



Executive Summary 2015

Fiscal year 2015, from July 1, 2014 to June 30, 2015, was extremely productive for the Eastern Arizona Counties Organization (ECO), with game-changing, tangible organizational accomplishments that transcend the administrative production of paper output toward the production of practical, high-impact, on-the-ground outcomes.

Simply put, ECO is getting results that have a real-life impact on the people of Arizona. For example, getting the 4FRI NEPA analysis finalized without conflict means that restoration logging can proceed on the ground and jobs can be created; containing the unlimited expansion of the Mexican Wolf means that ranching jobs and way of life are protected; or, expanding forest restoration treatments in the Salt River watershed means that water will continue to flow to metro Arizona.

Key results that the Eastern Arizona Counties Organization is proud to report for fiscal year 2015 are listed here under for each program that ECO committed to implement in FY 2015 in its Plan for Receipt and Expenditure of Monies for Fiscal Year 2015.

Program 1: Forest Restoration - Succession to the White Mountain Stewardship Contract

On September 18, 2014, ECO signed a new Stewardship Agreement with the U.S. Forest Service Southwestern Region and initiated a post White Mountain Stewardship Agreement mechanism to continue forest restoration in the White Mountains and continue supplying the White Mountains wood industry independently from the 4FRI contract.

Under the new Stewardship Agreement, ECO already awarded an 856 acre contract. Up to 3,000 additional acres may be awarded in FY 2016.

To further insure landscape scale treatments and provide long term supply to the industry, ECO is currently working with the Forest Service on a new 130,000 acres project, the Black River Stewardship Agreement project.

In addition, ECO was instrumental in securing the engagement of the Arizona Delegation to the U.S. Congress to provide adequate funding to the Apache/Sitgreaves National Forests (A/S) to accelerate the NEPA analysis of "Bridge the Gap" projects to replace 56,000 acres of NEPA-ready restoration treatments 'lost' in the Wallow Fire.

The "Bridge the Gap" program is designed to insure the timely release by the A/S to the White Mountains industry over the coming 5 years of approximately 86,000 acres of Ponderosa Pine mechanical thinning treatments in the Larson, Walnut, Timber Mesa Vernon, Upper Rocky Arroyo, and Escudilla East Projects, in a series of Stewardship Agreements, Stewardship Contracts and Timber Sales

simultaneously offered in all relevant Districts (Black Mesa, Lakeside, Springerville, Alpine) so as to create the conditions for a rational management of the woody material supply line to the various industries that fund restoration projects implementation.

ECO is the driving force behind the continuation of forest restoration and the sustainability of the wood industry in the White Mountains.

Program 1: Forest Restoration - Four Forest Restoration Initiative (4FRI)

On April 17, 2015 the Supervisors of the Coconino and Kaibab national forests signed the 4FRI 1st Environmental Impact Statement (EIS) Record of Decision (ROD), bringing to closure the largest Forest Restoration EIS in the nation, following a successful process of social consensus building and conflict resolution led in great part by ECO.

At the request of ECO, and with the constant participation of ECO's elected officials in monthly meetings, and ECO staff in off-line work sessions, the Governor's office hosted, and ECO conducted, a year-long process of resolution of the 4FRI NEPA planning conflicts. The process developed a resolution for 70,000 conflictual acres and produced a viable Final EIS and Record of Decision. This critical step creates the conditions for significant investments in the wood industry of the Mogollon Rim and the accelerated implementation of thinning treatments on up to 50,000 acres annually.

The 4FRI Record of Decision includes approximately 430,000 acres of restoration thinning and the old growth protection and large trees retention that ECO identified as early as 2007 as critical ecological and social conditions for the success of 4FRI. This is a clear win for ECO and for Arizona.

In addition, ECO led the creation with the Forest Service 4FRI Team of a monthly 4FRI Contract Report that provides visibility and accountability on the 4FRI contract progress. ECO is widely recognized as the critical player in maintaining the 4FRI social license and collaborative consensus, as well as a critical driver in insuring the accountability of the 4FRI contractor.

