

Testimony of Peter Metcalf, CEO/President and Co-Founder, Black Diamond Equipment

Before the U.S. House Committee on Natural Resources on the

“Impact of the Administration’s Wild Lands Order on Jobs and Economic Growth”

March 1, 2011 – Washington, DC

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear today. My name is Peter Metcalf and I am an entrepreneur and capitalist, the CEO/President and co-founder of Black Diamond Equipment, as well as the Vice Chair of the Outdoor Industry Association (OIA) which represents the country’s leading outdoor gear, apparel, and footwear companies in the active, outdoor industry. I ask that my written testimony be included in the hearing record.

I am here today to speak in support of Secretarial Order 3310, that would require the Bureau of Land Management (BLM) to inventory lands under its jurisdiction. I’m concerned this policy is being framed by opponents as a jobs killing initiative. On the contrary, I believe the BLM policy has the potential to produce more jobs and sustainable local economies across the West.

Black Diamond Equipment develops, manufactures, and distributes outdoor recreation equipment worldwide. Our products include rock and ice climbing equipment, mountaineering and backpacking/travel gear, free-ride ski equipment, technical and high-end day packs, tents, trekking poles, and gloves. We are a 125 million dollar/year, publicly traded, NASDAQ-100-listed company. We employ 475 people worldwide, including approximately 250 in Salt Lake City, UT.

Started in 1989, our founding idea was simple: “If we did good for the community, we would be rewarded by doing well as a business.” Our commitment was and remains to create innovative gear, champion the access to and preservation of outdoor environments where our customers go to recreate, and do all this in a highly ethical manner.

We are now 22 years later, and in this month’s issue of the Harvard Business Review, is a thought-provoking piece authored by the guru of Competitive Strategy, Michael Porter. In his cover story entitled “How to fix capitalism and unleash a new wave of growth,” he writes, “...that companies must take the lead in bringing business and society back together; they must reconnect company success with social progress and not from a philanthropic way. They must recognize that optimizing short term financial gain while overlooking the needs of their customers and the depletion of natural resources vital to their business is not sustainable.”

The outdoor recreation industry is dependent on the health of our public lands. Natural resources are what our customer’s need—access to well preserved and stewarded outdoor landscapes

including Wilderness and wild lands and waters. These lands, in their natural undeveloped state, have economic value.

We need to replace the “jobs vs. conservation” debate of today, with a “jobs vs. jobs” discussion - one that is about the type of jobs; the long-term sustainability of those jobs; their contributions to the health of a community and society; economic balance; and about what sort of economic, natural, and societal legacies we want to leave our children.

I'd like to start that discussion today. For too long, the outdoor industry's contribution to the health and vibrancy of the American economy has been overlooked. Our industry is highly recession resistant; contributes over \$730 billion to the American economy each year; and generates \$88 billion in annual state and federal tax revenue. 6.5 million Americans jobs are supported by the active outdoor recreation economy. This ain't pocket change.

The outdoor sector is a truly major part of the U.S. economy; one that America still dominates globally; and one that represents opportunities for sustained economic growth in communities, rural and urban, across America; The outdoor industry's global brand is built upon America's iconic and unique wild lands and wilderness—natural resources that are recognized and respected around the globe. There is a reason why Utah's license plates feature Delicate Arch and not an oil rig. You cannot copy in China what we, the American people, have had the wisdom to preserve here, nor can you do it more cheaply in Bangladesh.

The direct and indirect impacts of the industry can be broken down as follows: Americans spend \$46 billion each year on active, outdoor equipment, apparel, footwear, accessories, and services. Additionally, they spend approximately \$243 billion on outdoor excursions within our sector every year. This adds up to \$289 billion in direct expenditures. The indirect expenditures, totaling \$441 billion, are the result of a ripple effect—the sum total of economic interactions that impact and benefit each other. This ripple effect encompasses manufacturing, transportation and warehousing, real estate and rentals, accommodations and food services, financing and insurance, professional services (such as technical and scientific).

