

Bitterroot Valley Resource Policy

A Guide to a Sustainable Future

draft 8/20/2012



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I. The Need

A considerable portion of the real wealth in Ravalli County is derived from what is rightfully labeled our natural infrastructure. That is, our landscapes containing clean air and water, open space, fish and wildlife, forests, minerals, and productive agricultural land. It is this combination of resources that provide diversity to the region and is critical to the economic, social, and environmental well being of Ravalli County. It is the reason that people live and/or move here and, depending on how these resources are managed, determines how long they stay.

The future of our valley depends on how we manage our natural infrastructure in the face of increasing population and the attendant demand for outputs, both commodities and amenities. How do we accommodate new people and business? Where do they settle? How do we manage resources and still retain the quality of life attributes that make Ravalli County a desirable place to live? How can we avoid the “boom and bust” cycles that have historically plagued our local economy? How can we become more self sufficient in meeting our basic requirements? How do we deal effectively with the mix of private and public land ownerships and their different management objectives? These important questions, among others, are often given inadequate consideration when developing natural resource management strategies.

The most comprehensive and appropriate strategy for addressing these issues is to develop a resource use policy for Ravalli County that is based on a partnership of citizens, local and state government and the Bitterroot National Forest. The Policy would give residents a better understanding of the interrelationship of private and public lands within the county, help determine how public resources can contribute to the economic and environmental well being of the county and be the basis for providing county and citizen input to government land management agencies and especially for the upcoming revisions of the Bitterroot National Forest Land and Resource Management Plan.

II. Background

A. Public land: its management and value Ravalli County

Legal history From a political and land status perspective, Ravalli County has never existed without the majority of land within its boundaries falling under the authority and management of the federal government, held in trust for all the citizens of the United States. From the county’s birth in 1893, when it was created from Missoula County (Bitter Root Valley Historical Society, 1982), to the present day, this relationship between federal, state and local government responsibility for land management has remained relatively unchanged.

There has been tension regarding this relationship, however, and controversy over the relationship between public and private land management in the west has existed for well over 100 years. By 1889, when Montana attained statehood, Congress had already spent almost two decades debating how best to protect federal timberlands and watersheds from the abuses of grazing and logging. The Forest Reserve Act, allowing the President to set aside forest reserves from land within the public domain, was passed in 1891, two years before the formal establishment of Ravalli County. This legislation led to the creation of the Bitter Root Forest Reserve by the General Land office on March 1, 1898. The Reserve was subsequently transferred to the U.S. Forest Service in 1906.

While Ravalli County has never had jurisdiction over public lands within its borders, it has received federal compensation for that public land and has benefitted from its economic and financial ties to the federal government. To claim that Ravalli County has ever had any other relationship with the federal government in regards to public lands is extremely misleading. It contradicts the history, custom and culture of the county.

Relationship between Ravalli County and the Bitterroot National Forest Ravalli County has a relatively strong and diverse economy which, for the past 40 years, has been primarily driven by the high quality environment and spectacular scenery of the Bitterroot National Forest (BNF). The Bitterroot River and adjacent streams, and a large amount of agricultural land compliment the BNF in making the Bitterroot watershed a special place. About 75% of the total land in the county is administered by the BNF on behalf of all the citizens of the United States. Although federal lands are managed for the public at large, local citizens, by virtue of their proximity to the BNF, have ready access to National forest managers. They can meet directly with forest officials and thus may have more influence on local management decisions than might citizens from distant states.

County government has a significant interest in how public lands within the county are managed, but local government exists primarily to protect the health, safety and welfare of the citizens of the county. Landowners within Ravalli County look to county government to help protect their private property rights and their property values. Citizens of the United States look to the Forest Service to manage the National Forests in their best interest. Decisions by the county and private landowners can affect management of the BNF and decisions by the BNF can affect county residents.

Although federal land management agencies routinely coordinate their actions with local governments, final authority and responsibility for management of federal lands rests with the federal land management agencies. In areas of mutual concern, federal laws such as the National Environmental Policy Act (NEPA) and the National Forest Management Act (NFMA) state the need for coordination between the U.S. Forest Service (USFS) and local governments, the Federal Land Policy and Management Act's (FLPMA) coordination requirements apply specifically to lands administered by the Secretary of the Interior and not to lands administered by the USFS. As stated by the Secretary of Agriculture (citation), the primary statute referring to USFS coordination is NFMA, but it "does not specify which actions are required to coordinate FS planning with local government planning and does not in any way subordinate Federal authority to counties".