Program 2: Threatened and Endangered Species - Mexican Gray Wolf Experimental Population

On January 06, 2015 the Regional Director for the U.S. Fish & Wildlife Services (USFWS) Southwest Region signed the Record of Decision (ROD) for the final Environmental Impact Statement (EIS) for the Proposed Revision to the Regulations for the Nonessential Experimental Population of the Mexican Wolf.

ECO had been working since August 2013 with an informal ad hoc coalition of Arizona stakeholders and the Arizona Game and Fish Department, together representing 28 different organizations, to develop an Arizona Cooperating Agencies Alternative to the revision of the 10(j) Mexican Wolf non-essential experimental population. Additionally, ECO developed a credible Mexican Wolf population growth projection that vigorously challenged the U.S. Fish & Wildlife Service (USFWS) projection.

ECO's proposed NEPA alternative and population projection were endorsed by the Arizona Game & Fish and formed the basis of the USFWS Record of Decision. This included:

- I. Capping of the wolf population to 150 / 160 wolves in Arizona;
- II. Capping of the depredation on wild ungulates to 15%;
- III. Geographical capping of releases and transfers to historical habitat with adequate prey density;

- IV. 5 year and 8 year review process;
- V. Inclusion of 'take' provisions in defense of domestic animals

These were fundamental changes over the original USFWS proposed action.

The Arizona Cooperating Agencies Alternative filed by the Eastern Arizona Counties Organization, Greenlee County, Gila County, Graham County and Navajo County; endorsed by the Arizona Game and Fish Commission and Department; and, substantially adopted by the USFWS in its modified Preferred Alternative and Record of Decision is a dramatic improvement over the Service's initial Proposed Action to implement unrestricted population growth and expansion. This is a clear win for ECO and for Arizona.

Program 3: Watershed Restoration

On December 9, 2014 ECO initiated with the Regional Forester of the U.S. Forest Service (USFS) Southwest Region (R3) and the Supervisor of the Apache/Sitgreaves National Forests and their staffs, the development of the Black River Stewardship Agreement project.

ECO designed, developed and submitted to USFS the new 10 year, 130,000 acre partnership project with watershed industry and utility stakeholders Salt River Project (SRP) and Arizona Public Services Co. (APS) to:

- I. Accelerate the implementation of the 4FRI restoration treatments in the White Mountains;
- II. Expand the 4FRI restoration treatments into the entire Black River watershed in the upper Salt River basin;
- III. Provide a predictable supply of woody material for the existing White Mountain industry for 10 years;
- IV. Create the conditions for new investments in appropriate scale wood industry in the White Mountains;
- V. Create a model for the expansion of the 4FRI restoration treatments into the Blue River and San Francisco River watersheds in the Upper Gila River basin.

The ECO Black River Stewardship Project is the first concrete action to implement landscape scale restoration treatments on the South slopes of the Mogollon Rim to restore and protect the watersheds that sustain metro Arizona.

Program 4: Infrastructures

On November 17, 2014 Arizona Department of Transportation (ADOT) partnered with Arizona State Forestry and ECO to announce a new "Healthy Forest Initiative" pilot project to help loggers clear Wallow Fire burn area; improve commerce; and, maintain healthy forest in the White Mountains region. The two-year pilot project allows timber industry trucks to carry additional weight on several state highways in the White Mountains region.

ECO designed, developed and submitted to ADOT the Healthy Forest Initiative Pilot Project to increase the logging truck maximum weight from 80,000 lbs. to 90,800 lbs. on US Highway 60, State Route 77, US Highway 180, State Route 260 and State Route 277 between Payson and the New Mexico State border, and on all relevant feeder roads in the White Mountains. The Healthy Forest Initiative Pilot Project increases transportation weight efficiency by 20%, and significantly contributes to the economic viability of the forest restoration treatments and the economic competitiveness of the Arizona wood industry. ADOT started issuing the permits for the new program in November 2014.

This issue had been plaguing the White Mountain logging industry for decades, putting it at a competitive disadvantage compared to neighboring states that allow heavier logging loads. This is a clear win for ECO and for Arizona.

