themselves environmentalists and animal rights groups who, through ignorance, religion, hatred, or insanity wish to wipe the human species from the earth!

Teddy Roosevelt set aside enough wilderness for alltime. No more wilderness!

Thank you.

Jane Locke
HCR 46 Bx A1
Cebichs, S.D. 57763

Fur sales brought over \$200,000.00 last year
in S.D.



Official Testimony

before the

U.S. Senate Committee on Small Business
 Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Maurice Brown

City/Zip: Rapid City SD 57709

Street: P. O. Box 241

Occupation: _____

Phone (optional): 342-0114

I have never been involved in the timber industry, but as a Black Hills resident neither can I ignore its plight or the part it plays in our economy. I have a very personal interest which came about in two ways.

1. We were among those that had to evacuate their homes due to the West Berry fire a few years ago. We were fortunate to have an undamaged home and environment to return to but the lessons learned, of the dangers posed by dense, unbroken pine forests will not be soon forgotten.

2. A family who I know well, Barry and Judy Boyer and their two children moved to Custer SD a few years ago and purchased a home. Barry was nicely established with a sawmill when the sawmill shut down. He was fortunate to be able to get a job with the Little River sawmill at Piedmont. The commute from Custer was a long one so they sold their home in Custer (on a distressed market) and purchased one close to Little River. Then, before long Little River shut down. The Boyers now live in Cheyenne, Wyoming.
 (continued)

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.

(Maurice Brown comments on Timber Policy continued)

My perspective is that sustained timber yield, once the numbers are established, should be the highest priority. It is not my intent here to detract from the importance or legitimacy of other "multiple users" but rather, that I see little conflict between sustained yield and other forest uses. *The annual cut should be on a "steady-as-she-goes" basis*, with great care being taken to avoid the "yo-yo" nature of timber sales in recent years due to frivolous appeals, etc. This is just too hard on people like the Boyers and to timber related enterprises (and their bankers) who need to be able to depend on their livelihood being there next year and to plan and to make their financial arrangements accordingly.

The testimony indicated that financing was an especially tough problem for small businesses in the timber industry, and understandably so, as no lender wants to make a loan when the borrower is faced with the likelihood of being cut off from his only source of funds to repay the loan!

Our experience with the Westberry fire indicates that an important part of forest planning should be to create a system of fire breaks throughout the forest. It is evident that with the right combination of circumstances *most of the Black Hills forest could be lost to fire in a single disastrous season*. Firebreaks could be created by a combination of logging (even small scale clear cutting in certain cases) and controlled burns. These firebreaks need not be straight swaths through the forest but rather could be meandering lines, wide here, narrow over there, etc. resembling the patterns created by wildfires, creating a pleasing esthetic effect in the process and protecting us all, as well as protecting our timber resources from the depredation of wildfires.



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Raymond L. Dennis City/Zip: Hallett, Wyo.
Street: 580 Little Missouri Road Occupation: County Commissioner
Phone (optional): 307-467-5545

I strongly favor Multiple Use of public lands
I strongly oppose any Wilderness Areas
I strongly favor the states being in
charge of all public lands within
their boundaries

Raymond L. Dennis
Crook Co. Commissioner, Wyo.

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.



Official Testimony
before the
U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

**Federal Timber Policy and Its
Impact on Small Business**

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Leonard Willett
Street: HC 87 Box 14

City/Zip: KEYSTONE SD 57759
Occupation: Retired
Phone (optional): (605) 574-2273

I would like to see it made more difficult for the Sierra Club and other so-called environmental groups to appeal timber sales. They are out to ruin the ~~the~~ timber industry and with it the loss of hundreds of jobs which ~~the~~ is already happening, plus push the price of lumber out of sight.

Oppose any more wilderness design in the Black Hills.

The frivolous appeals program must be stopped or streamlined.

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.



Official Testimony

before the
U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: James L. Stora City/Zip: Hill City SD 57245
Street: Box 421 Occupation: Sawmill
Phone (optional): 605-574-4280

I hunt, fish, ride motorcycles, watch wildlife,
cut fire wood, Basically enjoy Black Hills
(off road)
I don't want to be shut out of my employment
and cutting firewood to save money. I love
the wildlife and want many more times
of being out in the wild. I believe that
any wilderness area is a total waste.
The Black Hills is managed well there
much multiple use.

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: DRUSE KELLOGG City/Zip: Sppl 57253
Street: Rt 750 Box 430 Occupation: Logger's wife
Phone (optional): 605-642-2213

We feel very strong about keeping the ~~the~~ sustainable yield on the forest as high as possible in keeping a healthy forest. Our family has always worked in the timber - small mills & business are very important in our life style here.

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Larry Scott

City/Zip: Rapid City 57702

Street: 8443 Mittenwald Ct.

Occupation: Material Scheduler, Merritt Merillat Ind.

Phone (optional): 348-7021

Thank you for taking time out of your schedule to hold this hearing. I highly support multiple use concepts used in the management of our national forests. As you know, the B. Willis Nat. For. has been commended for being one of the best managed forests in the U.S. I would like to see this trend continue as the USFS develops its mgmt plan for the next 10 years. I am a transplant from Colo. where I earned a degree in Wild Sciences from Colo. State University. I work for Merritt and here in Rapid City where we purchase the residual material from sawmills to produce a valuable product, particleboard. For that reason, my job is dependent upon the health & vigor of sawmills. While living in Colo. I had the opportunity to work for the USFS as a Backcountry ranger in the Wilderness Areas. My biggest observation about wilderness is that it promotes very concentrated recreation & thus causes severe resource damage to the environment rather than protect it as the original intentions were. Keeping the forests open to all by not creating additional wilderness areas dispenses recreation & does more

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good for the environment & economy than the other alternative.

Please continue fighting for multi-use & ending frivolous appeals of timber sales. I would like to be on the mailing list for all Congressional action regarding multi-use & the appeals process.

Sincerely,
Larry A. Scott.



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: ARTHUR L CAKES

City/Zip: HERMOSA 57744

Street: HCR 89 BOX 98

Occupation: RETIRED

Phone (optional): 605-666-4781

I SUPPORT A MULTIPLE-USE OF ALL FOREST SERVICE
LANDS IN THE BLACK HILLS OF S.D.

ROUGHLY 15% OF THIS LAND IS UNSUITABLE FOR
TIMBER HARVEST DUE TO TOPOGRAPHY. THIS
15% HAS BEEN EXCLUDED FROM ACKNOWLEDGE-
MENT AS WILDERNESS BY THE VARIOUS ENVIRO-
MENTALISTS. THESE SAME ENVIRONS HAVE ALSO
GONE ON RECORD THAT THEIR MOVEMENT IS A
"POLITICAL MOVEMENT DESIGNED TO CREATE

Thank you for submitting your comments. Your thoughts are important
and will be made part of the Official Record of today's Field Hearing of the
Senate Small Business Committee. Please use additional sheets if neces-
sary. Call (202) 224-8485 if you have any questions or comments. Your
interest in this issue is appreciated.

ECONOMIC AND SOCIAL CHANGE."



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Richard R. Redfern City/Zip: _____
Street: 1407 5th St. Occupation: Geol.-Hydrological Consultant
Spearfish, SD 57783 Phone (optional): 605 642-8498

I represent three small business interests which are evaluating potential mineral developments in the Black Hills. All 3 companies are evaluating areas which border existing or proposed wilderness areas and/or wildlife preserves. We are concerned that real or de-facto non-use exclusionary buffer zones will be established under Forest Service policy directives around these wilderness areas and Preserves. We ask that you act to try to ensure that Forest Service control-areas are confined to within the boundaries of established protected areas and not also to buffer zones which would surround these protected-use areas. Such buffer zones would severely limit the productive use of the National Forest.

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.

(over)

(cont)

for timber and mineral opportunity usage.

Wilderness and Wildlife Preserve areas should be confined to roadless areas. The Norbeck Wildlife Preserve includes part of the main townsite of Keystone, to cite an egregious example of mis-classified land.



Consulting Geologist-Hydrologist
Spearfish, South Dakota
9/4/93



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: MAJOR F. MILLER
Street: 410 Pine Creek Road

City/Zip: Aladdin, WY 82711-9750

Occupation: Rancher - County Commissioner

Phone (optional): (307) 283-1323 office

(307) 846-3914 home

As a member of the Creek County Board of County Commissioners, which represents 100 years of land stewardship, I support multiple use of public lands. We support the timber and mineral industries which in our area are ecosystem aware and active in preservation. Without responsible timber harvest in the Black Hills we will lose jobs for about 10% of the 5300 residents in our county. Without those jobs and families our county will suffer.

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Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: WAYNE R. BUNGE
Street: KEYSTONE RT. Box 5519

City/Zip: RAPID CITY S.D.
Occupation: ENGINEER
Phone (optional): 605-341-6554

AS A LIFELONG RESIDENT (39 YRS) OF THE BLACK HILLS, AS
A PRESIDENT OF A FIRE PROTECTION DISTRICT, PRESIDENT OF A
WATER ASSOCIATION, GRADUATE IN ENGINEERING, I URGE
THAT THE FUTURE PLANS REGARDING MANAGEMENT OF THE
BLACK HILLS NATIONAL FOREST FOLLOW AS NEAR AS POSSIBLE TO
THAT OF THE LAST TEN YEAR PLAN. THIS BLACK HILLS ISLAND
IS THE ONLY BASIS OF JOBS IN THIS AREA OF THE COUNTRY.
THESE JOBS PRIMARILY INVOLVE THE UTILIZATION OF NATURAL
RESOURCES. THE BLACK HILLS HAVE BEEN WELL MANAGED; ONE WILL
HAVE ONLY PRAISE FOR THEIR BEAUTY AND CONDITION. THIS CONDITION
IS A RESULT OF PAST MANAGEMENT PRACTICES. IT MAKES
NO SENSE TO ALLOW NATURE TO MANAGE THE FOREST VIA
FIRES AND INSECTS WHEN IN FACT MAN HIMSELF HAS PROVEN THAT
WE CAN MANAGE THIS FOREST BY IMITATING NATURE, - ONLY WITHOUT
THE DESTRUCTIVE BURN CYCLES. THE CRIME IS MUCH LARGER AND THERE

Thank you for submitting your comments. Your thoughts are important
and will be made part of the Official Record of today's Field Hearing of the
Senate Small Business Committee. Please use additional sheets if neces- (gvr)
sary. Call (202) 224-8485 if you have any questions or comments. Your
interest in this issue is appreciated.

ARE MANY MORE TREES THAN EVER BEFORE. WITH AN
EVEN INCREASING MOVEMENT OF PEOPLE INTO THESE BLACK
HILLS. WE NEED TO CONTINUE ON WITH EXISTING MANAGEMENT
PRACTICES INCLUDING A TIMBER HARVEST OF AGGRESSIVE
PROPORTION - SURELY OVER 100 MMBF.

I HAVE TALKED TO NO LOCAL PEOPLE WHO SUPPORT
WILDERNESS.

