

# Local Forest and Watershed Needs and Economic Impact

Presentation to the  
Legislative Finance Committee  
August 23, 2023

Sarah Cottrell Propst, EMNRD Secretary



Photo: Top Notch Forestry cutting hazard trees after the Hermits Peak Calf Canyon fire

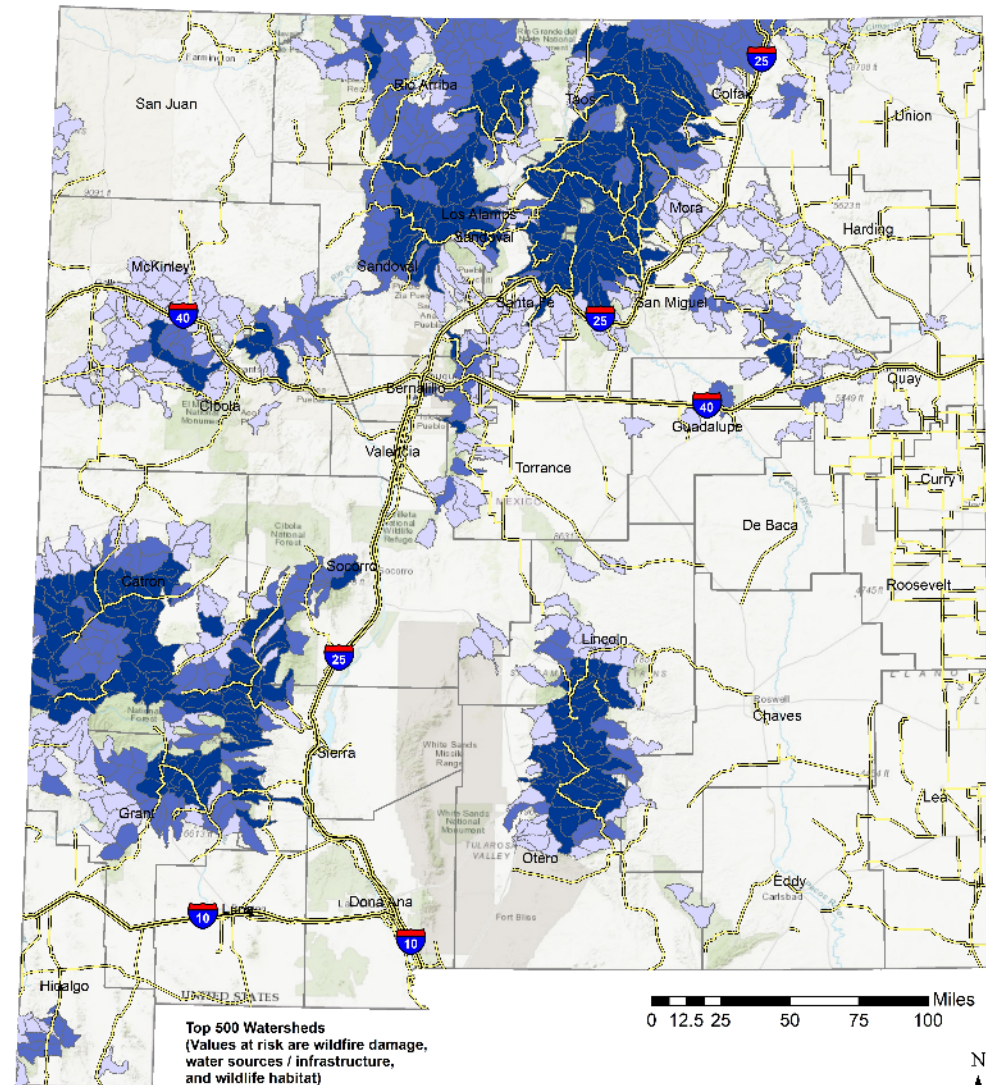


# 2020-2030 Forest Action Plan

- Identified the “Top 500” out of 3,219 HUC 12 watersheds based on wildfire risk to:
  - communities
  - water source areas
  - wildlife, fish and plants
- Goal of 300,000 acres/year restored on all ownerships
- State achieving 15,000 acres/year



