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before the

House Resources Committee

Subcommittee on Energy and Mineral Resources

Oversight Hearing on the Role of State and Local Government, and the Private Sector in
the Development of Renewable and Alternative Energy in America

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Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to appear here this morning to discuss with you the ways county government can participate in the development of renewable and alternate energy, both on federal land and those private lands nearby.

Modoc County CA lays in extreme northeastern California, bordering Nevada on the east and Oregon on the north. It is a typical intermountain federal land county with its 4000 square miles owned approximately 75 percent by the federal government, with another 10 percent controlled by a Bureau of Reclamation water project. Volcanic in geology, elevation ranges from 4300 to 9900 feet while annual precipitation varies from 7 to 17 inches in the inhabited areas. The Great Basin begins on the eastern edge of the county.

Modoc County's population is a bit less than 10,000 people resulting in 2.4 residents per square mile. Unemployment is normally well above the state average, hovering around 10.5 percent for the 1990s and averaging above 8 percent since the turn of the century. The county ranks one of the poorest counties in the state, regardless which yardstick is used; personal income, median household income, poverty rate or reduced rate or free school lunches to name just a few.

I would like to discuss several areas related to biomass production in which Modoc County has played a key role. They are the full partnership Modoc County enjoys with the Modoc National Forest and the BLM Alturas Field Office in the development of the "Restoration of the Sagebrush Steppe and Associated Ecosystems in Northeast California and Northwest Nevada through Improved Western Juniper and other Resource Management" Environmental Impact Statement; the facilitation role played by the county in the successful awarding of a Woody Biomass Utilization Grant "Tionesta WUI Fuels and Plantation Management Biomass Project" offered by the USFS Forest Products Laboratory; and the successful leveraging of Secure Rural Schools and Community Self-Determination Act of 2000 Title 2 and 3 dollars.

These success stories of active participation in biomass and the potential contribution these projects will make in renewable energy generation and the accompanying spin off into our local economy did not come about by accident. Modoc County has a lengthy track record of actively engaging in the planning activities of the federal land management agencies in our area.

Coordinated Planning

In the early 1990s, Modoc County found that their environment and local economy was being heavily controlled by the decisions made by the land management agencies. The planning documents developed by the Modoc National Forest, Surprise and Alturas BLM Field Offices and the two National Wildlife Refuges in the county showed little or no regard for the economic or environmental well being of Modoc County. With the help of Owyhee County Idaho, who was struggling with same issues, the County put in place a system that has served the citizens, local government and the federal agencies well.

Modoc County became a "planning county" in that the County adopted the "Comprehensive Land Use and Management Plan for the Federally and State Managed Lands in Modoc County" (Plan). The Plan sets forth the County's goals, objectives

and policies for the government land within the economic and environmental sphere of the County, thereby triggering the Congressional mandate found in most federal environmental statutes for the federal land management agencies to coordinate their planning efforts with those of state and local governments.

The Federal Land Policy and Management Act says “the Secretary of Interior shall coordinate the land use inventory, planning and management activities with the land use planning and management programs of other federal departments and of the state and local governments within which the lands are located.”

The National Forest Management Act states “The Secretary of Agriculture shall develop, maintain, and as appropriate, revise land and resource management plans for units of the National Forest System, coordinated with the land and resource management planning processes of state and local governments and other federal agencies.

The National Environmental Policy Act contains language that federal agencies “shall cooperate to the fullest extent possible to reduce duplication with state and local requirements. Cooperation shall include joint planning ...”

Language similar to the above is contained in the Endangered Species Act, the Clean Water Act, the Wild and Scenic Rivers Act as well as many other environmental statutes. Modoc County’s Plan references this requirement to involve local government in the development of federal planning decisions.

Modoc County reviews federal proposals for potential impacts to the county’s economy and environment prior to development of alternatives and offers suggestions that try to accomplish the agency’s objectives without negatively impacting the county. If this cannot be done, attempts to mitigate the impacts are sought.

In the past few years, this approach has had many successes. It has protected close to 30,000 acre feet of stored irrigation water from being released downstream for power generation, maintained the grazing of 2000 cattle and 6000 head of sheep that were threatened by unsubstantiated new grazing prescriptions, saved over 6000 acres of private farm land from being removed from the tax rolls, helped substantially increase the forest’s timber/biomass program and provided the necessary data to prevent the unneeded listing of several species of fish.