THE VISIONARY PETER NIMBECK SURELY SHOULD IMMEDIATELY
PICK UP A CHAINSAW HIMSELF AND GO TO WORK TO RESTORE
THE HEALTH OF THE ONLY EXISTING WILDERNESS AREA. IT IS AN
OVERGROWN TIME BOMB IN TERMS OF A FIRE HAZARD. AFTER A
FIRE, THERE IS NONE OF THE BEAUTY OF TREES FOR 60+ YEARS.

NO WILDERNESS!

THE LOCAL PEOPLE ARE HERE FOR THE LONG TERM AND
ACCORDINGLY WILL SELF REGULATE GUN MANAGEMENT OF
OUR "CROWN JEWEL" - THE BLACK HILLS.

STOP THE APPEALS PROCESS FROM MISUSE!



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: DAVE BRENNERSEN
Street: RR 1 Box 79

City/Zip: FRUITDALE, SD 57742
Occupation: FORESTER / MAYOR
Phone (optional): 892-2735

CURRENTLY IN THE TOWN OF FRUITDALE THERE ARE THREE RESIDENTIAL CONSTRUCTION AND/OR REMODELING PROJECTS UNDERWAY. IN EACH OF THESE PROJECTS, THE OWNER IS UTILIZING OLD LUMBER SALVAGED FROM BARNY OR OTHER STRUCTURES slated FOR DEMOLITION. AS ADMIRABLE AS THIS RECYCLING AND RE-USE IS, IT IS DIMINISHED BY THE FACT THAT THESE INDIVIDUALS HAVE BEEN FORCED TO DO SO BECAUSE OF THEIR ECONOMIC STATUS. HIGH LUMBER PRICES HAVE BEEN A RESULT OF ARTIFICIALLY CONSTRAINED SUPPLIES OF FEDERAL TIMBER AND THE SPECULATIVE FEAR ON THE PART OF LUMBER BROKERS THAT IF HOUSING STARTS INCREASE, THERE WILL BE INSUFFICIENT SUPPLIES TO MEET THE DEMAND. FREE MARKET FORCES WILL DISTRIBUTE THESE LIMITED SUPPLIES OF LUMBER TO THOSE WHO CAN AFFORD TO PAY FOR THEM. THOSE AT THE BOTTOM END OF THE ECONOMIC SPECTRUM

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated. (over)

-2-

WILL SCROUNGE FOR BUILDING MATERIALS ~~AND~~ ^{OR} BUILD SMALLER
 HOUSES OR BE PRICED OUT OF HOME OWNERSHIP ALTOGETHER.

~~AS ONE MOVES DOWN THE TOP 6~~ AS PERSONAL WEALTH INCREASES,
^{ADVERSE} THE EFFECTS ~~AND~~ OF ARTIFICIAL TIMBER SUPPLY CONSTRAINTS ON
 PERSONAL LIFESTYLE DIMINISH. THOSE AT THE TOP WILL STILL HAVE
 HOUSING, WILL HAVE WHATEVER PEACE OF MIND COMES FROM KNOWING THAT
 THERE ARE NEW WILDERNESS AREAS, AND CAN STILL RECYCLE
 ALUMINUM CANS IF HE WANTS TO FEEL GOOD ABOUT HIMSELF.

IN SUMMARY, I FEEL THAT WHERE WE CAN DO SO IN
 A RESPONSIBLE MANNER, WE HAVE AN OBLIGATION AS A
 SOCIETY TO SUPPLY OUR OWN DEMANDS. IF WE DECIDE TO
 REDUCE THE SUPPLY, WE SHOULD SHARE THAT BURDEN BY
 REDUCING OUR DEMAND EVENLY THROUGHOUT SOCIETY. IT
 IS UNFAIR TO EXPECT THE GREATEST CONTRIBUTION FROM THOSE
 WHO HAVE THE LEAST TO GIVE.

THANK YOU FOR THE OPPORTUNITY TO COMMENT.



DAVID BRENSIGEN

MAYOR, TOWN OF FRUITDALE



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Kelsey M. Alexander

City/Zip: Custer, SD 57730

Street: P.O. Box 534

Occupation: Forester - Operations Research Analyst

Phone (optional): 605-673-3323

my comments are attached on two
pages - typed. I wish there had been an
open mike -

Thanks -
Kelsey Alexander

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.

Kelsey M. Alexander
 P.O. Box 534
 Custer, SD 57730
 4 September 1993

Senator Larry Pressler
 Rushmore Mall Office
 Rapid City, SD

Re: Testimony, Small Business Committee Hearing
 "Federal Timber Policy and Its Impact on Small Business"

Dear Senator Pressler:

I compliment you, Senator Pressler, and your staff for a very good hearing. I hope that you can enable what is said here to be HEARD by your colleagues.

In your opening remarks you called for the U.S. Forest Service to release their planning data. No one on the panels spoke to this, except when you asked Mr. Silva, the Forest Service Representative, specifically why the data wasn't being released. This is very important. While I have many other comments, I will attempt to limit mine to the issue of this data as it was not properly covered at the hearing.

I formally requested the planning data from the Forest Service in regards to their Land Management Planning effort toward producing the Forest Plan in January of 1993. I have been told the data will not be released until the Forest Plan is released because it is "predecisional." This is the response Mr. Stan Silva gave to you at the hearing when you questioned him. I find this response unacceptable.

First, a little background. I may be telling you what you already know, but this may make my belief that the data should be released more clear. As required by National Environmental Policy Act and the 1976 Forest Management Act the Forest Service is required to make an analytical model comparing the costs and benefits and resource outputs in the various alternatives considered in producing a Forest Plan. This is a well-intended law. While I agree it is impossible to be EXACT with all data, it is important to compare the tradeoffs and we must use the best we have. I believe the Forest Service would agree with that. It is the responsibility of the Forest Service to know what is on their land and what it is capable of producing. The analytical process of analyzing the alternatives is anchored by basic resource inventory data, including basic information such as how much vegetation of what size, age, quality, species or species grouping, etc. are on which acres, also information such as productivity and steepness of slopes. Managers can apply prescriptions of various management activities to certain types of acres in computer modeling, triggering costs

in dollars and producing resource outputs such as sediment, water, board feet of timber, AUM's of grazing or recreation user days. By applying various management schemes on the basic resource database managers can compare alternatives.

The basic resource inventory data of the land should not change by alternative and should be available to be reviewed NOW. How can the public have any ownership on the alternatives if the basic foundation they are built on cannot be examined? The outputs by prescription should not change by alternative. If one acre of one type of land is treated in a certain way it will produce certain predictable outputs regardless of which alternative plan is selected. How can this information be "predecisional?"

I want to look at the basic resource inventory and see how the Forest Service manipulated it to produce their planning database. I would like to know that the various management activities being considered are biologically possible and that the outputs and costs are real for the management practices prescribed. How can I determine that if they won't release the data? I want to look at the cost and yield data from various prescriptions or management activities to see if they are reasonable. I don't see why they won't release this information.

You called for release of the data. You questioned the Forest Service. Combining their answer with this letter, I hope you aren't satisfied with their answer. What can we do?

It impresses me that the public is united in their desires for the management of the Black Hills National Forest. All the various multiple-use interests have come together solidly and are trying to participate in the planning process to have their wishes heard. The one exception in this united effort is the Sierra Club philosophy which is truly a small minority whose viewpoint is based in pure fiction.

In closing, I would like to state that I agree with most of the points all the panelists made with the exception of everything the Sierra Club's Mr. Braddemeyer said. I agree that the Forest Service should be looking for ways to increase the ASQ (Allowable Sale Quantity) instead of decreasing it. There is not even an alternative being considered that addresses this. I agree with the panelists that the ASQ should be 120--the annual growth on the Black Hills National Forest. A serious omission to the testimony is that there is NOT even an alternative being considered in the planning process that addresses an ASQ of 120.

Sincerely,

Kelsey M. Alexander
Kelsey M. Alexander



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Joanna Nicholas
Street: RR 1 Box 207

City/Zip: Spearfish 57783
Occupation: Rancher
Phone (optional): 605-642-3114

I appreciate you coming to South
Dakota for this hearing.

Please send me a copy for this
hearing.

I support multiple use,
Joanna Nicholas

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Glady's & Joe Raver City/Zip: Puster, SD 57730
Street: Rt 2 Box 208 Occupation: Rancher
Sept 4, 1993 Phone (optional): 673-4781

The Forest Service has "Special Use Permits" about the same as the National Forest Grazing Permits, when the Black Hills area was homesteaded the productive area was claimed, & much of the rick-piles & some timberland was not. As a result many hills ranchers have isolated patches of forest service land surrounded by our private land. In the past we have received "Special Use Permits" to graze these lands for a designated number of cattle for the 3 summer months, ~~with them~~ at about the same price as grazing permits. With the new management program we would be required to pay 5% of the land value for rent, prorated for the number of months used. In short our grazing fees would become \$602.33 per cow/month. Remember this is on land rejected as non productive by our fore-fathers. -- Attached is the Forest Service draft ^{to give you more detail}

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.

Glady's Raver

9-4-93

Dear Senator Pressler,

My family and I are directly dependent on the forest for our wellbeing.

I'm a college graduate who majored in environmental management and I felt that the timber industry was, logically, the perfect career choice for me. I work in an industry that relies on a raw material that is renewable and regenerates itself, is recyclable, biodegradable and extremely versatile. Now I find myself in a situation where I have to defend my job and my existence against "QUOTE" environmentalists. These people are only preservationists, intent on feeding the general public misinformation so that the public at large will not be able to continue using federal lands. They would prefer that we manage by chance not choice, because the forest WILL be managed either by mother nature through fire and bug infestation, that destroy healthy trees as well as unhealthy ones, or selectively as we do now. Any TRUE environmentalist obviously knows which choice is best for the environment and our local economies.

I urge you to fight for a forest revision plan advocating an annual harvest of 105 to 110 million board feet per year on the Black Hills National Forest. Also, it is imperative that we DO NOT lock up any more federal lands into wilderness areas. Thank You.

Sincerely,

Rodney Williams
Rodney Williams

Rodney Williams
&
Family

750 Houston Ave.
Newcastle, Wyoming 82701
(307) 746-9350

Matt Brennan
801 Cascade
Newcastle, WY

82701

Dear Mr. President,

I am writing to you urging you to support the efforts of the timber industry to continue with the same timber yields as we are presently receiving. Many jobs in the Black Hills of South Dakota and Wyoming depend on it. There are many of us who have done this kind of work all of our lives and without the timber industry would be hard pressed to find a means of support for our families, not to mention the fact that businesses that depend on our commerce would be failing.

Don't let happen to us what happened in Oakridge Oregon. Failure to support the timber industry would break the backbone of our economic stability.

We all understand the need for wilderness areas, but enough is enough, already. When will the government recognize that people have the right to exist in this country too.

When my family is living in a tent in dead winter like those in Oakridge, it will be hard for me to look my son Matt Jr. and my daughter Stephanie in the eyes and explain to them why they're denied a decent education, a warm place to stay, or food in their belly.

Sincerely
Matt Brennan
Newcastle, WY.