Many rural towns that border BLM lands have experienced both the boom and the bust that come with resource extraction. In Moab, Utah, uranium exploration and mining put the town on the map. When the bust came unemployment was rampant. Today, recreation drives nearly 65 percent of the town's economy.(2). Moab attracts climbers, mountain bikers, hikers, and boaters from around the world. It has been a beacon for similar rural towns near BLM lands throughout the country. In 1995, the town of Fruita, Colorado was suffering. At that time there were some 50 miles of trail on BLM lands and a single bike shop in town that did about \$200,000 in annual revenues.(3) By 1998 volunteers had worked with the BLM to increase the miles of trail to 300 and the bike shop's sales went to over \$1,000,000. Now there are several bike and outdoor shops in Fruita, in addition to dozens of restaurants and related businesses.

If you look you can find examples like Fruita and Moab in every state in the West. Time

and time again we have seen that outdoor industry jobs from retailers to outfitters and guides endure and remain stable despite fluctuations in resource extractive industries. As finite natural resources decrease and alternatives are developed, these booms and busts will continue. Whereas, the popularity and demand for opportunities to visit land in its natural state will only increase as population grows and these natural places increase in esthetic and economic value.

While we all recognize that motorized recreation such as snowmobiling brings money into communities, we cannot overlook the economic power of active outdoor recreation. 2007 figures provided by the USDA Forest Service show that, in the White River National Forest in Colorado—the most heavily visited national forest in the nation— four times as many visitors said that cross-country skiing was the primary purpose of their visit than said snowmobiling was the primary purpose. Using modeling from the Forest Service's National Visitor Use Monitoring Program, it's estimated that cross country skiers outspent snowmobilers \$3.45 to \$1.00 during their visits. That is, for every dollar spent by snowmobilers in the local economy on gas, food, lodging, souvenirs and incidental purchases, cross country skiers spent an estimated \$3.45 that year. (4)

Hunters and anglers represent an important segment of our industry—over 13 million Americans hunt and 33 million fish. They collectively support over 900,000 jobs nationwide and over \$6 billion in federal and state taxes. U.S. Fish and Wildlife Service estimates there were 375,000 anglers in Utah in 2006, fishing some 3.5 million days, and 166,000 hunters compiling 1.7 million days of hunting.

Successful sportsmen need wild, unroaded backcountry for hunting and angling, for habitat, and as breeding grounds. These lands have long been recognized as places where fish and wildlife can thrive and hunters and anglers can experience the outdoors in a wild, natural state. In addition to their social and recreational importance, backcountry lands contribute to biodiversity and watershed health. The conservation of these areas is vital to the economic future of hunting and fishing on our public lands.

I would like to submit for the hearing record a letter from 20 hunting and angling organizations in support of the Secretarial Order 3310. These organizations, representing hundreds of thousands of sportsmen, recognize the Order creates an open and transparent public process for protecting the prized places in our country that remain wild and unroaded.

Our industry hosts the Outdoor Retailer tradeshow in Salt Lake City. The two annual shows bring over 2,000 companies, 40,000 people from all over the world, and \$40 million in direct spending to the city. Yet, in the summer of 2003, when Governor Leavitt walked the floor of the tradeshow with me, in the sold-out Salt Palace convention center, he commented, “I had no idea that such an industry existed.”

We are critical to Utah and, with national contributions of \$730 billion annually, we need to be heard. We just request that the natural environment and landscapes we depend upon for the

success of our businesses are sustained. Protecting natural areas is proving good for quality of life, business and local communities as noted by Paul Lorah, Ph.D , in his study entitled, *Environmental Protection, Population Change and Economic Development in the Western United States*:

“In counties where the shift to services is most advanced, the relationship between the environment and local economic security has fundamentally changed. Economic security no longer depends on exporting raw materials. Instead, the presence of natural amenities --pristine mountains, clean air, wildlife, and scenic vistas--stimulates employment, income growth and economic diversification by attracting tourists (and their credit cards), small business owners (and their employees), and retirees (and their stock portfolios). Because of this, previous research (Ullman 1954, Williams and Sofranko 1979, Rasker 1993, 1994, 1995, Power 1991, 1995, Loomis and Walsh 1997, Rudzitis 1993) suggests that natural amenities are an increasingly important component of economic development in rural regions of the western United States, and are likely to be associated with relatively diversified economies, rapidly growing service sectors, and population growth.” (5)

Secretarial Order 3310 properly places preservation and wise stewardship of outdoor recreation venues and wildlife habitat on equal footing with other uses of public lands. It puts our industry, with its need for the protection of wilderness characteristics, back in the multiple-use mix, along with activities such as oil and gas leasing, hard rock mineral claims, coal leasing, and timber sales.

The policy requires the agency to inventory its lands and compile information on whether the lands have wilderness qualities, which Congress mandates BLM to do under FLPMA. Any good business owner takes routine inventories of existing stock to know what products are available, what they're low on, what needs to be managed better. Assessments by experts in land resource management can lead to a more efficiently run agency.

Secretarial Order 3310 is NOT about Wilderness—only Congress has the authority to designate land as part of the National Wilderness Preservation System. Rather, the Order aims to provide Congress the most up-to-date and comprehensive information possible, so Members of Congress are able to make the best and most-informed decisions possible IF they choose to consider BLM lands for Wilderness designation. By protecting lands with wilderness characteristics, it preserves the prerogative of Congress to determine whether or not these lands warrant formal Wilderness designation at some future date. If wilderness quality lands are damaged, Congress loses this option.

We, as a civilized culture, in our quest to create a vital society, long ago learned that we must zone our communities to make them vibrant. We have areas zoned for manufacturing, commercial, residential, and recreational uses. We do so understanding that a community needs all of these facets but that a healthy, vibrant, community needs these facets in specific, well

thought out, areas. It is mutually incompatible to have manufacturing in residential areas or heavy commercial near schools or churches.

The same is true for our public lands—they are lands of multiple-use, but a civilized and vibrant culture understands that you achieve that through thoughtful zoning and not by allowing all uses on all lands.

I believe there is room for all of us. Utah has 22.9 million acres of BLM lands. Of these lands, approximately 260,000 are designated Wilderness and 3.2 million are Wilderness Study Areas. Five million acres of BLM lands are under lease to the oil and gas industry; only one million of these leased lands are under production.

For generations, our public lands have helped define us as a people. They have played an integral role in forging our uniquely American culture of self-reliance and independence. And they provide the platform for my industry—one of America’s fastest growing, vibrant, entrepreneurial, recession resistant, and sustainable economic ecosystems. Human-powered outdoor recreation also helps to keep our populations active, exercising, and healthy.

Well known futurist, Stuart Brand, stated, “Natural systems are priceless in value and nearly impossible to replace, but they are cheap to maintain. All you have to do is defend them.” BLM’s policy will do just that—restore a balanced and economically smart approach to the management of our uniquely American natural landscapes.

Thank you. I ask that the attached letter from over 25 businesses supporting the BLM wild lands policy be submitted as part of the hearing record, along with the aforementioned sportsmen’s letter.

Sources

1. Outdoor Industry Foundation, The Active Outdoor Recreation Economy, Fall 2006 report
2. Moab BLM Resource Management Plan
3. Source—Over the Edge Bike Shop
- 4.. Data from 2007 Forest Service National Visitor Use Monitoring results; compiled by Michelle Haefele, Ph.D, resource economist with The Wilderness Society.
5. *Environmental Protection, Population Change and Economic Development in the Western United States*; Paul Lorah, Ph.D., Assistant Professor, Department of Geography, University of St. Thomas.