The Sierra Nevada Framework Plan Amendment, which sought to amend the Land and Resource Management Plans of all eleven National Forests in the Sierra Nevada Mountain Range, would have eliminated many unique programs on the Modoc National Forest. This included the national forest system’s largest wetland development program, one of two remaining federal sustained yield units, and two nationally recognized watershed projects. By working closely with the Modoc National Forest, Modoc County was able to protect these important projects by getting them exempt from the SNFPA record of decision. Also exempted was the Juniper Sage Steppe Ecosystem area that will be discussed in detail in the next section.

This brief history of Modoc County’s involvement in federal land planning is mentioned to set the stage for the discussion of today’s hearing.

Sage Steppe Restoration

Modoc County has long believed Western Juniper encroachment into the rangelands of Northeastern California to be the greatest ecological threat in the county. It was driving sage obligate species such as sage grouse and pygmy rabbits toward the endangered list, significantly impacting the habitat of the county’s signature big game species, pronghorn and mule deer and reducing the forage base for the county’s primary private industry, livestock grazing. Because the County already had a seat at the federal planning table, it was relatively simple to initiate a dialogue about the problem.

This initial conversation led to the development of a 6 million acre planning area designed by Dr. Rick Miller of Oregon State University, the nation’s leading expert on Western Juniper. With the estimation that there had been a 15-fold increase in juniper encroachment since the late 1800s, it was felt the scope of this analysis needed to be of this scale. The traditional agency approach at the project scale was losing ground at an alarming rate. This large scale was the first of many unique approaches to this analysis.

A Memorandum of Understanding was signed between the Modoc National Forest (representing the National Forest lands on the Modoc, Klamath, Shasta Trinity and Lassen National Forests), the Alturas BLM Field Office (representing the Alturas, Surprise and Eagle Lake Field Offices) and Modoc County (representing the private lands within Modoc, Lassen and Siskiyou Counties). The level of joint planning involved in this Environmental Impact Statement may be unmatched anywhere, even for a county with a history of involvement in federal planning such as Modoc.

Unmanaged grazing from the late 1800s until the development of the federal grazing programs of the National Forest permit system and the Taylor Grazing Act removed the fine fuels that traditionally carried the wildfires that kept juniper from gaining a stronghold outside its naturally occurring fire resistant rocky ridges. By the time grazing was controlled and there were significant fine fuels to once again carry fires, the federal agencies had become quite adept at fire suppression and the encroachment onto the Sage Steppe rangelands accelerated. With estimations of encroachment as high as 50,000 acres a year, we all agreed bold action was needed.

The whole approach to this planning effort is different. Our goal was to restore an ecosystem rapidly, at least in ecological terms, being destroyed by a native plant encroaching out of its limited range in the landscape. The treatment methodologies needed to be varied. Fire needed to be returned as a natural component of the landscape but air quality issues and loss of the remaining shrub components would limit the annual treatments by fire. In addition juniper woodlands in excess of fifty years old are quite fire resistant during the fall and spring burn windows allowed under current safety standards.

The traditional agency approach to juniper treatment was too small in scale to solve the encroachment problem and too expensive. Tens of thousands of acres needed to be treated annually to make a difference, rather than the hundreds of acres currently being treated. The appropriated dollars spent on service contracts were likewise too limited to make a difference.

There are several biomass power generation facilities on the fringes of the planning area. The dearth of fuel treatment on federal timberlands had already lead to some use of private land juniper as a fuel source as this planning effort was beginning. The Alturas BLM field Office had done some demonstration plots with Honey Lake Power as well. However, the increasing price of diesel fuel for transporting the chips to plants up to one hundred miles away was discouraging.

The hope of the planning group was that the costs of restoring large acreages of juniper encroached sage steppe might be paid for by creating some value in the waste stream that would be produced during mechanical treatment. This would require additional facilities centrally located in the planning area.

Two of the primary obstacles to the construction of new facilities, whether they are biomass power generation facilities or sawmills are existence of supply and more importantly lack of confidence in the agencies to make that supply available on a consistent basis.