## Top 500 Watersheds in New Mexico



**Top 500 Watersheds**  
(Values at risk are wildfire damage,  
water sources / infrastructure,  
and wildlife habitat)

- 1 of 3 values at risk
- 2 of 3 values at risk
- 3 of 3 values at risk
- Highways
- Interstates

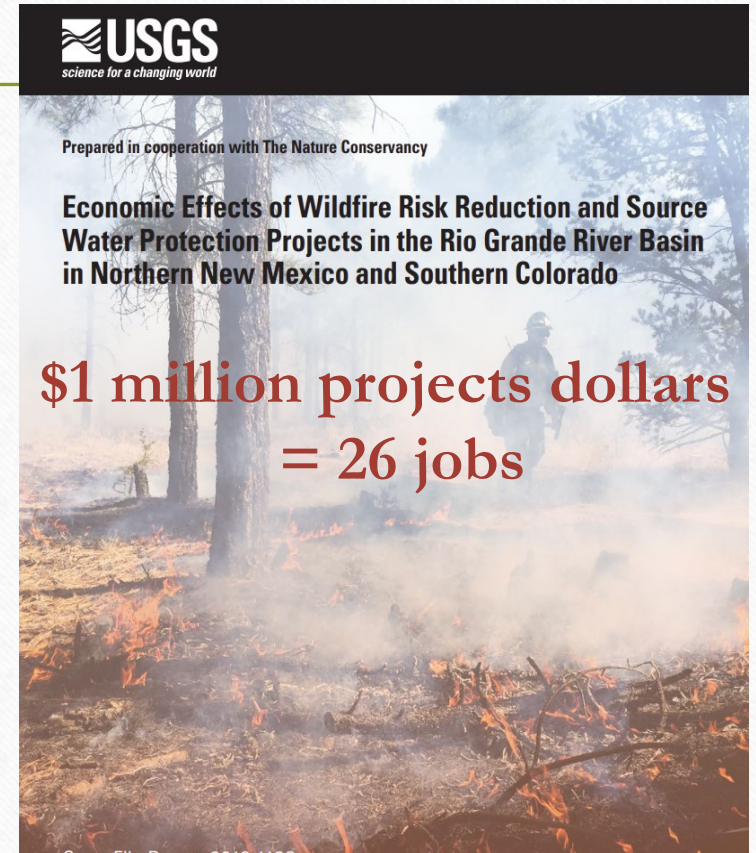
0 12.5 25 50 75 100 Miles



Energy, Minerals and Natural Resources Department