** continued **

Attachments – submitted for hearing record

1. Conservation Alliance/Outdoor Industry Association Wild Lands Letter
2. Sportsmen's Wild Lands Letter



February 14, 2011

The Honorable Doc Hastings
Chairman
House Committee on Natural Resources
1324 Longworth House Office Building
Washington DC 20515

The Honorable Edward Markey
Ranking Member
House Committee on Natural Resources
1324 Longworth House Office Building
Washington DC 20515

Dear Chairman Hastings and Ranking Member Markey,

On behalf of outdoor industry companies, employees and customers who depend on our public lands for recreation and wildlife habitat, we write in support of the Department of Interior's Secretarial Order 3310. Collectively our organizations represent 1,200 suppliers, manufacturers, retailers and associations in the outdoor recreation industry. This order commits the Bureau of Land Management to maintaining an ongoing inventory of wilderness-quality lands and to protecting those characteristics until management protocols are implemented through agency planning processes or congressional action. Proper management of wilderness-quality lands and congressionally-designated Wilderness signals our national commitment to conservation of our public lands, clean waters, healthy wildlife, and cultural and historical landscapes.

The outdoor industry depends on a full spectrum of public lands and waters to provide places for our customers to use the products we make and sell. Outdoor recreation contributes \$730 billion annually to the U.S. economy, and supports nearly 6.5 million jobs across our country. Ensuring that some of our BLM lands are preserved for recreation and habitat is an investment in our economic future and the quality of life in communities.

Secretarial Order 3310 reverses the decision by former Secretary Norton and the state of Utah that affected millions of acres of public land and directly undermined the outdoor industry's commitment to ensure that federal lands valuable for outdoor recreation remain intact. By issuing this Order, the Obama administration recognizes its legal requirement to comply with existing law regarding the identification and protection of wilderness-quality lands. Furthermore, it restores the voice of our customers and employees, who may now participate in a process to express their support for preserving wilderness on our public lands.

This Order also preserves the exclusive role that Congress plays in the decision to designate new Wilderness areas. The Order acknowledges congressional intent and merely requires that the BLM conduct periodic assessments of our public lands to determine their suitability for protection as wilderness.

Our companies believe the Order gives BLM the tools necessary to preserve special wild lands that help drive our business. We encourage Congress to show its support for public processes to determine appropriate uses of our federal lands, including those Congress should consider for Wilderness designation.

Sincerely,

Please see following for signatures

cc: House Natural Resources Committee Members
Senator Jeff Bingaman
Senator Lisa Murkowski