This project combined the use of digital ortho quarter quads with cutting edge computer aided photo interpretation software to address the supply problem. Using test plot yields and some of the private land treatment information along with the canopy cover data produced by the aerial photo imagery, decent projections of the expected waste stream from restoration treatments could be made. This potential supply did not include the additional material that would continue to come from the ongoing forest health work being done on the forested lands.

As soon as this potential waste stream information was shared at public pre-scoping meetings, industry feelers began to emerge. Separately from this planning effort, the County and the City of Alturas began preliminary discussions on the potential for a plant location somewhere in the general area of central Modoc County. This has included the traditional services necessary for the planning and permitting of such a facility, but also liasoning with private landowners to help the developers get commitments of supply from the private sector.

That left the issue of consistent supply to address. Our contacts with potential plant investors determined that they wanted to see the availability of large stewardship contracts, perhaps 50,000 to 100,000 acres in size. Our landscape size approach of six million acres combined with the joint agency planning and a disregard for jurisdictional boundaries has provided them with some hope that large scale stewardship contracts are possible.

The management structure designed for this project is very different. A Board of Directors, made up of the Forest Supervisor, BLM Field Office Manager and County Supervisors is the decision making body for the various steps in the EIS development. The day-to-day decisions are made by the Board Representative Team; consisting of the project leader and representatives from the Modoc National Forest, Alturas BLM Field Office and Modoc County.

This transparent planning effort is employing a target of restoration rather than commodity output. We are not pursuing biomass for the sake of biomass, rather using appropriate treatment methodology to achieve a restoration objective with a waste stream of biomass as a by product of one of the treatment methods. We believe this is being well accepted by the vast cross section of the public.

To further increase public participation in the development of the plan, a working group made up of any and all interested publics has been established by the North Cal-Neva Resource Conservation and Development Council. A broad spectrum

of stakeholders is participating. The group has met and provided input to the Board Representative Team on subjects such as the modeling assumptions, significant issues and potential alternatives. It is our belief that in depth involvement of county government and the additional opportunities for interested public to engage will help bulletproof the document and aid significantly during on the ground implementation.

This effort departs from the traditional agency approach with private land as well. While the EIS, will obviously not make any decisions for the private land, it has been mapped for canopy cover and assumptions made for likely treatment method and will be analyzed for cumulative impacts. We believe that the location of private juniper to potential juniper treatment areas on neighboring federal land is an important consideration in planning efficient and economical projects. We will be encouraging the ignoring of jurisdictional lines at the project implementation stage.

Simultaneously with scoping and EIS development, the planning group has been addressing cultural resource issues that have plagued similar project level implementation in northeast California in the past. The landscape is literally littered with lithic scatter (obsidian chips). These chips can render large acreages off limits for ground disturbing activities. We have initiated several research projects, in conjunction with the State Historical Preservation Office, to test the premise that rubber tired vehicles could conduct mechanical treatment activities without harm to the archeological resources on these sites.

The County has played several roles as this planning effort has progressed. We have contributed in the “traditional” role as the guardian of the local economy, although even this role is one that far too few counties utilize. In addition the County served as the initial cheerleader for getting this effort underway. We also took on the role of spokesperson for the private landowners, making sure the private land modeling assumptions were reasonable and ensuring that the short term impacts suffered by federal land users, primarily grazers (livestock removal during rest following fire or mechanical treatment), are addressed. Finally, and perhaps equally as important as the others, the County became the facilitator for this effort, often leading the local meetings and encouraging the agencies to go the extra mile in making this a transparent process.

The groundbreaking components of this planning effort are quite numerous. The computer generated software for photo interpretation is cutting edge, but available for others to use. The dovetailing of the interested publics into the planning at the issues and alternative development stage is unique as well. Employing a target of restoration as the desired outcome rather than a commodity output, yet having that waste stream value be a primary means of funding the treatment, is reversal of traditional agency thinking. The cross boundaries planning is a major break through for the agencies. Finally, having local government heavily involved prior to pre-scoping is way outside the traditional box. All of these novel approaches could be easily transported elsewhere for similar planning efforts if trust and commitment to follow through are present.