Program 5: Recreation

On September 17, 2014, ECO provided comments on the Draft Environmental Impact Statement for Travel Management on the Tonto National Forest, requesting that the Selected Alternative for the Final Environmental Impact Statement for the Tonto National Forest Travel Management Plan be based on Alternative D, and include the following modifications:

- I. Not more than approximately 194 miles of roads scheduled for decommissioning.
- II. Motorized big game retrieval allowed for all species of game meeting the definition of 'big game' in the Arizona Game and Fish Department hunting regulations, or alternatively for all 'big game' animals requiring a hunting tag, with the exception of turkeys.
- III. Motorized big game retrieval allowing one trip each way from the downed animal to the closest legally open road or trail, regardless of distance, by the most direct route compatible with safety and the preservation of other values such as riparian areas, archeological sites, etc.
- IV. Dispersed motorized camping allowed in a 300 feet corridor on both sides of designated roads and motorized trails, AND in dispersed camping sites previously used and established in the local custom and culture as demonstrated by tangibles evidences of previous use such as fire pits, improvements, etc.
- V. Personal use fuel wood gathering in permitted areas allowed to consist of the minimum number of trips each way, based on the transport capacity of the vehicle and the trailer, from the downed tree to the closest legally open road or trail, regardless of distance, in the authorized firewood collection area, by the most direct route compatible with safety and the preservation of other values such as riparian areas, archeological sites, etc.
- VI. A new category of motorized dispersed recreational shooting authorized to consists of one trip each way from the natural or artificial obvious terrain feature used as a backstop, such as pit, berth or features similar in their functionality as relates to safe dispersed shooting, to the closest legally open road or trail, regardless of distance but not more than one mile, by the most direct route compatible with safety and the preservation of other values such as riparian areas, archeological sites, etc.

Program 6: Energy

On April 28, 2015 ECO submitted to the Environmental Protection Agency (EPA) Region 9 a letter of support for the Reconsideration of Promulgation of Air Quality Implementation Plans; Arizona; Regional Haze Federal Implementation Plan.

The lowering of the NO_x emission limit to 0.050 lb/MMBtu on Unit 1, and 0.080 lb/MMBtu on Unit 2 of the Coronado Generating Station in St John, Apache County, as proposed in the July 2012 Federal Implementation Plan (FIP) proposed by EPA was the most stringent NO_x emissions rate ever proposed by the agency for a coal plant retrofit project. This requirement would have required the investment of an additional \$110 million to install a second selective catalytic reduction (SCR) system on Unit 1, in addition to the \$500 million invested to implement the 2008 Coronado Emission Control Project (CECP) recently completed with the installation of an SCR system on unit 2. The significantly more stringent emissions rate mandated for Unit 1 to ensure compliance with the plant-wide NO_x emissions limit of 0.065 lb/MMBtu, mandated in the November 2012 final FIP for the Coronado Generating Station, would have gravely compromised the economic viability of the site. The March 2015 proposed Reconsideration of the Arizona Regional Haze FIP to replace a plant-wide Best Available Retrofit Technology (BART) compliance method and emission limit for NO_x on Units 1 and 2 at the Coronado Generating Station

with a single-unit compliance method and emission limit on each of the two units, specifically 0.065 lb./MMBtu for Unit 1 and 0.080 lb./MMBtu for Unit 2, is a critical step toward insuring the economic viability of the plant, and the sustainability of the irreplaceable economic engine role that it plays in southern Apache County.

Aside from SRP, the owner of the Coronado Generating Station in St Johns, ECO was one of only two entities to file comments. ECO was therefore the only entity supporting SRP in the Reconsideration discussion. The only other commenter, Earth Justice, predictably opposed it.

Program 7: Natural Resources Planning

On December 5, 2014 ECO released the Arizona Counties Natural Resources Study Report - A Gap Analysis and Practitioners' Guide and its Technical Appendices.