Value of public land to County The federal government provides annual funding to counties with federal lands to compensate for the fact that the federal government does not pay property taxes to local governments. The primary sources of these funds to Ravalli County come from the 25% fund (now called the Secure Rural Schools Act) and Payment in Lieu of Taxes (PILT). The total of these two funds for the 2012 fiscal year is approximately \$2,539,000, or \$2.28 per acre of federal land. Based on current county tax rates - the same lands, if privately owned, would pay about \$0.20 per acre per year in county taxes. Although the management of federal land within the county requires little county funding, the federal land within the county provides far more revenue to the county than does similar private land.

Public lands also drive job growth. According to a recent analysis from Headwaters Economics titled “PROTECTED PUBLIC LANDS, QUALITY OF LIFE HELP DRIVE THE WEST'S ECONOMY” (Ray Rasker, Ph.D., Headwaters Economics for Mountain West News, June 8, 2012) , protected federal lands in the west such as national parks, national monuments and wilderness areas are associated with higher rates of job growth. They found that non-metropolitan western counties with more than 30 percent of their land base in federally protected status increased jobs at a rate four times that of counties with no federally protected lands. The sectors with the highest growth rates were health care, real estate, government, and professional and technical services. From 2000 to 2010, Montana's economy created 68,696 additional jobs, with 87 percent of the growth coming from service-related industries, many of them in high-wage sectors like health care.

The report notes that Montana's economy has diversified beyond a historic dependence on agriculture and resource extraction enterprises. For example, in 2010, agriculture and extractive industries combined made up 8 percent of total employment. By comparison, health care and retail trade alone made up 22 percent of total employment. Likewise, from 2000 to 2010, investment income—dividends, interest, and rent—saw a 21 percent gain. Finally, retirement transfer receipts (retirement and disability insurance and Medicare) alone are now 12 percent of the state's total personal income, larger than any other sector. These results reinforce the reality that our economy has shifted from a resource extraction base to a natural amenities base. Public land is clearly our primary source of these amenities and thus is of high value to our Valley's economic well being.

B. Resource use, condition, and opportunities

Agriculture Agricultural productivity has been on the decline for decades primarily as a result of market forces combined with the subdivision of prime agricultural lands for domestic housing. Activity reached a peak in 1945-1950 and has declined for all areas of production except for hay, cattle, and more recently an upsurge in vegetable production. Some estimate that the Bitterroot produced more than 80% of its own food in the early part of the 20th century and that percentage is now around 10% (Alan Bjergo, IN: Bitterroot Valley Food System Community Food Project – Assessment and Planning Report, 2009). Currently, hay, wheat and barley are the major crops grown in the valley (USDA 2007 Ag Census). Private agricultural acreage dropped by 20% from 1978 to 2004 (Montana Department of Revenue). Cash receipts for livestock ranching have

declined steadily since the late 1960's with 71% of the operations reporting net losses in 2007 (USDA 2007 Ag Census). Interestingly, in 2007, our valley exported 23,500 beef, slaughtered 2,000 beef locally, and imported 3,000 beef for local consumption. Given that the cost of that imported beef in 2007 was around \$5.7 million, there would seem to be an opportunity to capture some of these food dollars for the local economy (Ravalli County Food Assessment report, 2009). The number of agricultural operations has been in steady decline over the years and numerous farms and ranches currently rely on leased land to round out their operations. Many of the larger ranches have been purchased by non-traditional agricultural operators who do not depend solely on agriculture for their economic livelihood. However, the number of small farms (< 50 acres) has been increasing steadily, reflecting the increase in vegetable production.

Outdoor Recreation and Tourism Outdoor recreation has a much larger impact on the American economy than most people recognize. In 2011, for example, "Americans spent an estimated \$645.6 billion on outdoor recreation", nearly 40% of which was spent in the western U.S. (Western Governors Association, June 2012, "A snapshot of the economic impact of outdoor recreation" (www.westgov.org)). Hiking was the number one national recreation activity. Hiking also ranks high for the Bitterroot and is substantiated by local Forest Service data. Nationally, the total spent on all recreation activities was almost double that for categories such as pharmaceuticals, motor vehicles and parts, gasoline and other fuels, and household utilities.

Recreation activities are a significant aspect of life in the Bitterroot - hunting, fishing, hiking, cycling, horseback riding, rafting and skiing to name a few. Recreation is enhanced by the scenic and amenity attributes associated with the National Forest and the Bitterroot River and certainly add to the quality of life in the valley. Participation in activities vary by season and support outfitters and guides as well as contributing to local hotels, service stations, grocery stores, sporting goods stores etc.