Tionesta Woody Biomass Grant

Modoc County teamed up with the Modoc County Fire Safe Council and the Modoc National Forest to prepare and submit a 250,000 dollar grant proposal offered by the Forest Service's Forest Products Laboratory. The requirements of the grant were to 1) help reduce management costs by increasing value of woody biomass; 2) create incentives and /or decrease business risk associated with increased use of National Forest woody biomass; or 3) institute projects that target and help remove economic and market barriers in using woody biomass. The submitted grant proposal addressed all three issues.

Over the previous year Modoc County had looked for ways to help Big Valley Power bring a small biomass power generation facility back on line after several years of non-operation. They needed a supply of material close to their plant to help with the start up. This need was known because for years the County has facilitated regular meetings with the Modoc National Forest and the local wood products industry to encourage a timely and adequate timber program. We were also aware of the treatment needs of the Tionesta plantation and the shortage of thinning money necessary to do this work in the near future. In working with the Fire Safe Council during the development of the county's Community Wildfire Protection Plan, everyone was also aware that this proposed treatment area was within the community of Tionesta's Wildland Urban Interface.

The County brought this grant proposal to the table because it seemed ready made to address several of the problems mentioned above. It was designed to test the theory that service contracts can often be turned into product sales by 1) doing some of the treatment work before offering up the sale, thus reducing the costs to the bidder associated with removing the material; and/or 2) working with industry before designing the project so that it can be more efficiently and economically packaged.

The grant application was successful and was awarded last summer. The County provided the bulk of the local twenty percent match through the fire prevention and county planning category of Title 3 funding from the Secure Rural Schools and Community Self-Determination Act of 2000 (it needs to be reauthorized). The grant is funding the Modoc National Forest

to pre-shear approximately 2000 acres of the 7000 plantation at 75 dollars an acre. The traditional approach would have been to offer a service contract that would have run from 200 to 400 dollars per acre for the entire 7000 acres.

The project design was discussed with industry before it was developed. Their needs included a longer contract period than normal and the planning area modified to include some ground that could environmentally support winter operations, a time when biomass is traditionally hard to obtain.

In March 2006 the project was offered and sold generating a little over 5000 dollars and will result in the treatment of 7000 acres of Modoc National Forest plantations and over one thousand acres of adjoining privately managed timber. In addition Big Valley Power will have a supply of start up chips at a fair price and with contract conditions that complement their needs. The traditional service contract could have cost as much as 2 million dollars to complete. The County and Forest are already looking at other projects that could benefit from the same process.

Secure Rural Schools and Community Self-Determination Act Title 2 and 3 Funding

With the passage of the Secure Rural Schools and Community Self-Determination Act of 2000 (the Act) came the funding to allow county governments to become active players in National Forest management. While Modoc County was already heavily engaged with the federal land management agencies through the coordinated planning process, the creation of the Resource Advisory Committees (RAC) by the Act gave some county governments their first taste of interacting with their National Forest in a meaningful way. With the Title 2 funding that was made available by county government, RACs had some leverage to accomplish projects on the ground.

One of the chief benefits of the RAC projects was the requirement that every project had to have an economic component. Many also had a conservation goal as well, but this was an opportunity, although on a small scale, to recreate within the local economy the benefit that formerly derived from the active forest management in previous years.

The Modoc County Board of Supervisors understood the importance of the economic component in RAC projects. They have taken an active role in all phases of the RAC, from the approval of nominees to serve on the committee to approval of funding for each RAC project. They gave direction to the RAC that they would prefer projects that would continue to contribute to the economy, as well as the environment, long after the initial outlay of project funding. They also wished to see projects that leveraged RAC dollars with other funding sources so the RAC dollars could complete additional projects.

Over the course of the first three years of the Act, the Modoc County RAC set aside 255,000 dollars to help fund the Sage Steppe Restoration EIS, while encouraging the agencies to find matching funds. In 2004 the RAC money was matched by the BLM's Cooperative Conservation Initiative, thanks to the tireless efforts of Alturas Field Office Manager Tim Burke and State Director Mike Pool. The Forest Service, unable to find any matching dollars, agreed to handle the remaining costs through staffing, thus assuming the responsibilities of contract administration and oversight and providing the project leader. A private contractor was selected through the bidding process and the EIS development kicked off in September 2005 with the Draft EIS due in September 2006 and a Final EIS completion date of February 2007.