# Available funding for Forest Restoration and job creation

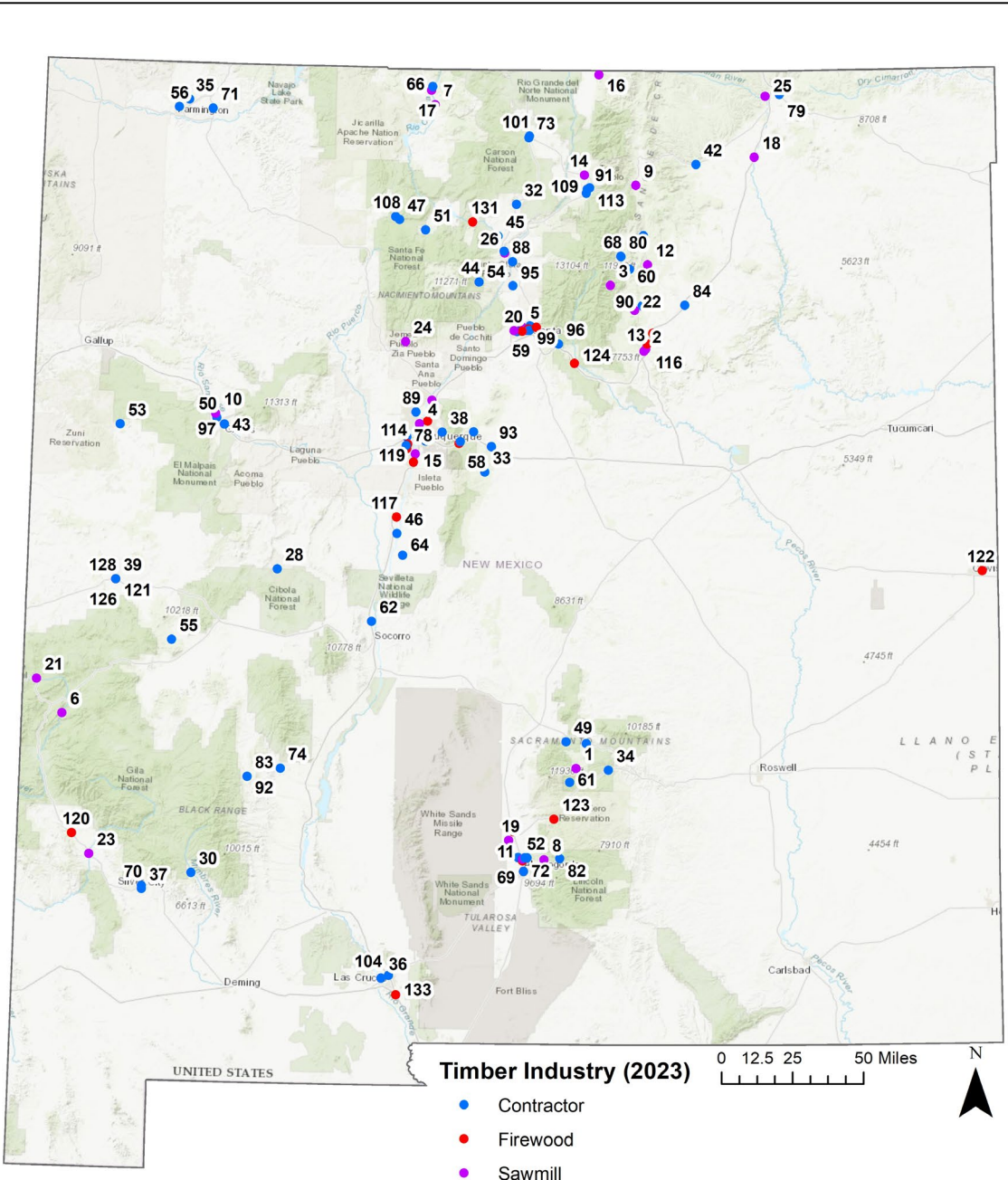
- \$2 million/yr recurring funding (FAWRA)
- \$10 million/yr capital funding (FY22-24)
- \$6 million for Hermits Peak Calf Canyon fire hazardous tree removal
- \$2.6 million Congressional Directed Spending
- \$10 million federal for Cimarron Watershed Alliance