82701

Dear Mr. Pussler,

I want to express my concerns about the upcoming Forest plan. I hope you realize that a reduction in the amount of available timber would threaten many jobs. My home and family are in Newcastle and my lively hood is a job in a local mill. There are not a lot of jobs to be had in this area, and like many people in South Dakota I hope that when I loose my source of income that everyone will realize, including our elected officials, how much more could and should have been done.

Sincerely,

Kevin T. Allen

538 Wood
Newcastle Wyo

82701

Dear Mr. Pressler:

I am writing to you out of great concern for my family and their future. I'm not quite sure that I understand your view on the timber industry, my husband and I both work in a sawmill. If the timber industry is decreased in the way it is going now, my two children will not have the future I would hope they would.

I also feel that being a South Dakota ~~Representative~~ Senator that does a great deal of representing South Dakota, you would realize the need for a few but conservative plan. A plan that would not cut jobs but would still conserve wildlife! You should know that without this industry many jobs and much money would be lost, causing the deficit to rise.

The timber industry ~~is~~ plays a very vital part ~~in~~ today's world, we keep thickly wooded areas thinned out, reducing the chance a fire would spreading so quickly.

Yes, we all know that there are a great number of wild animals that depend on the forest and wooded areas for their way of life, ~~and~~ but so do we, ~~and~~ if we are careful and conservative everything will work out. I mean what good is an area that is so crowded with trees that even the wildlife can't use it?

I realize that it takes a lot of time and patience to read all of the letters you receive, so therefore I greatly appreciate your time!

Thank You;

Tracey Hemmway

Box 193
Osage UT

82723

Rodney Keiberger
 414 S. Sonora Av
 Newcastle, WY 82701

Dear Mr. Larry Pressler

Just to remind you. . . I have written to you before telling you I'm in favor of Multiple-Use in the Black Hills.

The Black Hills are very important to the Heiberger family. . . . they supply recreation, hobbies, and pay the bills. . . . I work in a saw mill.

So please. . . when you go back to D.C. . . . remember all the families out West that rely on the Hills for their livelihood.

Sincerely,
 Rodney Keiberger

P.S. Watch the Green Bay Packers

The Pack is Back

For real this time I think

August 29, 1993

Dear Senator Pressler,

I'm writing to you today to share with you my concerns about the issues of multiple-use in the Black Hills National Forest and beyond.

I live in Newcastle, Wyoming, the gateway to the Black Hills, and I have worked in the timber industry for over eighteen years. It has been my livelihood to enjoy, to be proud of, and to raise my family. We enjoy the outdoors to hunt, fish, camp, and just to take in the natural beauty that is within the Black Hills. Now, over the last couple of years, I and many people like myself, find our jobs threatened and are seriously worried about the uncertainty of our futures, as well as the future of our youth. What are we going to do to stop the "preservation groups" before they "completely" shut man out of our great outdoors?!? Are they going to support my family when I lose my job?!? Are they going to fight the fires that will claim the unmanaged forests that have been so beautifully managed by multiple-use via the U.S. Forest Service?!? How far will the Sierra Club and other preservation groups go in abusing the Endangered Species Act to take the "private land owners land" away from all of us?!? I thought this ~~the~~ was "America", land of opportunity (over =>)

(2)

and freedom?!? As if these things aren't enough, these preservation groups are trying to control our water on our private lands!! Where will this all stop?!? Do these preservationists live in stone houses?!? Do they use toilet paper and other toiletries?!? There are many questions that we would like answers to!! Most of these groups are supported by people that haven't even been out west to see first hand just what we do for a living or how we care for our natural resources and wildlife!! They are told of how we are raping the land out here, how we are "clearcutting" our forests, and how we are "overgrazing our grasslands!!" How would they know, unless they came out here?!? I challenge President Clinton, Vice President Gore, and Mr. Babbitt to "personally" come to the Black Hills and see for themselves!! Why would we do those things?!? We would be cutting our throats!!! We are all environmentalists we care about our environment and the wildlife that inhabit our great outdoors!!!

In closing, I would like to think that there is hope for the continuance of multiple-use on our federal forests and grasslands. My family and many, many other families' future depend on multiple-use!

Thank you for your time and support! We appreciate all the hard work you and others are doing to support multiple-use in the beautiful Black Hills.

Very sincerely yours, Ron White's family

Dear Mr Pressler,

My name is Shane Pauley, I have a wife and four children ages 12, 12, 14, 14. I live in the Black Hills of Wyoming, (Newcastle) I was born in Custer County S.D., and I am proud to be a resident of the Black Hills. We as a family, and as a community from the Black Hills (Newcastle) depend on the Black Hills for our lively hood, from the Timber Harvesters down to the local Police department, as well as the food stores the Gas stations and the Sporting Stores. We both know, you and I the benefits the Black Hills have to offer us. It is pretty easy for certain groups, like preservationist to say lets stick our noses in other peoples business, and terminate their livelihoods as they know it. Well they may not exactly say that, but in reality thats what there doing. I know that these groups have alot of money from people that are inuormentalist that have no idea what the preservat-ionist Groups are doing with their money. We are all inuormentalist in one way or another I wouldn't want to see the Black Hills Clear-Cutted or what the preservationist think

We are doing, cause we are not, we are managing the forest. I think the Forest Service is doing a great job in doing that.

I don't expect you to take my word for it, but all the people I have talked to, in and around the Black Hills are for "multiple use".

I also think that the only people that are against "multiple use" are the preservationist groups. Do they realize where the material for their homes, decks, paper products, furniture etc. . . come from? or how about the different kinds of sporting entertainment that is offered in the Black Hills. My question is, if the Black Hills became wilderness or even a little bit of it, who will it effect? The economy is bad now, what happens when thousands of people, tax paying citizens are on welfare because there are no jobs to support us.

Do we move away from our homes that we have been raised in, and have the feeling of security and the pride of being an honest hard working citizen. Will Uncle Sam raise our children while we go look for work ⁱⁿ other unsecure place. I pray that this does not happen.

Shane Pauley & family



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: James & Alice McCoy City/Zip: Rapid City 57104
Street: 1142 MacArthur Occupation: Merch. & Child Care
Phone (optional): 342-0423

Both of our jobs depend on Forest management. Even the animals prefer a managed environment. Our city has had alot of trouble because wild animals won't live in the unmanaged forest so, they come to our lawns.

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.

When the appeals are paid for by the losers, I as a tax payer will be happier.

The following is offered as written testimony for the Senate Small Business Committee field hearing held in Rapid City, SD on September 4, 1993:

Thank you Senator Pressler for the opportunity to offer my testimony to this committee concerning the Black Hills National Forest management plan revision and the proposed South Dakota Wilderness Act of 1993.

My name is Paul Smith. I consider myself to be very lucky; as I am a native South Dakotan. I have lived in South Dakota my entire life, almost exclusively in the Black Hills area. I graduated from high school in Rapid City and went on to graduate from the School of Business at the University of South Dakota in Vermillion. I am a CPA and am currently employed by Merillat Industries, Inc. in Rapid City. I am one of the lucky few South Dakotans that have been able to remain in this sparsely populated state and work in my chosen field. Without a viable timber industry, it is very likely that I will be forced to leave South Dakota.

While Merillat Industries does not qualify as a Small Business, I believe that our impact on the local economy certainly does affect many small businesses. As the plant accountant for the local operation, I am well aware of the financial impact Merillat has on the economy of Rapid City and the entire Black Hills region. Merillat employs over 325 persons in Rapid City. These are high paying jobs for the region, averaging over \$10.00 per hour. This does not include a full fringe benefit package. Offered as benefits to our employees are paid vacations, paid holidays, pension benefits, absentee pay (we feature an all-salaried concept, recognizing the sometimes unavoidable absences that employees have, and compensate our employees for those absences), and a comprehensive health care plan. Our payroll for the calendar year of 1992 exceeded \$8,000,000. Our total expenditures for the Rapid City facility for 1992 exceeded \$44,000,000, of which a large portion is expended in the Black Hills region. Of course, our employees in turn spend the \$8,000,000 they earned in many area businesses, a large portion of which are small businesses.

Merillat Industries built their plant in Rapid City in the early 1980's for many reasons, but certainly not the least of these was the availability of a raw material supply for the manufacture of particleboard. Merillat uses over 200 truck loads of wood chips, sawdust, and planer mill shavings each and every week to produce over 90,000,000 board feet of particleboard every year. From this particleboard we produce cabinet components for an average of 15,000 kitchen and bath cabinets daily. This leaves some excess particleboard that we sell to other users. Merillat Industries is the single largest manufacturer of kitchen and bath cabinetry in the United States. The finished components are shipped to any one of several assembly operations located throughout the United States. The point I am trying to make here is that without the availability of raw material for particleboard manufacturing, there remains little incentive for Merillat Industries to continue to operate in Rapid City.

I look at the Merillat plant in Rapid City as the largest recycling facility in the state of South Dakota. I do this because Merillat's basic raw material, prior to the establishment of the Rapid City facility, was a waste product of local area saw mills that were basically either being burned or buried. We also take every opportunity to reduce our discharges of waste. Several years ago, we took the necessary steps to reduce the amount of waste going to the local land fill, and installed equipment that takes our scrap items and grinds them back to a material we now reuse to manufacture more particleboard. This act reduced our shipments to the land fill by 50%.

During the present forest management plan Merillat has been able to secure material supply contracts in sufficient quantities to supply our operation. However, with the cut back from 118 MMBF¹ to 100 MMBF as announced by forest supervisor Roberta Moltzen (which might I add has been done before even the draft plan has been issued), the long term viability of this supply becomes questionable. This is especially true given that the Black Hills National Forest is saying that the draft plan will include an ASQ² somewhere in the range of 40 MMBF on the low side to 100 MMBF on the high side. There are many factors that will determine the fate of Merillat Industries in Rapid City, but certainly one of them is how the reduced harvest levels will affect our material suppliers. Industry must have a stable supply and predictable policy decisions to survive.

I agree with you Senator that the USFS should immediately release their growth and yield data from which they are assembling the plan revision so that it can be scrutinized and agreed upon by all interested parties. It is hard to accept the announced cuts in the ASQ when the only data that is presently available to the public states that the suitable timber acreages in the Black Hills National Forest is growing 148 MMBF per year. If this is true, why would a harvest of only 100 MMBF be necessary?