The overall Sage Steppe Restoration/Juniper Management planning approach has been complemented with additional RAC dollars to test chips for treatment projects and niche market projects to produce firewood, posts and poles. A twenty thousand dollar investment in a juniper log supply to a struggling manufacturer creating value added fencing, lumber, cabinet material and flooring has produced a spin off business and eight new permanent jobs.

The Modoc County Board of Supervisors has taken the same approach to the spending of Title 3 funds. They want to see projects that produce a legacy. The expenditure of Title 3 money as the majority of the required match for the Tionesta Biomass grant is a case in point. This helped to successfully test the theory that service contracts could be turned into product sales and thus stretch appropriated dollars earmarked for fuel reduction onto many more acres of treatment. It also helped provide the start up fuel to get a mothballed power plant and its subsequent jobs back into operation. The RAC will be considering at their next meeting, a project to purchase a de-limber that could allow some of these very small logs now being chipped as part of the grant project, to be milled for lumber at the small log mill currently being installed at the Big Valley Power facility. This will create some value added material and generate some additional jobs. In the future it will also increase the likelihood that treatment projects can be sold rather than be accomplished with service contracts.

The Board has also spent some Title 3 funding to support the local Fire Safe Council. Throughout California Fire Safe Councils obtain a significant amount of their funding from Title 3. They are heavily involved in fuel reduction/biomass producing projects and the loss of Title 3 funding, if the Act is not reauthorized and fully funded, will have a discernable impact on biomass production.

Conclusions and Recommendations

Modoc County has and continues play an active role in all federal land management proposed decisions in our area, including those that impact biomass production and energy generation. Both the leverage given counties through the coordinated language requirement and the successes and trust built up over time have allowed the County to play a key role in the development of many federal proposals. The County and the agencies now has an expectation that a county representative will participate on the agency planning inter-disciplinary team, either formally or informally.

This opportunity is available to any county that wishes to step up to the planning plate. It is not a silver bullet, but is, by far, the best tool for addressing impacts to counties, in the development of federal proposals. The BLM has made great strides in making their planning process more user friendly for local government. They have taken the involvement of local government in their planning to a proactive level.

The Forest Service lags far behind in this regard. Their new planning rules have eliminated the step-by-step direction for involving local government. In addition the new process for revising Forest plans with a categorical exemption will make local government involvement more complicated.

An important role both agencies could fulfill would be training. Whenever they ramp up to do Resource Management Plan development or Forest Land Resource Management Plan revisions, they schedule extra training for their staff. Additionally they do periodic NEPA training as well. The agencies should make a point of offering this training to local government representatives as well.

None of the innovative components of the Sage Steppe Restoration effort involve rocket science. Other than the new technology provided by the computer software, all the other innovations merely involve a change in thinking. The agencies need to continually be encouraged by Congress, the administration and their local constituencies to seek creative solutions. Engaging the public differently, refocusing on tens of thousands of acres of treatment rather than hundreds of acres, and ignoring jurisdictional lines during planning and implementation are logical steps that could be considered in many different planning efforts.

There is not enough money to do all the needed fuel reduction/biomass production with the appropriated dollars available for service contracts. Counties have much to gain from advocating for increased fuel reduction. It is their landscape that is being fireproofed and their labor pool that is being hired to chip, haul and operate the biomass plants.

The reauthorization and full funding of the Secure Rural Schools Act will have a positive impact on biomass projects. This is a key source of funding for implementing fuel reduction projects. Stewardship contracting is going to play a key role in addressing industry's concern about the ability of the agencies to provide a consistent supply of material. These contracts require involvement from the local area. Without reauthorization and full funding of the Act, local governments will end up opposing the use of stewardship contracts that produce revenue because that would result in taking money away from their roads and schools. That would be too bad because they are going to be a useful tool for treating fuel loads and producing biomass.

I have appreciated this opportunity to share some of Modoc County's experiences with renewable/alternate energy production. I believe there is an untapped opportunity waiting interested local governments to do likewise. They only lack the awareness of those opportunities to be successful.