# New Mexico Timber Industry 2023



Alto Wood Products	Sawmill	1	Dawson Consulting	Contractor	48	Southwest Fire Defense	Contractor	95
Barela Timber Management	Sawmill	2	Don Swanner Tree Service	Contractor	49	Southwest Forestry	Contractor	96
Bartley Mill and Lumber	Sawmill	3	Dudley Marshall	Contractor	50	Taylor Services	Contractor	97
Groff Lumber	Sawmill	4	Earl Velasquez	Contractor	51	TC Company	Contractor	98
Hansen Lumber Company	Sawmill	5	Ellinger Logging	Contractor	52	The Forest Stewards Guild	Contractor	99
K&B Timberworks	Sawmill	6	Eric Haggstrom	Contractor	53	The Nature Conservancy	Contractor	100
Kingdom Timber and Frame	Sawmill	7	Excel Excavating	Contractor	54	Tim Graves	Contractor	101
M&J Wood Sales	Sawmill	8	Ferranti Natural Resources	Contractor	55	TimberCats	Contractor	102
Mammoth Mill & Construction	Sawmill	9	FIRECO	Contractor	56	Top Notch Forestry	Contractor	103
Mt Taylor Manufacturing	Sawmill	10	Fireman Chipper Services	Contractor	57	Trails End Woodworks	Contractor	104
NM Ties & Poles	Sawmill	11	Forest Fitness	Contractor	58	Turkey Creek Forestry Services	Contractor	105
NorthRidge Forest Products	Sawmill	12	Forrester & Associates	Contractor	59	Unique Forestry	Contractor	106
Old Wood LLC	Sawmill	13	Frank L. Trambley Construction	Contractor	60	Urban Interface Solutions	Contractor	107
Olguin's Sawmill & Firewood	Sawmill	14	Garrison Tree Services	Contractor	61	Uvaldo Garcia	Contractor	108
Out of the Woods Manufacturing	Sawmill	15	Grain & Sons Forestry Services	Contractor	62	Watershed Dynamics	Contractor	109
Rio Costilla Cooperative Livestock Association	Sawmill	16	Griego's Logging	Contractor	63	Western Ecology	Contractor	110
Satterwhite Log Homes	Sawmill	17	Hop Canyon Fire	Contractor	64	Wild Fire Support Team	Contractor	111
Silver Dollar Wood Products	Sawmill	18	HR Vigil Small Products	Contractor	65	Wildfire Network	Contractor	112
Southwest Lumber and Milling	Sawmill	19	Hurd Brothers Logging	Contractor	66	Wood Sharks	Contractor	113
Spotted Owl Timber	Sawmill	20	Isaac Herrera Logging	Contractor	67	A-1 Firewood	Firewood	114
Timber Tramp Logging & Sawmill	Sawmill	21	J J Excavation Incorporated	Contractor	68	A-E Firewood	Firewood	115
TMR Custom Sawmill	Sawmill	22	Johnson Environmental	Contractor	69	AG Wood Supply	Firewood	116
TW Looney Timber	Sawmill	23	Joseph Franklin-Owens	Contractor	70	Alfred's Firewood Service	Firewood	117
Walatowa Timber Industries	Sawmill	24	Kelley Oilfield Services	Contractor	71	All Trees Firewood	Firewood	118
Western Wood Products	Sawmill	25	Kelly Williams	Contractor	72	Barela Landscaping Materials	Firewood	119
WH Moore Cash Lumber	Sawmill	26	Kuykendall & Sons	Contractor	73	Barry Allison	Firewood	120
Wholesale Timber & Viga	Sawmill	27	Lanfode Excavation	Contractor	74	Bart Rhino	Firewood	121
Alamo Navajo Forestry	Contractor	28	Leck Riddle	Contractor	75	David's Firewood	Firewood	122
Allen Fire	Contractor	29	Lockwood Forestry & Excavation	Contractor	76	Fire Stix	Firewood	123
Alternative Forestry Unlimited	Contractor	30	Los Arboles	Contractor	77	Firewood Co of Santa Fe	Firewood	124
American Wildfire Suppression Svcs	Contractor	31	Mark Thomas Construction	Contractor	78	Firewood NM	Firewood	125
Andy Chacon	Contractor	32	Mosark	Contractor	79	Fred Aragon	Firewood	126
Arbor Landscape Services	Contractor	33	Pa & Sons Wood Milling & Tree T	Contractor	80	Got Wood NM	Firewood	127
Bonnell Sand & Gravel	Contractor	34	Price Forestry & Environmental S	Contractor	81	Levi & Raquel Showers	Firewood	128
Brown Ridge Services	Contractor	35	Pursuant Land Services	Contractor	82	Luna Wood Yard	Firewood	129
Brushmasters	Contractor	36	Randy Lack	Contractor	83	Oscar's Tree Service	Firewood	130
Burro Mountain Tree Thinning	Contractor	37	Reineke Construction	Contractor	84	Padilla Logging Restoration	Firewood	131
C&H Timber Stand Improvement	Contractor	38	Restoration Solutions	Contractor	85	Pete's Firewood	Firewood	132
Carlton Armstrong	Contractor	39	Rio Grande Return	Contractor	86	Quality Firewood	Firewood	133
Caros General Works	Contractor	40	Rio Responsible Forestry	Contractor	87	RC Forest Products	Firewood	134
Chris' Tree Service	Contractor	41	Robert Trujillo	Contractor	88	RSC Materials	Firewood	135
Cimarron Water Alliance	Contractor	42	Rocky Mountain Ecology	Contractor	89	Santa Fe Ecowood Firewood	Firewood	136
Clayton Blevins	Contractor	43	Rocky Mountain Forest Products	Contractor	90	Zuni Wood Yard	Firewood	137
CM ArborCare	Contractor	44	Rocky Mountain Youth Corps	Contractor	91			
Conley Inc.	Contractor	45	Ron Bierline	Contractor	92			
Conservation Services	Contractor	46	South Mountain Industrial Service	Contractor	93			
Cordova Logging	Contractor	47	Southwest Contracting & Associat	Contractor	94			