John Sterling
Executive Director
The Conservation Alliance
Bend, OR



Frank Hugelmeyer
President
Outdoor Industry Association
Boulder, CO



Lisa Pike
Director of Environmental Programs
Patagonia, Inc.
Ventura, CA



NEVER STOP EXPLORING™

Dan Templin
VP & CFP
VF Outdoor Americas
San Leandro, CA



Sally McCoy
CEO
CamelBak Products, LLC
Petaluma, CA



Brian Unmacht
Executive Vice President
Recreational Equipment, Inc.
Kent, WA



Peter Metcalf
Co-Founder, CEO
Black Diamond Equipment Ltd.
Salt Lake City, UT



Linda Tom
Marketing Manager
KEEN, Inc.
Portland, OR



Topher Gaylord
President
Mountain Hardwear
Richmond, CA



Will Manzer
Chief Executive Officer
Eastern Mountain Sports
Peterborough, NH



Gareth Martins
Director of Marketing
Osprey Packs
Cortez, CO



Casey Hofmann
CFO
Kelty, Inc
Boulder, CO



Casey Hofmann
CFO
Sierra Designs
Boulder, CO



Sue Rechner
President
Confluence Water Sports
Easley, SC



Darren Bush
President
Rutabaga Paddlesports
Monona, WI



Gordon Seabury
CEO
Horny Toad / NAU
Santa Barbara, CA



Kim Walker
Founder
outdoor DIVAS
Boulder, CO



Adam Forest
Principal
The Forest Group
Lotus, CA



Zohar Ziv
Chief Operating Officer
Deckers Outdoor Corporation
Goleta, CA



David Kulow
Owner
All Terrian, a division of Rosemont Ventures
Waltham, MA

Nathan Pund
Managing Director
Silver Steep Partners
Seattle, WA

Theodore Roosevelt Conservation Partnership - National Wildlife Federation - Association of Northwest Steelheaders - Backcountry Hunters & Anglers - Bull Moose Sportsmen's Alliance - Colorado Backcountry Hunters & Anglers - Colorado Wildlife Federation - Idaho Backcountry Hunters & Anglers - Idaho State Bowhunters - Idaho Traditional Bowhunters - Idaho Wildlife Federation - Montana Backcountry Hunters & Anglers - Montana Wildlife Federation - New Mexico Wildlife Federation - New Mexico Backcountry Hunters & Anglers - Renewable Resources Coalition - Southwest Consolidated Sportsmen - Utah Backcountry Hunters & Anglers - Washington Backcountry Hunters & Anglers - Washington Wildlife Federation

February 24, 2011

Dear Senator:

We the undersigned organizations represent hundreds of thousands of hunters and anglers with a stake in public lands management that sustains productive habitat for fish and wildlife. We support the Department of the Interior's Secretarial Order 3310, which provides for public input on the management of backcountry fish and game habitat on Bureau of Land Management lands and restores the decision-making ability of local land managers. To that end, we request you oppose any effort that would prohibit the Bureau of Land Management from implementing Secretary Salazar's Wild Lands policy in the Senate Continuing Resolution Appropriations Bill for FY 2011.

Issued by Interior Secretary Ken Salazar in December 2010, this order amends a Department of the Interior policy adopted in 2003 when then-Interior Secretary Gale Norton determined the BLM would no longer consider new lands for "wilderness study area" designation. The 9th U.S. Circuit Court in Oregon confirmed that the BLM is required to consider lands with wilderness characteristics as specified in the Federal Lands Policy Management Act. The recent order restores federal law and creates new opportunities for the public to be involved in the conservation of valuable fish and wildlife habitat.

America's wild, unroaded backcountry is a great natural asset. These lands long have been recognized as places where fish and wildlife can thrive and hunters, anglers and others can experience the outdoors in a wild, natural state. In addition to their social and recreational importance, backcountry lands contribute to biodiversity and watershed health. These areas offer refuge to native trout and salmon, provide secure habitat for big-game animals such as mule deer, elk and wild sheep and may be carefully managed to maintain their habitat values. The conservation of these areas is vital to the future of hunting and fishing on public lands.

Our organizations strongly support cooperative efforts to determine how prized backcountry areas are to be managed, and Secretarial Order 3310 creates an open and transparent public process for doing so. This order affirms the value of backcountry areas, the importance of public participation and the decision-making authority of local land managers.

We ask that you strongly oppose any efforts to undermine this order in the budget so we can ensure that BLM lands are managed in ways that sustain healthy fish and wildlife habitat, support quality hunting and fishing and meet the needs of local communities.

Sincerely,

Theodore Roosevelt Conservation Partnership
National Wildlife Federation
Association of Northwest Steelheaders
Backcountry Hunters & Anglers
Bull Moose Sportsmen's Alliance
Colorado Backcountry Hunters & Anglers
Colorado Wildlife Federation
Idaho Backcountry Hunters & Anglers
Idaho State Bowhunters
Idaho Traditional Bowhunters
Idaho Wildlife Federation
Montana Backcountry Hunters & Anglers
Montana Wildlife Federation
New Mexico Wildlife Federation
New Mexico Backcountry Hunters & Anglers
Renewable Resources Coalition
Southwest Consolidated Sportsmen
Utah Backcountry Hunters & Anglers
Washington Backcountry Hunters & Anglers
Washington Wildlife Federation

CC:

Ken Salazar, Secretary of the Interior
Wilma Lewis, Assistant Secretary, Land and Minerals Management
Will Shafroth, Deputy Assistant Secretary for Fish and Wildlife and Parks
Bob Abbey, Director, Bureau of Land Management
Steve Black, Counselor to the Secretary