Senator Pressler, there is also another issue that is affecting the immediate future of the timber industry, as well as other industries that rely on the timber industry, as does Merillat. The budget recently passed by the Congress reduced the amount that the Forest Service has to spend to do the required documentation to offer timber for sale. On the Black Hills National Forest, supervisor Moltzen has stated that due to these budget cutbacks, the ASQ for fiscal 1994 will be reduced from 100 MMBF as previously announced to a total of 85 MMBF. This is a 28% cut back in timber supply in one fiscal year (85 MMBF as compared to 118 MMBF, the 1993 ASQ)! This does not pass the test of reality. I was under the impression that Congress and the Executive Branch wanted to reduce the deficit and create jobs. The Black Hills National Forest is a profitable forest. Every board foot sold returns a positive cash flow to the United States Treasury! This is not "funny money", but cold hard cash that the government is turning its back on. This budget cutback will actually increase the deficit and reduce jobs! I urge you Senator to work for appropriation of the required funds, especially on National Forests where timber is a profit making venture for the United States government. Might I point out that local governments also reap benefits from timber programs as well. 25% of the gross receipts of timber sales are returned to the county governments of the counties where the timber was harvested. In fiscal 1992, roughly \$3.5 million was returned from the Black Hills National Forest to local counties, with just over \$1,000,000 going to Pennington County alone. While it is at each county's discretion as to how to distribute these funds, Pennington County currently allocates 50% to the county highway department, and 50% to the school districts based on acreage of national forest land in their district. As a result, the Hill City School District received about \$500,000 in fiscal 1992. I believe this amounts to about 25% of their total school district budget. Reductions in the ASQ will undoubtedly have a devastating impact on these funds.

We also know that one factor that is driving up the costs in preparing these timber sales is the constant filing of frivolous appeals. On the Black Hills National Forest, these appeals are primarily being filed by the local group of the Sierra Club. They continue their efforts to block

¹ MMBF = million board feet

² ASQ = allowable sale quantity

legal sales of timber at every opportunity, even though their points of contention have been held to show no merit. Something must be done to streamline the administrative appeals process currently in place. The Congress passed legislation to do this a year ago, but the regulations have yet to be published! While the version that was passed did not take all the steps that the timber industry would like to have seen, they are certainly a step in the right direction. I recognize the importance of not infringing on the rights of the "little guy". This is one of the founding principles of this country. But what is currently going on is nothing close to what was intended.

One point that the Sierra Club spokesman asserts is that mechanization and modernization of the timber industry has cost more jobs than the reduced ASQ levels will. From that I assume he is inferring that the industry return to the past methods of harvesting and producing timber products in order to maintain employment levels. That is utterly ridiculous. Logging is the most hazardous job in this country. Workmen's compensation rates are higher for logging contractors than for any other single occupation in the country. Mechanization of the industry has made these jobs SAFER for the employee. Where would any industry be if they refused to modernize their practices? One need only look to where the U.S. auto industry was in the late 1970's to see that an industry that doesn't keep pace with technology will soon be replaced by foreign or domestic competition that will keep pace.

Senator Pressler, even though my livelihood depends almost directly on the timber industry, I have other concerns about the forest management plan revision as well. The Black Hills National Forest has been managed, in my opinion, very successfully in the past for multiple uses of the resource. The forest is a wonderful recreation opportunity; it draws virtually millions of tourists here every year, which also has an impact on the economy; local ranchers utilize the available grass to raise cattle and other livestock, keeping prices of beef as low as possible for the American consumer; snowmobilers enjoy hundreds of miles of groomed trails every winter; sportsmen enjoy an abundant supply of wildlife ranging from wild turkeys to deer, elk, mountain goats, rainbow & brook trout, etc. All of these populations are growing at the present time, not shrinking as our preservationist friends would have you believe. I have hunted in the Black Hills for over 20 years. I have never experienced as plentiful of a supply of wildlife during this time as I have over the past few years. My point here is that wildlife in the Black Hills (and not just the popular big game species, but all forms of plant and animal life) exists in their present number because of the management that has taken place, not in spite of it. In fact, the only areas in the Black Hills which are at risk of becoming uninhabitable for many species of wildlife are the Norbeck Wildlife Preserve and the Black Elk Wilderness. Dense pine encroachment in these set aside areas is blocking sunlight from the forest floor which reduces available forage and water runoff. As these areas are adjacent to Mount Rushmore National Memorial, increased fire danger is a real threat to ruining the scenic majesty of the Memorial.

The United States Forest Service cannot afford to manage for all these other uses without a strong, viable timber industry. The timber industry is actually the arms and legs of the USFS management plan. The timber industry is the one that thins areas to allow for more forage, yet help create areas of shelter cover for wildlife. They are the ones that by thinning the forest, help maintain water runoff levels essential for trout streams as well as for human use down stream from the forest. They are the ones that maintain the roads that allow for physically challenged persons to take advantage of the solitude available in the Black Hills. At the same time the economic advantages of a strong timber program is enjoyed by the Black Hills region. In essence, it is the timber industry that brings everything together in the forest. It is important

to note that the Black Hills National Forest is not harvested by the same methods sometimes used in the Pacific Northwest. The timber industry does not clear cut pine in the Black Hills, but rather uses selective thinning to remove a portion of the trees at any one given time (an exception to the clear cut method would be for salvage operations such as a burned or blow down area). As a matter of fact, the timber industry currently operates on about 5% or 30,000 acres of the Black Hills National Forest in any given year.

For these reasons, I also don't support the South Dakota Wilderness Act of 1993. This act would have the effect of removing virtually half of the Black Hills National Forest from human access, except by those that are physically and financially able to take the time necessary to hike into them. Of course, these elite users would go somewhere else for their recreation once the reduced management resulted in a wildfire, leaving those of us who live here to deal with the aftermath. I think an important feature that this act has that is being overlooked is the backdoor method that the Sierra Club and the other supporter environmental groups are taking to implement their preferred alternative of a forest management plan for the Black Hills. Not only does this act designate thousands of acres as wilderness, but section 8 of the act would also put in place a 12 member committee who would be responsible for the management of the Black Hills. This committee would be made up of 10 representatives from the "environmentalist" side of this issue, and 2 representatives of government and "resource extraction" industries. This committee, although called a research study, is charged with implementing the "Core, Buffer, Corridor" management plan proposed by several preservationist groups earlier this year. An important feature of this plan is that the act does not allow for any public comment period, or for public comment to even be taken in to account when implementing this plan, while the current forest management laws REQUIRE public input be sought and addressed.

The Black Hills is peppered with literally thousands of small private land parcels throughout the national forest. When asked about how these lands would be affected by this, our preservationist friends respond by stating that they feel the U.S. government should purchase all private land within the forest boundaries. Where, may I ask are the funds going to come from for this? And just where are the people that live here going to go & work? I don't believe any retraining program put in place would be effective as there just aren't any other jobs available in this region. Senator, the fact remains that the Black Hills has been changed forever by over 100 years of management and settlement. It is simply not possible to return to allowing mother nature to manage these lands.

I am also concerned with the public safety issue of allowing mother nature to take a more active role in managing a forest that is populated with humans. Prior to our management activities, mother nature managed the Black Hills forest by what tends to be catastrophic methods as compared to our present management methods. Insect infestations, disease, and wildfire were the principle tools used by mother nature. The result is a forest that has fewer trees than the present in most places. And where there are dense stands, they are so dense that even "old growth" consists of trees that are 150 years old and only 8 inches in diameter. These stands are a prime target for the next wildfire. Our preservationist friends have stated that we need more old growth in the Black Hills. My contention is that what they really want is more BIG trees rather than old trees.

In addition to my employment, I am also Assistant Fire Chief for the Rockerville Volunteer Fire Department. Rockerville is located about half way between Rapid City and Mount Rushmore National Memorial, and hence contains both private lands as well as Black Hills National Forest

lands. I have spent many hours on the fire line protecting structures and resources from the devastation of wildfire. Frankly, the notion of less timber harvesting, less thinning, etc., scares me to death when you consider the impact on fire danger. The job of protecting structures in what is termed the wildland/urban interface is a precarious one at best. It is also one that at this point is the financial responsibility of local (county level and below) government. Both the federal and state agencies involved have "washed their hands" of this responsibility, at least until a wildfire reaches the point where the Federal Emergency Management Agency has a role. I don't believe it is responsible government to expect local level agencies to continue to bear the brunt of this burden when the federal government is considering modifying their actions, the result of which will be increased risk of wildfire. As a reference, our local fire protection district, on which the volunteer fire department relies almost totally on for funding support, has a legal MAXIMUM taxing authority that will generate about \$32,000 per year through real property taxes. When a single drop by a slurry bomber can cost about \$5,000; and a single fire truck can cost over \$100,000 it is easy to see what kind of impact a wildfire can have.

In summary, I believe that you and this committee should work for the following:

1. Urge the United States Forest Service to issue a draft management plan for the Black Hills National Forest which allows for the maximum sustainable ASQ possible. One point to consider here is that this amount can be held artificially low by removing forest lands from the "suitable" for harvest land base. The plan should also allow for the best possible mix of multiple uses of this valuable national resource.
2. Work through Congress and the administrative branch to restore budgeted funding to allow for the harvest of 100 MMBF as outlined by forest supervisor Roberta Moltzen. The budget forced reduction to 85 MMBF is not biologically or environmentally necessary.
3. Support no additional wilderness designations in South Dakota. This is an exclusionary tactic used by preservationists to create their own private areas for recreation.
4. Work through the administrative branch to publish the modified administrative appeals regulations as mandated last year by Congress. The length of this delay is creating an unnecessary hardship on the timber industry and reducing the amount of money that a timber program is able to return to the Treasury.

Senator, given all the facts that say it is in the best interest of both the human and non-human populations of America's wild lands to manage these lands for the best possible mix of multiple use, I believe that this issue is in serious risk of no longer being based on the facts, but rather on emotions. I urge you to resist this at all costs. I thank you for this opportunity to provide you with my testimony. If I can answer any questions, or provide any assistance, please don't hesitate to contact me.

Respectfully submitted,



Paul K. Smith
13676 Neck Yoke Road
Rapid City, SD 57701
Home Phone: (605) 341-2209
Office Phone: (605) 348-3600

Bald Mountain Mining Company



Mailing Address:
~~HC-37 Box 905~~
 Lead, South Dakota 57754

Office Address:
 Trojan, South Dakota

Telephone: (605) 584-1420

August 27, 1993

The Honorable Larry Pressler
 United States Senate
 Washington, D.C. 20510

Re: U.S. Senate Small Business Committee Hearing on:
 Public Land Use Impact on Small Business

Dear Senator Pressler:

First I would like to thank you for your efforts to hear the concerns of small business owners in the Black Hills.

As you well know, we have escalating welfare costs, a mounting deficit, a declining defense industry and an overwhelming imbalance in world trade. I believe, however, that these, and other national fiscal problems, can be solved over time with small sacrifices and hard work by everyone in this country.

It then seems inherently unfair to ask people to make sacrifices when their jobs are being impacted by anti-industrialists who seek to alter reasonable Public Lands policies. Isn't revenue generation part of our Public Lands heritage and isn't this revenue supposed to offset the costs of government and lighten the tax burden for citizens?

People in our area with valuable skills will lose high-paying jobs if there is a decrease in the USFS allowable timber sales, a closing off of potentially productive Forest Service lands through additional Wilderness designations or passage of mining reform laws such as those supported by Senator Bumpers and Representative Rahall.

These same people might find employment in the tourism and recreational industries but at a reduced pay scale. Not only will direct revenue and jobs be lost but ancillary service industries and town businesses will be seriously impacted. And, last but not least, we taxpayers will then have to pay government agencies more money for more people to manage aging forests which have become fire hazards.