# Top Notch Forestry

The Santa Fe National Forest will issue public firewood permits for wood removed along the roadsides in the Hermits Peak Calf Canyon Fire area





# Rocky Mountain Forest Products

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Removing Hazardous Trees in the Hermits Peak Calf Canyon Fire area





# K&B Timberworks

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Masticator grinding small trees on a project near Quemado Lake in Catron County





# Alamo Navajo Forestry Crew

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Masticator grinding small trees on a  
project near Quemado Lake in Catron  
County

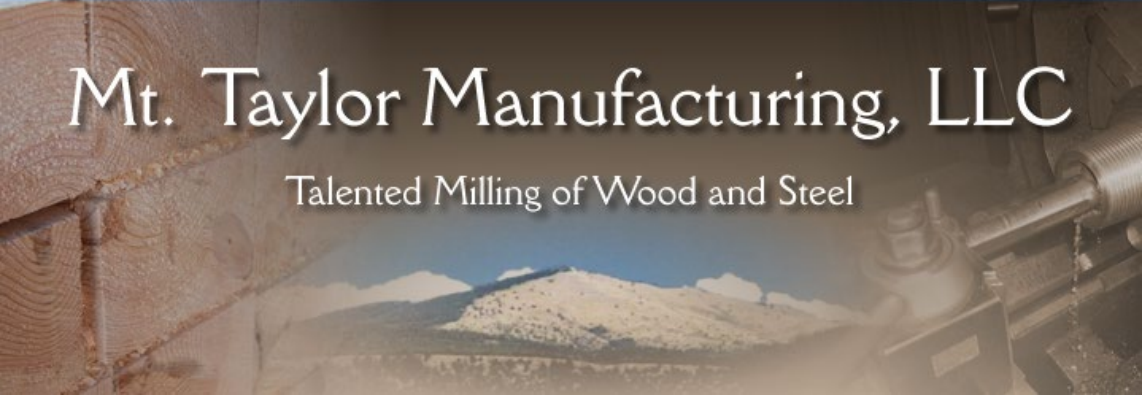




Las Vegas

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# Milan

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# Jemez Pueblo

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Walatowa Timber Industries



# Work interruptions we don't control

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- Muddy roads (monsoon and snowmelt)
- Deep snow
- Wildfire restrictions/closures
- Seasonal access restrictions when birds are breeding & rearing





# Work disruptions we might address

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Consistency of work is critical for contractor survival. Every time work shuts down the contractor incurs extra costs to move the machinery to another job or will risk losing employees because of inconsistent work. Factors include:

- Fiscal year transition (closing PO and encumbering new PO)
- 50% rule halts spending in fall before snow arrives; the operator cannot resume in January because of snow and mud and conditions may not improve until April
- Federal funding awards are made in May/June and misaligned with state fiscal year deadlines which can delay contracts with federal funding by months
- Federal contract and agreement deadlines in July/August are misaligned with state funding availability at the start of our fiscal year
- Expiration of master agreements may unintentionally restrict the available work period for contractors



# Solutions for Consistency of Work

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Forestry Division has convened a working group under the statewide Forest and Watershed Health Coordinating Group:

- A dozen participants from diverse organizations and agencies
- Proactive solutions from a variety of stakeholders to address work disruptions that we can mitigate
- Enhanced coordination of restoration agencies and organizations in a test geography