Although the county has established the Ravalli County Tourism Business Improvement District (TBID), in the opinion of some, the county has overlooked the economic potential of encouraging more tourism in the valley - especially because the Bitterroot could be one of the major access routes used by tourist visiting Glacier and Yellowstone National Parks. Much more could be done to encourage tourists to stop and enjoy the Bitterroot. Although the scenic backdrop to the county is enticing, the highway 93 corridor provides little incentive for the passing motorist to stop, enjoy themselves and spend a few dollars along the way. Capitalizing on opportunities and/or providing incentives that promote the valley's history, culture, and natural resources would be a start at capturing the interest of tourists. Increasing and improving opportunities to recreate on the river, integrating river based activities with improving access to the amenities of the National Forest and developing more inviting river based parks would enhance these possibilities as well.

Water Water is the life blood of the Bitterroot Valley. Both agriculture and recreational fishing are big economic drivers in the Bitterroot. Agricultural products sold in 2007 were valued at approximately \$34,800,000. According to FWP data, the Bitterroot River supported in excess of 110,000 angler days of recreation in 2009. Without the snowpack of the Bitterroot and Sapphire Mountains and the series of irrigation diversions,

agriculture in the valley would be almost non-existent. Recharge of groundwater for domestic purposes would also be in jeopardy. Without the cooperation of water users, FWP and DNRC on the allocation and timing of water use in the valley, adequate water would not be available to support the blue ribbon fisheries of the Bitterroot River.

According to a recent article in *Montana Outdoors* (May-June 2012), the Bitterroot is a relatively unique river when compared to other rivers in Montana. This is because of the unusual combination and mixing of the fertile and productive water produced in the Sapphire Mountains and the exceptionally clear water provided by the tributary streams of the Bitterroots. This combination of characteristics creates the quality fish habitat that makes the Bitterroot the third most heavily fished river in the state, behind only the Madison and Bighorn.

A natural resource policy for Ravalli County needs to recognize the importance of the Bitterroot River system to the environment and economy of the area. The river system is the recipient of and integrates the cumulative impacts of everything that occurs within the valley. This is not limited to the impacts of diversion of water for domestic and agricultural purposes. It also receives the sediment and pollution from all the activities practiced in the valley and is subject to all of the pressures and impacts associated with human encroachment along its banks. Careful monitoring of actions that have the potential to adversely impact the river system is absolutely necessary and care should be taken to ensure that activities are compatible with the proper functioning of the river. In the absence of such oversight, the valley stands the risk of losing an important resource and attribute.

Woody Biomass (Timber) Forest productivity in the Bitterroot Valley is marginal with respect to growing commercial quantities of timber. Over all ownerships, the site index for Douglas-fir averages about 55' based on Forest Habitat Types of Montana (Pfister et al, 1977, USDA For.Serv. Gen. Tech. Report INT-34). This translates to a potential production of about 225 BF/acre/year. Of course, actual production will always be less than the potential due to impacts of natural and man-made influences and to other non-timber objectives. Whether one uses even or uneven-aged management, most of the volume harvested will be in relatively small diameter stems compared to that for the old growth harvests in the past. For comparison, the potential production in the Swan Valley (average SI=75') averages around 500 BF/acre/year, and in the Coast Range of Oregon it is up around 1500 BF/acre/year (SI=120'). From an investment standpoint, the site quality of the forests in the Bitterroot is so low that virtually any level of management (thinning, planting, brush control, etc) will generate a negative NPV for traditional timber production on any given acre.

Timber harvest was driven by the post World War II demand for housing. High levels of timber harvest were economically feasible because of the availability of vast acreages of large diameter, old growth timber, much of it on National Forests, and mechanized harvesting techniques that largely ignored adverse consequences to soil and water and other resources. Current levels of timber harvest are far less today, primarily because of unfavorable market conditions and the lack of availability of large diameter old growth timber.

In recent years, all major sawmills in the valley have closed down leaving house log and post and pole operations as the major timber manufacturing operations left in the

Bitterroot. Much of the forest management activity today, especially on National Forest System lands, is geared toward ecological restoration and reducing the threat of wildfire to private property in the wildland urban interface (WUI).