The existing Forest Plan works for the Black Hills Forest and allows multiple use options for everyone. In addition, the existing Plan has allowed for the development and implementation of environmental protection policies. I would suggest if the

existing Plan "isn't broken, why fix it"?

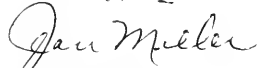
The same philosophy works for the Mining Law of 1872. The many changes and revisions of that law have addressed environmental concerns, reclamation and land use issues; what is missing can be supplied by bills proposed by Senator Craig and Representatives Orton and Vucanovich, S. 775 and H.R. 1708, respectively. These bills would provide additional revenue to the government through the 2% net profits tax, add substantially to existing Abandoned Mined Land Reclamation Programs, and further promote environmentally responsible mining and mining job creation.

The Bumpers/Rahall bills would guarantee that 47,000 jobs would be lost due to the closing or downscaling of mines on public lands. The Craig et al bills would guarantee that the US mining industry could maintain a competitive stance in the world marketplace and maintain the majority of the above mentioned jobs.

Please, Senator Pressler, remind Congress that we Westerners have few options for employment. Generally, and by necessity, we are natural resource oriented; we make our living from the land and we live here because we love the land. Plus, the revenue generated helps offset the escalating tax burden for all of us. Access to Public Lands is crucial to us and the health of our industries. Help us maintain that access.

Again, thank you for your attention to these concerns.

Sincerely, -



Jean Miller
P.O. Box 893
Lead, SD 57754



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Ron Ruediger

Street: P.O. Box 697

City/Zip: Spearfish 57783

Occupation: disabled

Phone (optional): 605-642-5146

Please see back:

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.

September 9, 1993

Senator Pressler:

I hope you are still accepting comments on your field hearing in Rapid City. I find it difficult to write on my lap with only one working hand so decided to wait until I got home to my computer.

I was impressed with the numbers that turned out and especially with the overwhelming numbers for multiple use. It appears that the wilderness people were in the minority. ~~_____~~

I wish more had been said about motorized recreation. I am currently Pres-Elect of the South Dakota Snowmobile Association and will be installed as President in November. In addition to that I am disabled from a stroke in 1984. I feel I need to speak for both factions.

Snowmobiling is a necessary winter recreation for all South Dakota workers from the blue collar to the white collar professionals. People need to recreate especially during South Dakota winters. This is in addition to the economic impact created in South Dakota by visiting tourist snowmobilers. I personally enjoy it as snowmobiling is the only way I have of getting off the main highway and enjoying the solitude of the Black Hills National Forest. The addition of wilderness areas on land which is currently being used for snowmobile trails would destroy the opportunity for the disabled and the elderly to enjoy the Black Hills in the winter season.

Please do your best to avoid adding any more wilderness to the Black Hills of South Dakota and Wyoming. You have the backing of the South Dakota snowmobile community.

Thank you for considering my comments.

Sincerely,

Ron Ruediger
PO Box 697
Spearfish, SD 57783

512 South St.
 Rapid City, SD 57701
 September 10, 1993

Senator Larry Pressler
 283 Russell Senate Building
 Washington, D.C. 20510

Dear Senator Pressler:

First of all I would like to express my appreciation for the letter of invitation concerning the meeting last Saturday here in Rapid City regarding "Public Land Use Impact on Small Business". Unfortunately I did have to work that day and was not able to attend. Could you let me know the nature of the discussion? I am still very much concerned with the proposed new wilderness area and its impact on the Hills and the timber business. I really do not believe another wilderness area is needed. The one we have now in the Harney district doesn't accomplish a whole lot. People don't use it very extensively. The undergrowth in the lower lying areas especially are not conducive to animal growth because it is too dense. There are very limited areas with enough space for the animal life to flourish and these same animals flourish in all parts of the Black Hills as well as in the "wilderness" area. So, why do we need another area set aside? It does not make sense to me.

Another thing that doesn't make sense to me is the "Fairness Doctrine" that I have been hearing about. It smacks of censorship and limiting our freedom of speech. If someone wants to counteract a "talk show host" all they need to do is find sponsors and have their own show. Why do the American people need to be told what they need to listen to? WE can decide for ourselves if someone is biased or not. We can decide for ourselves if we need to check out the sources and whether or not someone is "putting something over on us" or is prejudiced, etc... We do not need the government interfering and telling us that if someone states their opinion on public T.V. or radio that the stations then have to air the opposite opinion free of charge. What kind of sense is that? Does that mean that whenever someone makes a commentary on the network news that they have to give someone else the chance to offer a rebuttal free of charge? Give the American people more credit for the sense we do have. If I want to listen to a Christian radio station that shares my views and beliefs or

to Rush who I don't agree with all the time, that should be my prerogative without the government stepping in and saying I should then listen or be allowed the opportunity to then listen to the opposite views. Isn't America about people making their own choices and believing what they want to believe according to their own set of standards and values? The "Fairness Doctrine" sounds to me like the government or someone there in government is becoming afraid people are not going to buy into everything as easily as they would like. Let the people decide what they want to listen to and who they want to believe. If they want another opinion, all they have to do is turn the dial to another station.

I didn't mean for this to become a "soapbox" but, as you have probably figured out, I do believe the "Fairness Doctrine" should not be passed and I hope that is the way you will vote.

Thank you for your time.

Sincerely, /

Lila Scandrett
Lila Scandrett



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: ELLEN SALLARO

City/Zip: CUSTER, SD 57730

Street: HCR 83 Box 23E

Occupation: Teacher

Phone (optional): 605 673 2746

- ① NO MORE WILDERNESS!!! Manage the Black Elk; it is located very close to my property and we can't afford its fire.
- ② Change the appeals process. if the appeal is found to be frivolous, then charge the organization for the cost.
- ③ ASQ should be based on growth; currently we are told the forest growth is 155 MBF. Therefore, cut should be approx 100 to 120 MBF for sustained yield.
- ④ If we don't produce wood here (USA) in a responsible manner, we will be responsible for the decimation of the rain forests in third world countries.

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- ⑤ Maintain Multiple Use Concept."
- ⑥ Yes to Conservation^{ists}; NOT preservationists.
- ⑦ The National Media needs to be held accountable; when ANYONE can Set Up a whole segment (the fish had been Stunned by the Wildlife Service and the area shown as a Clear-Cut, was in fact a wildfire area) and get away with it, we All Lose.
- ⑧ ~~Horseback~~ Horseback riders like the areas that have been properly managed. They have mentioned frequently the lack of Wildlife in both the Kyrbeck and Black Elk.
- ⑨ ~~Keep~~ Maintain grazing permits; the Cows do Consume forage which is potential fuel for fire and don't Compete with Wildlife to any large Extent.
- ⑩ Release the data so we can make intelligent decisions and suggestions.
- ⑪ As a Small business, if the timber industry gets shut down, we will become another statistic: BANKRUPT.



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Alice Krebs City/Zip: Black Hawk SD
Street: PO Box 505 Occupation: Marilla Industries
Phone (optional): 605 787-5603

I work in a Timber related job. Without this job my options are few. Without Timber harvest I will no longer be employed. We need a managed forest but we also need the Timber that we get from the national forest. Setting aside more forest for limited use will eventually have an adverse effect on jobs in this area. As an employee in a timber related industry I appeal to you. We need help in retaining our jobs they are important to each family in this area and to the local economy.

Alice Krebs

Thank you for submitting your comments. Your thoughts are important and will be made part of the Official Record of today's Field Hearing of the Senate Small Business Committee. Please use additional sheets if necessary. Call (202) 224-8485 if you have any questions or comments. Your interest in this issue is appreciated.



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Michael Melius City/Zip: _____
Street: HLR 89 BX 275 Occupation: Farmer
Hermosa, SD 57744 Phone (optional): 255-4746

Mr. Pressler:

Not once in your opening remarks or in your Aug. 6 address to the Senate do you mention wildlife or biodiversity. The National Forests exist for more than commodity production, e.g. timber. The reason timber sales are being appealed is that the Forest Service isn't following laws to protect all the wildlife—plants and animals. Road densities are too high, not enough old growth is being left, not enough dead trees are left for woodpeckers, etc. etc.

The appeals may be helping local economies, by raising timber revenues to local government. But that assumes the appeals are what raise prices—as you assert. When you know very well prices are set based on values around the world, by commodity traders in brokerage houses. The little bit of timber from the Hills doesn't much affect that price.

At any rate, would you rather the U.S. Government sell lumber cheaply? Oh, I forget: you're part of the Washington, DC establishment that's been

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driving this country into debt the last 12+ years. Selling govt goods + services cheaply is part of your philosophy to get re-elected!

Page 1



Official Testimony

before the

U.S. Senate Committee on Small Business
Senator Larry Pressler • Ranking Member

Federal Timber Policy and Its Impact on Small Business

September 4, 1993 • Rapid City, South Dakota • Howard Johnson Hotel

Name: Michael Melius, Page 2 City/Zip: _____
Street: _____ Occupation: _____
Phone (optional): _____

RE: Mr. Honerkamp's testimony: I believe he did not substantiate his claim that visitors to SD are not interested in wilderness, that they're city slickers, etc. That seemed to be only his opinion. Well, I am of the opinion that visitors don't know much about wilderness + natural areas in SD, partly because Mr. Honerkamp's "industry" doesn't promote them. And partly because they are so few. We need more wilderness not only to protect the places themselves, but also to satisfy needs of visitors, especially "city slickers" who never get a chance for solitude + peace of wild places. Mr. Honerkamp seemed to contradict himself: wilderness is too remote for visitors, yet the proposed wildernesses in the Black Hills don't qualify because they're so near roads. Wilderness is open to everyone - you just can't drive there or ride a bike or run any motorized thing. Americans are more + more concerned with their personal health. Many are quite able

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to leave their cars to explore the Hills, wilderness or otherwise. Actually, some timber sale areas are more difficult to walk in than wilderness, due to all the logs + slash left by the loggers. Multiple-use is out of balance in the Hills, in favor of timber and roaded recreation. Michael Melius

Nancy Hilding
6300 West Elm
Black Hawk, S.D. 57718

Sept. 7, 1993

Dear U.S. Senate Committee on Small Business,

Below find my written testimony for:

Field Hearing on "Federal Timber Policy and Its Impact on Small Business" held of Sat. Sept 4, 1993 in Rapid City, S.D.

I. Process

I was shocked by your committee's conduct. There was only one committee member, a time limit of 2 hours, no public testimony was allowed and there was a panel of speakers heavily stacked to one view point. During a hearing alleged to be investigating timber policy, only one speaker out of at least ten, represented environmental advocacy groups working on timber related issues. This person was limited to a 5 minute speech. Questioning on the issues by Senator Pressler was one sided.

This was not a hearing - it was political performance art. I believe, Pressler was running for reelection and providing his constituents in the "Wise Use" Movement, with a forum for public speaking and publicity, all paid for by the tax payers. If this farce is representative of a federal hearing, it is no wonder that our government is in such a mess.