# Forestry Districts: Contacts for Constituents

Bernalillo District  
Rio Rancho, NM  
505-867-2334

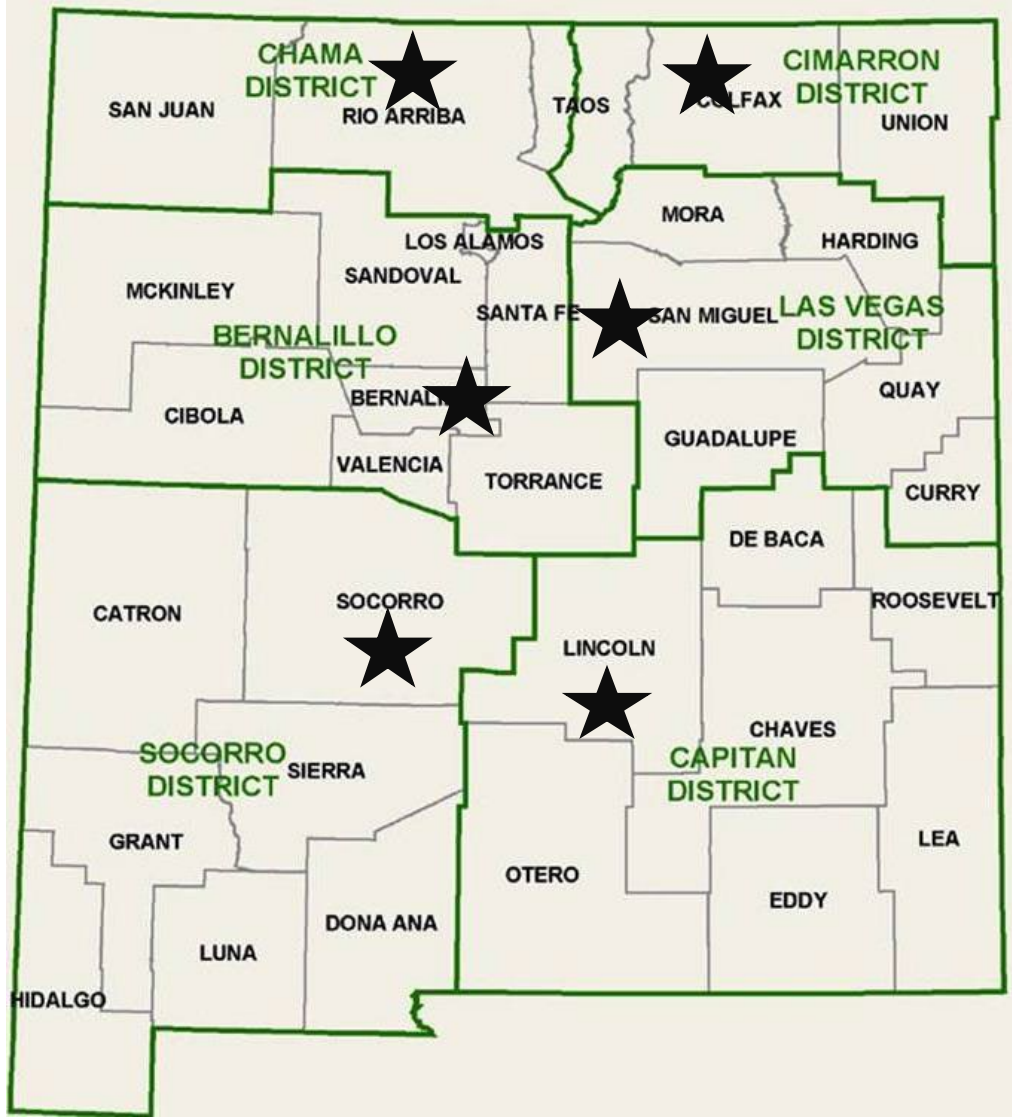
Cimarron District  
Ute Park, NM  
575-376-2204

Chama District  
Tierra Amarilla, NM  
575-588-7831

Capitan District  
Capitan, NM  
575-354-2231

Las Vegas District  
Storrie Lake State Park  
575-425-7472

Socorro District  
Socorro, NM  
575-649-8861





# OVERVIEW: Land of Enchantment Legacy Fund & Conservation Legacy Permanent Fund (2023 SB 9)

New Mexico's first-ever dedicated source of recurring funding for conservation, prioritizing land and water stewardship, forest and watershed health, outdoor recreation and infrastructure, agriculture and working lands, historic preservation, and wildlife species protection.