From about 1890 to 1910, the major logging operations effectively clearcut the west side of the valley up to the 5000-foot elevation. After logging the accessible timber with the equipment available, the timber industry moved to other areas in western Montana. By the 1950's demand had increased and new equipment made it feasible to remove logs from more remote areas of the BNF. Annual harvest went over 50 million, but that level was not sustainable, and harvest levels began to decline in the 1990's. The last large sawmill in the valley closed in 1999. Although many people believe lawsuits against USFS timber sales caused the decline in cutting, the reality is that economic factors, especially cheaper lumber from Canada, was a major factor in sawmill closures in the Bitterroot. In fact, when the last large mill closed it had millions of board-feet of timber in its yard and under contract. Lawsuits against timber sales on the BNF in the last 25 years have had virtually no effect in reducing volume sold and logged. Appeals that did not result in lawsuits have had little effect in the past 15 years (J. Kruger, BNF, personal contact, 2012).

Given the low biological growth potential, lack of markets, high logging costs and long haul distances it is unrealistic to believe traditional timber production will ever again be a major contributor to our local economy. On the other hand, our national forest does have extensive timber lands, already roaded, that could supply a sustainable mix of small logs and woody biomass in small stems suitable for value added products and energy production.

Wilderness and Roadless Areas One of the primary features that attract people to the Bitterroot Valley is the spectacular scenery of the Selway-Bitterroot and the Anaconda-Pintlar Wilderness Areas, and the adjacent and still-intact Wilderness-study areas. These areas, plus the extensive roadless areas on the BNF, provide the vital water resources for the Bitterroot Valley as well as the world-class hunting, fishing and recreation that all local and non-local citizens have the opportunity to enjoy. Numerous studies have shown that counties in the west with classified Wilderness Areas or public land had much better economies than counties that lacked such areas (eg. Protected public lands, quality of life help drive the West's economy - Ray Rasker, Ph.D., Headwaters Economics for Mountain West News, June 8, 2012) . The importance of protecting the various types of national forest wildlands in Ravalli County is obvious to anyone with the common sense not to kill the proverbial goose that lays golden eggs!!

Fire Fire has both positive and negative implications on natural resources and the consideration of fire is integral to developing any natural resource policy for Ravalli County. Fire is the mechanism nature uses to keep growth and decay more or less in balance. Extremely large and tree-killing fires have occurred long before the USFS began major fire suppression efforts in the 1920's. One of the largest was the "big burn" of 1910, some of which burned into the Bitterroot Valley. By the 1950's, USFS fire-suppression efforts were working effectively to quickly suppress most fires, and the FS was beginning to note changes in forest composition, density and structure as a result. The combination of more tolerant species and higher densities, combined with a warming

and somewhat drier climate have tended to increase the likelihood of large fires that are difficult and costly to suppress.

With large numbers of homes built in forested areas prone to wildfire, control of future fires is a serious issue in the valley. The county depends very heavily on federal tax dollars to provide the needed resources to protect houses on private land when fires start. USFS research (Brian Nowicki, 2002, *The Community Protection Zone – Defending Homes and Communities from the Threat of Forest Fire*, Center for Biological Diversity) has shown the importance of protective work needed around houses before fire season arrives, and the need for forest work to be emphasized in the community-protection zone (roughly ¼ mile from houses).

In recent years the Forest Service has initiated fire and fuels management policies to help achieve ecological restoration and protect private property. The agency is using combinations of commercial timber harvest, forest thinning and prescribed fire to reduce the unnatural fuels build-up resulting from past fire suppression policies. In addition, the Forest Service has placed priority on treating timber stands in the Wildland Urban Interface (WUI) in hopes of reducing the threat of wildfire to private property. Although these actions will not eliminate losses from wildfire in fire dependent ecosystems, such as those found in the Bitterroot, it is intended size and intensity of such fires when they do occur, as well as to reduce the risk to firefighters.

From an economic perspective, efforts to create more fire resistant forest conditions and reduce fuels in the WUI can create jobs harvesting and processing woody biomass for value added products and potential energy production mentioned earlier. From a bittersweet perspective, wildland firefighting provides short-term employment for local businesses and contractors. It not only has helped put many young people through college, but also has helped fund equipment and facilities for many local volunteer fire districts.

C. Custom and Culture – significant issues and conflict

Local custom and culture are concepts we honor and celebrate, but they change with time, and do not necessarily provide a good basis for a resource-use policy.