ECO competed for and was awarded the completion of the Arizona FY2014 Natural Resources Study funded in the State budget under the leadership of the late Senator Chester Crandell. In addition to the planning gap analysis, at the request of the Arizona Natural Resources Review Council, and building on ECO match funding, the scope of the study was extended to include a comprehensive research of the Federal legal framework, the role of Local Governments within this framework, the available Local Governments engagement mechanisms, and the Arizona Counties natural resources planning authority. Based on the results of this research, the scope of the study was further extended to include the design of a comprehensive set of implementation tools. These tools include:

- I. County Natural Resources Management Planning Practitioner's Guide;
- II. County Natural Resources Management Planning Flowchart;
- III. County Natural Resources Management Plan Blueprint;
- IV. Natural Resource Management Template;
- V. County Natural Resources Management Plan Checklist.

These tools will be instrumental in increasing the efficiency and effectiveness of the Arizona Counties' involvement in the Federal process of public lands and natural resources management planning, as demonstrated by ECO's successful contribution to the shaping of the 4FRI and Mexican Wolf 10(j) records of decision.

Program 8: Public Lands

On September 24, 2014, at the request of members of the Arizona Legislature, ECO released a comprehensive analysis of all the public lands transfer studies conducted in Utah, Nevada, Wyoming, Idaho and Montana in 2012 and 2013, and attempted in Arizona, New Mexico and Colorado.

The ECO Special Report to the Board of Directors, Public Lands Transfer Studies - Recommendations for an Arizona Study has been widely distributed and is widely acknowledged as providing an objective analysis of the various efforts and outcomes in the issue of public lands transfer, as well as providing an objective identification of the economic issues to be addressed. It is expected that the ECO analysis will contribute to inform the Arizona Legislature's action on the issue.

In March 2015, The Property and Environment Research Center (PERC) released the study Divided Lands – State vs. Federal Management in the West funded by ECO for the inclusion of the State of Arizona in the multiple-funders multiple-states study.

ECO funded the inclusion of the State of Arizona in the comparison of total costs and revenues for BLM and USFS lands with state-owned lands. The study confirmed that "the federal government loses money managing valuable natural resources on federal lands, while states generate significant financial returns

from state trust lands” (p. 4). This investment will provide hard data for the discussion about the economic viability of a transfer of public lands in Arizona.

Program 9: Emerging Issues

In addition to its commitment to its eight defined programs, ECO engaged in numerous public lands and natural resource management planning issues during FY 2015. These issues include, among many others:

- the revision of the Definition of the Waters of the U.S. (WOTUS) under the Clean Water Act;
- the Designation of Critical Habitat for the Jaguar;
- the ADOT 2014-2018 5 Year Plan;
- the Tonto National Forest implementation of the Travel Management Rule;
- the Apache / Sitgreaves National Forest Plan revision;
- the Apache / Sitgreaves National Forest Larson Forest Restoration Project;
- etc.

Additional roles

ECO’s outcome-focused contribution prompted various Federal and State agencies and various other stakeholders to request ECO’s membership or participation in:

- the Apache / Sitgreaves National Forest Resources Advisory Council (RAC);
- the BLM Arizona Resources Advisory Council (RAC);
- the ADOT Freight Advisory Committee (FAC);
- Governor Elect Ducey’s Transition Team;
- the Northern Arizona Wood Products Association (NAWPA) Board of Directors;
- the Arizona Governor’s Forest Health Council (GFHC);
- the Arizona Natural Resources Review Council (NRRC);
- etc.

Additionally, ECO provides leadership to:

- the 4FRI Stakeholders Group by staffing the office of Co-Chair;
- the White Mountain Natural Resources Working Group (NRWG) by staffing the office of Chair.

Conclusion

ECO is fulfilling its mission to develop and implement “County Environmental Programs Impacting Economic Development:”

- The development of a new Stewardship Agreement in the White Mountains means acres treated on the ground, woody material for the local industry, and jobs for the local community.
- The completion of the 4FRI NEPA 1st EIS analysis means the creation of the conditions for significant investments in the wood industry of the Mogollon Rim, new jobs, meaningful mitigation of the catastrophic fire risks, and the protection of the recreation-based local economy and local communities.

- The containment of the Mexican Wolf experimental population growth means sustainability for the ranching industry and security for the dispersed communities.