There are many complex issues involved and much misinformation spread about by the "wise use" movement. Instead of delving into the substance of issues, or requiring proponents to back up their assertions with facts, the committee provided pro timber panelists with another public forum to reiterate their propaganda.

II. Timber issues

Competition:

Do Pope and Talbot or Continental qualify as small businesses? What is the status of the truly small mills or contractors? What percent of the Black Hills timber industry is actually a small business? What percent of the timber cut on public land or private land is cut by small or large businesses? Have these percents changed over time? If so, why?

To what degree is loss of companies or jobs just a part of the

naturally volatile timber/building business cycle? To what degree are local, small companies being hurt by lack of capital, employee benefit requirements, increased mechanization costs, Forest Service timber sale or bidding practices, poor management, increased competition or the local timber bidding wars? Are they just plain out of their league when up against large multi-nationals such as Pope and Talbot?

Can changing Forest policy, regarding how sales are let out to timber contractors, help small timber operators? What is the effect of a federal debt that pulls capital out of the private sector and into the governments pockets? Blaming environmentalists is very convenient.

Cost of Timber

Have appeals really driven up cost of timber? What do the Forest Service's minimum bid requirement formulas have to do with the price of timber? How are minimum bid requirements determined? To what degree are the national high timber costs this year a result of high national demand for lumber? Are not the inroads by environmentalists only a minor factor in timber prices? I am enclosing an article on this from U.S.A today. Why use environmentalists as scapegoats?

"Frivolous" Appeals

Before bemoaning the many "frivolous appeals", Sen. Pressler should ask for a detailed, thorough accounting of the history of Black Hills National Forest appeals. It is not in the Forest Services best interest to publicize its failures. I checked the record in March. As of last March, out of 15 known decisions returned on Sierra Club appeals of Forest projects (of assorted types of Forest implementation projects - not just timber appeals), there were 2 remands, 3 withdrawals, 1 settlement, and 2 corrected upholds. This is an 8/15 or a 53% record of creating change. This is in a system where the defendant is also the judge and jury. (The appropriate name for this judicial system is a kangaroo court.)

In 11/89 American Wildlands and the Sierra Club appealed and subsequently won a remand of the Norbeck Decision. This decision would have authorized massive timber sales - 1/5 of the Forest timber output each year for a 5 year period. These sales are yet to be brought on line, as the Forest Service has yet to meet the conditions of the remand. Despite this hold up of some specific huge timber sales, by environmentalist's successful appeals, the Forest Service has always claimed it meets its yearly timber quotas.

Many of the environmentalist successes with timber appeals occurred before 1992, so judicious editing of a statement about appeals, can create a true but misleading statement. Although I do not have the data, I believe if there was a slow down in

Forest Service processing of timber sales, it happened early on, when the Forest Service (F.S.) withdrew several appealed decisions and delayed scheduled release of other decisions.

Subsequent to the first spate of environmentalists appeals, I think the F.S. realized their timber E.A.s and decisions were not "up to speed" legally, and they temporarily slowed things down while they rewrote many E.A.s, yet to be released. They will, however not admit this as this would result in bad P.R.

If the timber industry believes environmentalist appeals are "frivolous", why are they so afraid of them? A "frivolous" appeal would not get upper level review and is certain to be denied. The few months it would take to process a "frivolous" appeal, is minor detour given the length of time it takes to develop and process a timber sale.

As I understand it, the Sierra Club has statistics it got from the Forest Service this spring, which prove that there had been no statistical increase in the net time it takes to process timber sales on the Black Hills National Forest, since the many timber appeals started. Timber advocates, when blaming environmentalists for creating an unreliable or unavailable timber supply, should be ask to document their assertions.

Industry propaganda about appeals driving up the cost of timber, has never made any sense to me - I think much of it is lies. Scapegoating, prevents the public, the timber industry and this Committee from really looking at what is happening and from making any policy decisions that might help resolve complex issues.

Costs to taxpayers

Stan Silva said that processing the appeals by the Black Hills National Forest cost the taxpayers \$84,000. What he didn't say, was that the minor delays in timber sales, are also alleged by timber industry, to drive up timber sale fees, thus allegedly gaining taxpayer's money. In reality, given that national timber prices have been rising most of this year, delays in sales would have resulted in substantial extra earning for the treasury. The taxpayer cost argument is a double edged sword for timber industry advocates.

"Where's the beef?"

The real problem with timber supply for the timber companies will come after the Forest Plan Revision. After the revision there will be a lower Allowable Sale Quantity. The real issue here is not wilderness or even current Forest implementation appeals. I believe, the real issue is that the Forest can't meet the current ASQ and comply with the National Forest Management Act. The Forest Service knows it. The environmentalists know it and they know they can appeal and

litigate the Forest Plan Revision, if necessary. NFMA requirements that can be ignored, at a Forest implementation level, can't be dodged at Forest planning levels. The only real way for the timber industry to get what it wants, is to convince Washington to gut public land management laws.

III. Recreation Issues

Forest Recreational Opportunity

In 1989, the only year I have national statistics for, the Black Hills National Forest was second in the Nation for acres logged and second for acres logged per acre of Forest.

According the existing Forest Plan there is guesstimated to be one linear mile of road for every 150-200 acres of Forest. According the existing Plan, 33% of the area of the Forest will be logged in the first ten years of the plan and 10-15% thinned. This means in any given year about 3.3% of the Forest is in a timber sale and 33% has ten year old timber scars.

The existing wilderness on the Black Hills only "ties up" an area, one forth of the size of what the timber companies log each year. The wilderness occupies less space than the Forest thins each year. How many other multiple uses can use an active timber sale? How many handicapped people recreate in a timber sale?

Just about every acre of the Forest has a grazing allotment. Cow patties, cattle and fencing abound, especially in the few riparian areas remaining in public ownership. Most riparian areas are in private ownership and those remaining publicly owned riparian and wet areas are trashed by cattle. Riparian areas are priority recreational sites. How many persons enjoy camping in a meadow covered by cows or littered with fresh cow pies?

The Sierra Club did an inventory of wild areas before proposing the wilderness proposal. Most of the Hills is thoroughly roaded. Of the 14-16 areas identified as either meeting or best approximating wilderness qualifications. All of these areas, that were available for timber entry, had a timber sale scheduled within 5 years. Today many of these areas are already lost. Only .76% of the Forest is in Wilderness. People who enjoy back country go out to their former, favorite, non protected, wild area to find it degraded by a recent sale.

Given the aggressive timber program, this Forest must make some kind of plan for setting aside some backcountry areas. These areas much be protected from logging, mining, roading and have range management improved, without adding more fences. The whereabouts of these areas must be made known to the public. Wilderness is one vehicle to accomplish this, although other

methods such as administrative designations, could be used.

I have reviewed many Forest Timber management documents. This Forest never acknowledges or plans for cumulative aesthetic damage caused to Forest by its massive timber sale program. When doing landscape planning it only addresses far distance landscape issues. Ironically far distance landscapes are not the landscapes heavily impacted by the shelterwood type of timber program on the Hills. We do not have large clear cuts. It never addresses mid distance landscapes or immediate visual quality impacts. Visual quality along trails is not protected.

Visually, the Forest is being turned into a tree farm or industrial forest. Trees are cut in early maturity, at the end of their maximum growth period. To the F.S., leaving old trees standing, for another century, to develop the full elegance, character and stature of a mature or old ponderosa pine, is a waste of forest space. A younger tree could be using that space to more efficiently generate board feet! Older aged stands would lower the ASQ, of the forest that supplies 43-45% of the regions timber.

This Forest and this State government does not plan for or acknowledge backcountry hiking needs. Recreation management is not a topic in the upcoming Forest Plan Revision. Where will back country type of recreators, have left to hike and camp in the future?

According to the Forest Service, 53% of income derived (trickled down) from Forest use is from "recreation and wildlife" related activities. This Forest manages for forms of recreation compatible with extensive commodity extraction and roads. Such management selects for those recreators who like motorized recreation.

I believe that the Black Hills recreation industry is only being given half a loaf by this Forest. Persons who value back country recreation experiences, will logically go elsewhere or do something else with their free time. Increased management for back country values can attract this different group of recreators and a different sector of recreational enterprise.

Handicapped people have more than enough roaded recreation opportunity. As stated above, lots of country is immediately accessed by roads. Ever go in the Hills with handicapped or elderly persons? The real man made limit to handicapped persons on this Forest is not wilderness created road closure, it is shortage of trails and the ubiquitous barbed wire fence.

Black Hills trails are, for the most part, concentrated in a few areas. Why aren't there more trails and more funds for developing trails? Why aren't back country hiking trails developed, as well as trails near high use areas? Why isn't the trail system spread all over the Forest, instead of being

concentrated in specific places? Ask this Forest to compare it's trail system with other Forests.

Small Business Comparisons

53.5% of the income and 58.2% of the employment derived from Forest activities are from "recreation and wildlife" resource groups. 37.0% of income and 32.1 % of employment are from timber. The large segment of the Black Hills National Forest's timber is cut by Pope and Talbot, (a multi-national company).

What subset of the 37.0% of National Forest timber derived income, is actually within the scope of the Small Business Committee?

Why should that segment of the multiple uses - i.e. recreation/wildlife - that garners most of the money earned from the Forest, have such a relatively low budget priority? 57% of the Forest is allocated into management designations managed for timber production but only 2.41% is allocated into recreation (this includes the wilderness area). What will be the long term effect on existing recreation industries of turning the Forest into a tree farm? You can't wave a magic wand and recreate old growth or pristine forest. Are you focusing on the right small business issue?

Personal Comments

My husband and myself find the Black Hills National Forest to be managed in such a way as to not meet our recreational needs. We enjoy day hiking in the Hills but we often go out of state when taking out of doors-camping vacations. We take our dollars with us. We know others who do likewise.

I am an artist much of whose work represents natural landscapes/animals. I use public land as an aesthetic resource -subject matter and inspiration for my work. We may eventually move out of state, to an area more conducive to our recreating needs and to my professional needs. My husband is a partner in a small business in Rapid City, that usually employs about 15 people. He was aggressively recruited into this town. One of the major reasons we came here, was because of the Forest.

Sincerely,



Nancy Hidding

2 Enclosures

Nancy Hilding

enclosure for Field Hearing testimony

Enclosed find an article from USA TODAY March 17, 1993

The article discusses causes of rising timber prices.

Nancy Hilding



WOOD SHOPPERS: Builders may see lumber prices fall but not give back \$200 gain.

By Eric Lesser

Housing rebounds slightly

By Desiree French
USA TODAY

Housing starts rebounded slightly in February after dipping to their lowest level in six months in January.

Construction starts for single-family homes and apartments edged up 2.5% last month to a 1.21 million annual rate, the Commerce Department said Tuesday.

In January, housing starts fell 8.4% to a seasonally adjusted annual rate of 1.18 million homes. Cause: stormy weather.

David Berson, chief economist with the Federal National Mortgage Association, also blames lousy weather for the modest uptick in February housing starts. Economists had expected an annual rate of 1.23 million starts.

And now, they say the storm that covered most of the eastern USA this week probably will depress March construction, too.