Initially, white settlers in the Bitterroot Valley began farming, partly to supply produce to the mining camps in western Montana. The coming of the railroad in 1887-88 enabled a large timber industry to develop, with logging of some 100 million board-feet per year within 10 years. However, the readily available trees were quickly cut, and logging soon declined. Better equipment and new lumber demand in the 1950s revived the timber industry, with supply coming primarily from the USFS lands, but once again some overcutting and changing economic conditions led to a significant decline.

In the past 25 years, the county economy has shifted away from logging towards a more diversified economy that focuses less on resource extraction, attracting people who want to enjoy the high-quality environment and amenity values of the Bitterroot Valley. This change in custom and culture has resulted in very large increases in property values; to the point that farmers and ranchers frequently say their land is their primary retirement asset. Although the large increases in property values have provided great benefit to existing landowners, it has hurt many people who do not make enough to afford the higher land and home prices.

Property owners in scenic and relatively unspoiled places like the Bitterroot Valley tend to have the recurring delusion that economic security can be obtained by selling their land to newcomers, without providing a productive economy to ultimately employ the new arrivals and their offspring. This “estate sale” or “land mining” concept is inherently unsustainable and invariably leads to overexpansion and collapse, a fact that is amply demonstrated by our own history. The Bitterroot Valley not only has a massive oversupply of subdivided land from the recent boom (1987- 2008), but has subdivided land left over from the boom of 1906-1916! Since these already approved subdivided parcels do not yet support structures, there is an illusion of vast acreages of undeveloped forest and agricultural land. If Ravalli County is to truly gain long-term benefit from its quality of life attributes, it cannot deny that this condition exists. To do so will only jeopardize the county’s economic future.

D. Conclusion

In our view, the evidence is clear that the Bitterroot is in transition to a future wherein our economic engine will be powered less by resource extraction and more by non-consumptive uses of those resources. We anticipate that tourism, recreation, retirement, technical and professional service industries will dominate in the future. The strength of these industries will depend primarily on our Natural Infrastructure. The private and public lands in the county each contribute to this Natural Infrastructure and our quality of life in the Bitterroot. As private land continues to be developed, the role of public lands in providing amenity resources becomes proportionally more important. Therefore, it is imperative that a county resource policy recognize the importance of public lands within the county, especially the Bitterroot National Forest.

However, we also recognize that much of what we like about the Bitterroot is the culture and customs associated with natural resource products enterprises. And we believe our community will be stronger and more self-reliant if we have a set of such core enterprises that provide a significant portion of our food and energy on a sustainable basis.

III. Natural Resource Policy Statement

Whereas the Bitterroot Valley is in transition to an economic future powered less by resource extraction and more by non-consumptive uses of those resources; and

Whereas we anticipate that tourism, recreation, retirement, technical and professional service industries will dominate in the future; and

Whereas the strength of these industries will depend primarily on the state of our resource amenities; and

Whereas the private and public lands in the county each contribute to these amenities and to our quality of life in the Bitterroot; and

Whereas private land continues to be developed, the role of public lands in providing amenity resources becomes proportionally more important; and

Whereas we value the culture and customs associated with agricultural products and ranching; and

Whereas it is imperative that a county resource policy recognize the full range of public opinion regarding resource development and all the benefits, tangible and intangible, of public lands within the county, especially the Bitterroot National Forest;

Therefore, it is the Policy of Ravalli County to:

- Through a collaborative forum, actively participate in the preparation of Bitterroot National Forest plans that follow the scientific principles of Ecosystem Management and which protect and enhance our Natural Resource amenities, under existing law.
- Strive to maintain the highest quality natural environment possible to keep the Bitterroot Valley the desirable place to live as we now know it.
- Promote development of forest product enterprises that are ecologically sustainable, economically stable, and that meet Bitterroot National Forest Plan standards and laws.
- Seek a diverse and balanced representation of recreation uses that provide for motorized and non-motorized uses and Wilderness recreation.
- Improve tourism through preservation of our valley's historic properties and market its history, culture, natural resources, and great natural beauty.
- Protect the positive attributes of the Bitterroot River system and its main tributaries and monitor effects of actions on the valley's surface and groundwater resources.
- Facilitate cooperation between the County and the USFS on fire risk projects, especially in areas adjacent to the National Forest in order to protect private and NF land resources and values.
- Promote incentives and tax policies that keep agricultural lands in production, and that enhance sustainable local production and consumption of food and energy.
- Assure that resource development is conducted in a way that does not adversely affect public health, safety, and welfare, and that any adverse effects are properly mitigated.
- Enact policies to guide responsible economic development in a manner that does not place undue burden for resolving transportation, air and water issues on future generations.