COMMITTEE ON NATURAL RESOURCES
Disclosure Form
As required by and provided for in House Rule XI, clause 2(g) and
the Rules of the Committee on Natural Resources

“The Impact of the Administration’s Wild Lands Order on Jobs and Economic Growth”
March 1, 2011

For Individuals:

1. Name:
2. Address:
3. Email Address:
4. Phone Number:

* * * * *

For Witnesses Representing Organizations:

1. Name: **Peter Metcalf**
2. Name of Organization(s) You are Representing at the Hearing:
Black Diamond, Inc.; Black Diamond Equipment Ltd.; Gregory Mountain Products;
Outdoor Industry Association
3. Business Address: **2084 East 3900 South, Salt Lake City, UT 84124**
4. Business Email Address: **peter.metcalf@bdel.com**
5. Business Phone Number: **801-278-5552**

**Peter Metcalf/Black Diamond, Inc.; Black Diamond Equipment Ltd.; Gregory Mountain Products;
Outdoor Industry Association
“The Impact of the Administration’s Wild Lands Order on Jobs and Economic Growth”
March 1, 2011**

a. Any training or educational certificates, diplomas or degrees or other educational experiences that are relevant to your qualifications to testify on or knowledge of the subject matter of the hearing.

- BA Political Science
- Certificate in Management, 1 ½ of MBA Claremont University

b. Any professional licenses, certifications, or affiliations held that are relevant to your qualifications to testify on or knowledge of the subject matter of the hearing.

- Vice Chair of the Outdoor Industry Association
- Previously a Member of the Executive Committee of the Board of Directors of the Economic Development Corporation of Utah
- Multi-year Member of the Utah Governor’s task force on Outdoor Recreation

c. Any employment, occupation, ownership in a firm or business, or work-related experiences that relate to your qualifications to testify on or knowledge of the subject matter of the hearing.

- CEO/President/Co-Founder Black Diamond Equipment LTD.
- Colorado Outward Bound Instructor
- Oil Field Rough-Neck

d. Any federal grants or contracts (including subgrants or subcontracts) from the Department of the Interior (and/or other agencies invited) that you have received in the current year and previous four years, including the source and the amount of each grant or contract.

e. A list of all lawsuits or petitions filed by you against the federal government in the current year and the previous four years, giving the name of the lawsuit or petition, the subject matter of the lawsuit or petition, and the federal statutes under which the lawsuits or petitions were filed.

f. Any other information you wish to convey that might aid the Members of the Committee to better understand the context of your testimony.

**Peter Metcalf/Black Diamond, Inc.; Black Diamond Equipment Ltd.; Gregory Mountain Products;
Outdoor Industry Association
“The Impact of the Administration’s Wild Lands Order on Jobs and Economic Growth”
March 1, 2011**

In addition, for witnesses representing organizations:

g. Any offices, elected positions, or representational capacity held in the organization(s) on whose behalf you are testifying.

1. CEO, President, Director of Black Diamond, Inc., a NASDAQ listed company
2. Director and Vice Chair of Outdoor Industry Association

h. Any federal grants or contracts (including subgrants or subcontracts) from the *Department of the Interior (and /or other agencies invited)* that were received in the current year and previous four years by the organization(s) you represent at this hearing, including the source and amount of each grant or contract for each of the organization(s).

i. A list of all lawsuits or petitions filed by the organization(s) you represent at the hearing against the federal government in the current year and the previous four years, giving the name of the lawsuit or petition, the subject matter of the lawsuit or petition, and the federal statutes under which the lawsuits or petitions were filed for each of the organization(s).

j. A list of any countries from which the organization(s) you represent at the hearing have received foreign donations and the total amount of donations received from each country, for the current year and the previous four years, by each organization.

k. For tax-exempt organizations and non-profit organizations, copies of the three most recent public IRS Form 990s (including Form 990-PF, Form 990-N, and Form 990-EZ) for each of the organization(s) you represent at the hearing (not including any contributor names and addresses or any information withheld from public inspection by the Secretary of the Treasury under 26 U.S.C. 6104)).