"But housing activity isn't lost. It's just deferred," Berson says.

He says he expects housing starts to climb 10% this year from last to about 1.32 million. Last year, starts jumped 18% from 1991 to 1.2 million homes and apartments.

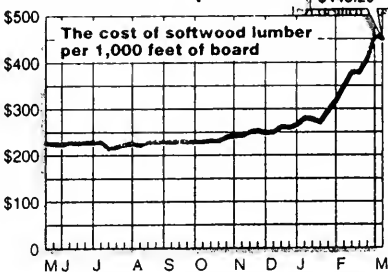
In February, starts rose 16.7% in the West, 7.4% in the Northeast and 7% in the Midwest. They fell 6.3% in the South.

Also down: building permits for single-family homes. They fell 4.1% last month after falling 4.5% in January.

"This backward movement is weather-related and temporary. It will be regained later in the year," says David Seiders, an economist with the National Association of Home Builders.

Lumber cost peaks?

Tuesday:
\$448.20



Source: Chicago Mercantile Exchange, USA TODAY research

By J.L. Albert, USA TODAY

COVER STORY

Demand for wood leads to building panic



SPOTTED OWL: Protection cuts available timber.

By Ellen Neuborne
USA TODAY

Lumber prices have nearly doubled since October. U.S. home builders are in a panic. They think the public ought to be just as worried.

"A crisis is upon us. We have been asked whether or not this jeopardizes the recovery. The answer is clearly and unequivocally yes," says Kent Colton, chief executive of the National Association of Home Builders.

Although the price of lumber dropped Tuesday on futures markets, analysts say it's not about to return to last fall's lows. A contract for 1,000 feet of board sold Tuesday for \$448. That's down from a high of \$480 last week but still far ahead of \$236 in October.

Those in the building industry say the era of cheap wood is over. "Prices will probably fluctuate, but it's like gasoline. Gasoline is never going back to the 29.9 cents I paid when I borrowed the car in 1964," says Michael Modansky, wood-products manager for Home Depot. "Lumber prices are following the same path." As a result, it'll cost you nearly \$3 to buy an 8-foot-long 2-by-4 board today, vs. \$1.60 last fall.

Though lumber prices may drop the next few days, they're not about to give back their \$200-plus gain, says Mark S. Rogers, paper- and forest-products analyst for Prudential Securities. The biggest drop he expects is \$50.

Home builders say the price run-up has lapped \$5,000 or the price of a 2,000-square-foot home. That scares would-be

Please see COVER STORY next page

COVER STORY

Lumber prices stir panic

Continued from 1B

homeowners out of the market, says Colton. That would mean fewer high-paying construction jobs and fewer furniture- and carpet-buying spree by home buyers. Without the economic drive provided by new homes, you can kiss the economic recovery goodbye, Colton says. It is a problem worthy of federal intervention, he adds.

President Clinton is about to step into the volatile debate about how lumber costs got so high, who's at fault and what should be done about it. He has scheduled a timber conference April 2 in Portland, Ore. Every group involved — and there are many — thinks it knows the reason why lumber prices have gotten so high.

"The president said with a smile that after he leaves this conference, he's got to meet with (Russian President Boris) Yeltsin and that will be easy," says Rep. Jim McDermott, D-Wash.

Politics aside, the price of lumber is up because demand is growing but supply is not. How did we get here? Opinions vary:

► Home builders and the timber industry blame environmentalists. Federally owned land used to supply more than one-third of U.S. softwood. Legislation and court battles to protect the endangered northern spotted owl — which nests in timber country in Washington, Oregon and northern California — has slashed available Federal harvest land. Last year, Federal land supplied 22% of U.S. softwood. This year, that is expected to fall again. Mark Rey of the American Forest and Paper Association says much of the timberland is tied up in legal gridlock brought on by lawsuits by environmental groups.

But Congressional Research Service, an arm of the Library of Congress, said late last week that protecting owls has reduced available timberland only 5%. A report by CRS found that increased demand for lumber, brought on by the improving economy, is the prime culprit for rising prices. To blame the owl alone is misleading, it concludes.

► Industry observers blame a drop in the number of sawmills. In the Northwest, 132 sawmills and plywood mills have closed since 1990. East of the Mississippi, where most sawmills cut hardwood for furniture and floors, there has been a 25% drop in sawmills, says George Barrett, editor of *Weekly Hardwood Review*. "The lumber business is made up of many small producers. They were not able to get capital during the credit-crunch period in the late '80s and early '90s." Demand is rising for all kinds of wood, and fewer sawmills are turning logs into boards.

Surviving sawmill owners say they are leery of investing and expanding even though demand for wood is up. Galen Weaver, who runs a sawmill in Lebanon, Pa., says the future of his industry is too uncertain. "Only a fool would invest now," he says. "You don't know where it's going. All the timberland could be locked up. Everything goes to court these days. You can't know how it's going to turn out."

► Worse-than-usual weather this winter in timber country has added to production problems. Snowstorms have hit the Northwest. Rain and snow have fallen in the forests of Southeast-

ern states. Conditions in Canada have not been much better. "You can bet 40 below in British Columbia will slow the harvest," says Modansky. "When you get wet and muddy weather, as we got early this year, that means even fewer logs coming out of the woods. The weather just added to everything else."

► Some wood is exported. The National Wildlife Federation says wood prices are high partly because 8% of the U.S. harvest was exported last year. "If (timber producers) are so concerned about the American home buyer, why don't they plug that supply back into the U.S. market and help bring lumber prices down?" says National Wildlife spokesman Michael Crook.

But exports actually are down. Last year, the U.S. exported 2.8 billion board feet — mostly to Pacific Rim countries — vs. more than 3.4 billion board feet in 1991. The NAHB calls exports "a fringe issue" in the rising cost of lumber.

Despite all the finger pointing, probably the biggest reason lumber prices are rising is an increase in demand — especially for pine and other softwood used to build houses. Last year, demand for lumber was 45.3 billion board feet. This year, demand is projected at 48 billion board feet.

Low interest rates and a strengthening economy combined to start a rebound in home building. Despite winter weather bad enough to stall many building projects, housing starts in February were a seasonally adjusted annual rate of 1.21 million. That was low enough to cause Tuesday's drop in lumber prices. But it's well above 1991's 1.01 million housing starts.

The shift in supply and demand for lumber got the attention of commodities traders who buy and sell lumber. In recent months, the price of lumber futures contracts — which gives the holder the right to buy or sell lumber at a certain price up to a year in the future — has been soaring. Tuesday, a contract for May delivery of 1,000 feet of softwood board sold for \$448. When the contract first started trading in May last year, the same contract sold for \$225.

For days in December, trading was so intense that lumber futures opened limit up — when the futures exchange halts all trading because a contract has risen the maximum allowed for one day.

Part of that is financial speculation. "We have never seen lumber do this," says Scott Ramsey, managing director of Index Futures Group. "This market started to show signs of strength, and that attracted capital, and that created more activity and higher prices and more higher prices. If I were short in this market (betting that prices are going down), I'd be very concerned. Actually, I'd probably be broke."

Despite the surge in prices, the economy hasn't shut down. Home Depot's Modansky says demand for lumber remains strong. His company sells to home builders and do-it-yourselfers building decks and remodeling game rooms.

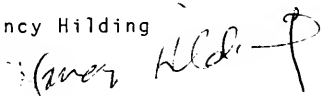
"Lumber is a commodity, not a luxury. Unless they find an alternative product to build a home, lumber will be used and lumber will be purchased," he says. "These prices have not led to a falloff in demand. And I don't think they will."

Nancy Hilding

enclosure for Field Hearing testimony

Mr. Pressler asked Mr. Silva a question about fire suppression in wilderness. I did not find Mr. Silva's answer very clear. I am enclosing additional material on this issue for Mr. Pressler. Please see items marked with yellow.

Nancy Hilding

A handwritten signature in cursive script, appearing to read "Nancy Hilding", followed by a large, stylized flourish or initial.

In summary, subject to the conditions and policies outlined in this report, the general rule of thumb on grazing management in wilderness should be that activities or facilities established prior to the date of an area's designation as wilderness should be allowed to remain in place and may be replaced when necessary for the permittee to properly administer the grazing program. Thus, if livestock grazing activities and facilities were established in an area at the time Congress determined that the area was suitable for wilderness and placed the specific area in the wilderness system, they should be allowed to continue. With respect to areas designated as wilderness prior to the date of this Act, these guidelines shall not be considered as a direction to reestablish uses where such uses have been discontinued.

WILDERNESS FIRE MANAGEMENT AND INSECT & DISEASE CONTROL

Fire has been shown to have played an important role in the development of many forest and rangeland ecosystems in North America. If we are to achieve the wilderness objectives of allowing ecosystems to develop without human interference then fire must be permitted to play its natural role. In some cases this will merely involve instituting a "let burn" policy where natural fires are simply monitored and allowed to burn themselves out.

In other cases, years of fire suppression have allowed fuels to accumulate to unnaturally high levels and, should a natural fire occur, its heat and intensity would sterilize soils, causing severe soil erosion and downstream water quality degradation. It would also be difficult to prevent the fire from spreading beyond wilderness boundaries. In such cases fuel levels can be gradually reduced to natural levels by a series of prescribed or "planned-ignition" burns; once conditions have been restored to what they are believed to have been before the exclusion of fire, the area can be allowed to evolve without further interference, relying only on random natural-ignition fires. Care and vigilance is needed, however, to assure that planned-ignition fires are used only to achieve this clear and limited objective and are not used to manipulate ecosystems to create certain specific vegetation patterns. For instance, prescribed burning should not be used in wilderness as a substitute for felling trees for the purpose of increasing populations of game species.

The Wilderness Act and subsequent legislation clearly permits the suppression of wildfires within wilderness if they present clear threats to public health and safety. Suppression may also be justified to prevent fires from crossing wilderness boundaries and destroying property or resources on surrounding public or private lands. Sup-



pression activities should be guided by the "minimum tool" principal, making use of the least damaging equipment and methods consistent with the safety of the public and firefighters. Hand-built fireline and backfires are preferred, with minimum use of chain saws and axes. Where aircraft are used, water drops are far preferable to chemical fire retardants; such retardants should be confined to areas outside the wilderness boundary. To the maximum extent possible, the use of motorized earthmoving equipment such as bulldozers and fireplows should also be confined to areas outside wilderness.

Any type of fire suppression activity is bound to leave marks on the wilderness that will be evident for years. An important way for wilderness managers to avoid these impacts is to take early "pre-suppression" measures to prevent wilderness fires from becoming a threat to outside areas. Natural fuel breaks where fires can be suppressed with little or no evidence, such as rivers, streams, rocky ridges or other unvegetated areas, can be identified in advance. Artificial firebreaks can be constructed outside wilderness boundaries to impede the spread of fire. And, as mentioned above, planned ignition fires within wilderness and consistent with overall management objectives can reduce a fire's intensity and facilitate its containment within wilderness.