- SB 9 – a bipartisan product of five years' negotiations among a broad coalition of non-governmental organizations, legislators, and state agencies – passed in the 2023 legislative session and was signed by the Governor this April.
- SB 9 created a permanent source of funds for existing conservation programs at six agencies (EMNRD, NMED, DCA, DGF, NMDA, and EDD).
- The Land of Enchantment Legacy fund has two buckets:
  - A **spend-down fund** (the Land of Enchantment Legacy Fund) that has **immediate (FY25) funding for programs** and provides at least \$12.5 million in funding per year until expended, and
  - An **investment fund** (the Conservation Legacy Permanent Fund) that is managed by the State Investment Council and generates interest to create a stable funding stream over time.
- The 2023 legislature appropriated a total of \$100 million to SB 9 programs - \$50 million to the spend-down fund and \$50 million to the investment fund.





# TEN DIFFERENT PROGRAMS AT SIX STATE AGENCIES

## New Mexico Department of Agriculture – 22.5%

- Noxious Weeds Program
- Healthy Soils Program
- Soil & Water Conservation Districts

## Energy, Minerals, & Natural Resources Department – 22.5%

- Natural Heritage Conservation Act Program
- Forest and Watershed Health Program

## Department of Game and Fish – 22%

- Game Protection Fund

## Economic Development Department – 15%

- Outdoor Recreation Trails+ Grants
- Outdoor Equity Fund

## New Mexico Environment Department – 10%

- River Stewardship Program

## Department of Cultural Affairs – 8%

- Cultural Property Protection Act



# EMNRD Programs Funded by the Land of Enchantment Legacy Fund

## Natural Heritage Conservation Act Program

- NHCA funds conservation and agricultural easements and land restoration projects to support forests and watersheds, natural areas, wildlife and wildlife habitat, agricultural production on working farms and ranches, and outdoor recreation, including hunting, fishing, and trails.
- The Land of Enchantment Legacy Fund means that, for the first time, NHCA will have consistent, year-after-year funding.
- Federal match – each dollar of federal funding through programs like the Land and Water Conservation Fund can be matched by NHCA.
- **Example project:** Brazos Cliffs Conservation Easement (in Progress): This project will leverage funding from the USDA Forest Service, Forest Legacy Program to conserve the exceptionally scenic Brazos Cliffs and provide water source protection, wildlife habitat, and recreational and trail access to the seasonal waterfall. A total of 6,718 acres will be protected with the proposed easement.

## Forest and Watershed Restoration Program

- The Forest and Watershed Restoration Program supports forest and watershed restoration projects designed to enhance water source protection, wildfire risk reduction and fish and wildlife habitat conservation.
- FAWRA is already a successful program at EMNRD – the Land of Enchantment Legacy Fund funding will mean we can fund many more projects each year.
- Project proposals are reviewed by the FAWRA advisory board who recommend projects based on their public benefits including water source protection, wildfire risk reduction and fish and wildlife habitat conservation.
- **Example project:** Trampas to San Cristobal Forest Restoration, Taos County: Ponderosa and piñon/juniper stands will be thinned to improve ecological function and reduce risk of catastrophic wildfire that threatens water supplies for Arroyo Hondo, Valdez, San Cristobal, Ojo Sarco, El Valle, and Las Trampas. This project uses a “forest mayordomo” model that allows community members to conduct thinning on national forest lands and retain the firewood.



# How the two funds work together – and why we need to increase the balance in the permanent fund

## HOW THE FUNDS WORK

- The expendable fund disburses the greater of \$12.5 million or 25% of its available balance, per year, every year.
  - That disbursement is then distributed into each funded program using the formula on slide 3.
- The investment fund is invested by the SIC, generates interest, and can accept new appropriations (or gifts, donations, etc.)
- The investment fund automatically spills money over into the expendable fund when certain conditions are met:
  - There is a balance of \$150 million or more in the investment fund AND
  - The interest income from the permanent fund the previous year fiscal is more than \$5 million.
  - If both conditions are met, interest income in excess of \$5 million spills into the expendable fund and flows to programs using the formula on slide 3.

## GETTING TO SELF-SUSTAINING

- The goal of this trigger is to ensure in the initial years that the focus of the money in the investment fund is growth and principal preservation and that automatic distributions only begin when the combination of principal balance and income are sufficient.
- The \$150 million trigger is not a cap on fund size or an adjustment to the appropriation, it is simply a management tool to balance the money in each fund, while ensuring principal growth/preservation.
- It will take \$300 million (or more) in the investment fund to get to a self-sustaining level of interest income.



**THANK YOU.  
QUESTIONS?**