Fire management policies should be made flexible so that individual wilderness management plans can respond to areas of high fire risks. These would include areas characterized by intensely fire prone vegetation (e.g., chaparral areas in southern California) and areas close by homes or other developed areas.

Many of these same principles apply to the control of insect and disease outbreaks in wilderness and they are addressed together in the applicable laws.

WILDERNESS ACT
(P.L. 88-577; 1964)

Section 4 (d)(1):

... such measures may be taken as may be necessary in the control of fire, insects, and diseases, subject to such conditions as the Secretary deems desirable.

ENDANGERED AMERICAN WILDERNESS ACT
(P.L. 95-237; 1978)

House Report 95-540:

Fires, Insects and Disease.—Section 4(d)(1) of the Wilderness Act permits any measures necessary to control fire, insect outbreaks, or disease in wilderness areas. This includes the use of mecha-



nized equipment, the building of fire roads, fire towers, fire breaks or fire pre-suppression facilities where necessary and other techniques for fire control. In short, anything necessary for the protection of public health or safety is clearly permissible.

AIRCRAFT USE

Provision was made in Section 4(d)(1) of the Wilderness Act to permit continued use of backcountry airstrips in wilderness by light aircraft. Such use can continue only at the discretion of the agency and, although landing strips have not been closed simply because they are in designated wilderness, some have been closed due to safety considerations and to unacceptable impacts on other wilderness resources. Agency decisions to close airstrips or otherwise restrict the existing uses of aircraft are usually made in individual wilderness management plans.

The Central Idaho Wilderness Act modified existing legislative direction *but applied only to those areas designated in that Act*. Whereas the Wilderness Act states that aircraft use *may* be permitted to continue where previously established, the Central Idaho Wilderness Act stated that aircraft use of landing strips "in regular use" *shall* be permitted to continue, denying the agency the discretion to simply close airstrips but allowing for such restrictions as the agency feels necessary. Airstrips can be closed by the agency for safety reasons but only with the concurrence of the state government.

The impacts of the continued use of airstrips on wilderness resources can be mitigated by several means. Regular use can be discontinued and the areas revegetated with a grassy cover so that emergency use of the fields is still possible. Existing improvements at these fields not essential to their use as emergency landing strips (e.g. windsocks and strip markers) can be removed. On landing strips where regular use is to continue the "minimum tool" principal should be applied to achieve the management goals for the facility with the least impact on the wilderness setting. Airstrips can be kept free of rocks, ruts and woody debris and grassy vegetation kept in check without resorting to close-crop mowing. Existing landing surface dimensions and approach clearings can be maintained while all other improvements not needed for the safety of daytime use of the strips are removed. Airfield fences can be removed except where strips are in close proximity to unfenced grazing allotments. Maintenance work can be done by non-motorized methods, with approval for motorized access granted on a case-by-case basis.

9-4-93

Dear Senator Pressler-

"Thank you" for your letter notifying me of the hearing meeting you held in Rapid City this weekend concerning "Public land Use Impact on Small Business".

Due to prior obligations I wasn't able to attend, but I would still like my comments to be entered into the "Hearing Record" if possible.

I'd just like to say that I support the Sierra Club's wilderness proposal for the Black Hills as badlands. There's so little left of the Black Hills that hasn't been developed, or roaded or logged that I think now is the time to set what's left aside for our posterity. Besides, we're not talking about millions - or even hundreds of thousands - of acres of proposed wilderness.

The long-term economic stability of the region lies in maintaining the integrity of the Black Hills ecosystem for tourism and recreational businesses - not the extractive industries like logging and mining and grazing. (Although of course, valid grazing permits would stay that way in the proposed areas) A recent study by the Wilderness Society in the Yellowstone area showed that almost 90% of the new jobs from 1980-1990 were in the tourism/recreation industry, while during the same period the number of jobs related to the extractive industries (timber, grazing, mining) went from one out of every 3, to one out of every 6 jobs. Clearly, there's been a shift. The money (and jobs) aren't in

the "extractive" sector anymore.

Again, I support the Sierra Club's wilderness proposal for the Black Hills and Badlands, and hope that you will do your utmost to begin the process of having it signed into law as soon as possible. The sooner we act, the sooner these areas (and the people whose livelihoods depend on them) can begin enjoying the protection and stability that permanent Federal wilderness designation affords.

Thanks for your time & consideration—

Sincerely,



GREG SAUER

1904 S. HAWTHORNE AVE.

SIOUX FALLS, S.D. 57105



711 Franklin St.
Rapid City, SD 57701

The Izaak Walton League of America

DEFENDERS OF SOIL, AIR, WOODS, WATERS, AND WILDLIFE

2 September 1993

Senator Larry Pressler
United States Senate
Washington, DC 20510-4101

Dear Senator Pressler:

Regarding your hearing to explore issues surrounding public land use and its impact on small business, please include the following comments in the official hearing record.

The Black Hills Forest managed by the U.S. Forest Service should be managed to serve a broad spectrum of public purposes and uses. Recognizing that the bulk of the nation's long term timber potential is on lands owned by industry, farmer, and other private parties, commodity uses of public forests must not be over emphasized at the expense of such public values as fish and wildlife, outdoor recreation, water quality, scenic beauty, wilderness, and natural ecosystems.

The next generation of forest plans should place greater emphasis on fisheries, aquatic resources, remote habitats, watersheds and wildlife; de-emphasize timber harvest relative to other resource values, and scale back excessive road building.

The League believes that carefully selected areas that show some evidence of human impact should be designated as wilderness and managed so that wilderness conditions are restored by the forces of nature.

Sincerely,

Richard Rasmussen
State Director, IWLAA

114 E. Philadelphia #3
Rapid City, South Dakota 57701

September 6, 1993

The Honorable Dale Bumpers
The Honorable Larry Pressler
Small Business Committee
U. S. Senate
Washington, D. C. 20515

Dear Senators Bumper and Pressler:

I briefly attended the recent Rapid City hearings of the Senate Small Business Committee that were to address "public land use impact on small business." I was extremely disheartened by the lack of rational discussion and fairplay at these hearings. I am submitting these comments to help correct the record.

First, the hearing was called to investigate "public land use impact on small business." Little of the testimony actually addressed that issue. Instead, Senator Pressler used the hearing as a political rally for his new-found corporate supporters in the poorly-named "multiple-use" movement.

When grassroots citizens see our Congressional representatives using taxpayers' money to hold a political "be-in," respect for Congress and its institutions plummet. I had come to hear thoughtful presentations on a legitimate area of controversy. Instead I was treated to the tired and overblown rhetoric of the self-appointed "multiple use" crowd. I walked out of the hearing in disgust.

In order for the public to have any faith in Congress, I would hope that such "show" hearings will be curtailed. With the federal deficit and its economic ramifications killing small business, every effort to spare taxpayers the expense of these political rallies must be made.

In this regard I ask the Small Business Committee to determine whether it is legal and acceptable to falsely advertise a hearing of the Committee and proceed to use it as a political rally. Further, the Committee should charge the cost of this hearing to Senator Pressler's campaign fund, rather than stick the taxpayers with the bill.

Second, the "hearing" included vitriolic attacks, some by Senator Pressler, on South Dakotans, including small businesses, who value the natural resources of our public lands. According to the Forest Service figures, 40 percent of the economic impact of the Black Hills National Forest is derived from recreation-based activities. Only 22 percent of the Forest's economic impact results from timber. Despite this, the timber industry drives the management decisions on the Forest. It is this real imbalance that must be addressed, not Senator Pressler's hallucinations about "environmental extremists" ruining the timber industry.

Third, it's great that Senator Pressler says he wants to retain public land in multiple use, but before he says that he should be at least minimally conversant with the Multiple Use-Sustained Yield Act. Senator Pressler is under



3 9999 05983 153 5

Senator Bumpers
Senator Pressler
Page 2

the mistaken impression that mining is a multiple use. It is not. Under the Mining Law of 1872 mining is a "super use," taking precedent over all multiple uses.

Senator Bumpers has been working tirelessly to put mining under the multiple use framework through reform of the 1872 Mining Act. If Senator Pressler is truly concerned about seeing mining become part of multiple use management of our public lands, then he will support Senator Bumper's reform proposals.

Also, Senator Pressler will find that wilderness is included as a multiple use in the Multiple Use-Sustained Yield Act. As the Forest Service's Stan Silva testified, the maximum amount of public timber affected by the Black Hills wilderness proposals is five percent. That's not much when compared with the opportunity to attract a whole new type of tourist to South Dakota with little or no capital investment on our part.

Fourth, since Senator Pressler tried to lay the blame for the timber industry's problems on unnamed "extremist environmentalists", we must assess who is really at fault. The Forest Service admits its 1983 Black Hills management plan overestimated by 20 percent the amount of timber available for cutting. As a result of that overestimate and Reagan-era mismanagement of timber resources, a multi-national company, Pope and Talbot, invaded the Black Hills timber market. The company built large, new sawmills in the region. Before any "environmental extremist" filed the first "frivolous appeal" on Black Hills timber sales, Pope and Talbot had driven several small mills to bankruptcy.

But that was not all. Pope and Talbot brought in many of its own out-of-state people to cut the trees. Pope and Talbot refused to hire native South Dakota loggers. Since then, Pope and Talbot has mechanized its logging operations, further reducing its work force. If it was the intent of "extremist environmentalists" to put loggers out of business it could only hope to be as successful as Pope and Talbot.

But even that's not all. In order to accommodate Pope and Talbot's ability to cut more trees and to decrease its costs to process timber sales, the Forest Service increased the size of timber sales and upgraded road specifications for timber sales. The result was further erosion of the ability of small business to bid on timber sales.

Fifth, the overwhelming problems with the timber industry in the Rocky Mountain region did not arise until the Reagan-Bush era, when the economic well-being of the multi-national timber industry, rather than the environmental well-being of a productive forest, became the basis upon which forest policy was determined. Forest personnel, such as John Mumma, who supported adherence to scientific multiple use, sustained yield concepts, rather than the dictates of multi-national logging concerns, found themselves drummed out of federal service.

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But all of this begs a question that needs to be asked. Is the primary purpose of our public land to serve as a welfare check for business, small or large?

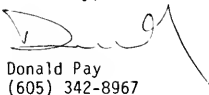
Here in the West some of our people still cling to the myth that independent risk takers, bucking the federal government, built this part of the nation. That was never true, and every time I hear the whining and whimpering from the multiple use crowd when part of their "welfare check" must be shared with the American public, I, and you, should be disabused of that myth. These people are desperate now to maintain their grasp on Uncle Sam's apron strings and largesse. They are draining this nation of its life blood and threaten its future by its short-term view of our public resources. It's time to set these welfare cheats upon their own devices. The federal government could do its most important work for small business by cutting the immense public subsidies for the timber and mining industries.

Finally, the kind of half-minded demagoguery engaged in at the Rapid City hearing by Senator Pressler should come to an end. This nation can no longer afford politicians selling the lies of powerful special interests in order to maintain their hold on public office.

I wish these comments to be included in the printed record of the Small Business Committee's Rapid City hearing.

Thank you for this opportunity to comment.

Sincerely,



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