

ALASKA TIMBER JOBS TASK FORCE - MEETING NOTES¹

Meeting #3- Ketchikan

August 18-19, 2011

Introductions

Present: Susan Bell, Brad Cox, Bryce Dahlstrom, Owen Graham, Kyle Moselle, Elaine Price, Randy Ruaro (8/18 only), Clarence Clark alternate for Chris Maisch, and Ruth Monahan USFS Liaison to the Task Force (in person 8/18, by phone 8/19).

Review minutes from August 3, 2011. The minutes were approved without change.

Clarify alternate representatives for the Task Force.

- Ruaro - Jeff Jones, GO Spec Asst on resource issues
- Moselle - Doug Vincent-Lang, AF&G Spec. Asst. to the Commissioner and Endangered Species Act specialist
- Bell - Forest Industry Spec. (in process of hiring)
- Monahan - Beth Pendleton, USFS Alaska Region Forester [**Note:** Following the meeting, the USFS clarified that they have a liaison to the Task Force but cannot serve as a voting member]
- Cox - Tom Narbonne, business partner
- Price - Shelly Wright, SE Conference
- Dahlstrom - Brian Brown
- Graham - George Woodbury, AFA
- Maisch - Clarence Clark, DOF

Alexander Archipelago Wolf.

- Petition to USFWS to list as endangered species submitted by Greenpeace and Cascadia Wildlands
- USFWS previously determined listing unnecessary based on TLMP Conservation Strategy
- Ruaro reported that the state has an interagency team that will push back on the request based on the science

USFS presentation on Tongass timber supply: Charlie Streuli and Forrest Cole, USFS

- Streuli distributed handouts: Five-year schedule of timber sales, stewardship projects, integrated stewardship contracts, and other projects; proposed sales for 2011-15; and sales that completed NEPA but weren't sold (*see handouts*)
- USFS now expects to offer about 38 MMBF this year; this volume is a reduced amount as a result of court decisions on four sales totaling 16 MMBF that will be remanded for more work.

¹ This version incorporates edits received from Ruth Monahan, Owen Graham, and Clarence Clark

- USFS may receive up to \$4 million in road construction funds in FFY 2012 - they are prioritizing transportation needs.
- USFS reported that State participation in timber sale planning on the Tongass NF has been helpful; it's very important to get consolidated comments from the state agencies.
- Cole stated that there are a number of reasons why particular timber sales may be delayed, including the NEPA process. There are ways to address the other issues.
- Uneconomical timber sales also contribute to delays.
- Graham stated that the current TLMP can't be fully implemented due to problems with the TLMP conservation strategy that make timber sales uneconomic on 80% of the area. When environmentalists appeal and litigate the few timber sales that are economic, there is no other volume available to the industry. The USFS needs to select different, more operable timberland in order to be able to implement their timber sale plans.
- Clark will provide the Task Force a list of priority sales for state involvement

DNR Div. of Mining, Land, & Water presentation on state Tongass land selections. Marty Parsons, DMLW presented an overview of state land entitlement with a focus on SE Alaska (*see handout: Remaining State Land Entitlement*)

- State has received title to 100.1 million acres of its 105.6 million acre entitlement; holding back 2.8 million acres for high priority needs that arise
- The state can't select new lands without federal legislation that reopened the state selection process
- Administrative Land exchanges with the federal government can be challenging due to the time required to complete them, equal land value requirements for appraisals, and NEPA requirements.
- There have been successful land exchanges with the USFS in other western states
- Parsons can provide a list showing which areas statewide are the lowest priority for conveyance

Forest roads, including Shelter Cove Road.

- Clark reported that tying the Shelter Cove road system to the Ketchikan road system would improve the economics and worker safety for the Saddle Lakes timber sale. The Governor's Office, DNR, DOT, and the timber industry are holding discussions on how to accelerate the DOT work to meet the timber sale timeline.
- The Gate 3 group is looking at "shelf" sales to determine how to improve the economics. Kupreanof/Kake tie roads could improve economics on the Central Kupreanof sale; could tie Portage Bay and Kake road system.
- USFS wants to stay involved in any discussions on the Shelter Cove and Kake-Petersburg routes, due to reciprocal easements granted to the State.
- GO plans to convene an interagency meeting, possibly next week. There may be opportunities to consolidate various planning and NEPA to increase efficiencies

DCCED recruitment for Development Specialist.

- Bell reported that DCCED has an open position for forest-related marketing and research.
- Members suggested that this position could
 - Increase understanding of the actual costs of operation for private businesses, for example, the cost of workmen's compensation
 - Help consolidate comments in support of development activities
 - Would like periodic report from this position on their activities and accomplishments

Administrative order purposes. Ruaro noted that if the purpose language is too narrow and restricts opportunities to forward good ideas, the Task Force should go ahead and make the broader recommendations. Monahan encouraged the Task Force to consider expanding the scope of items limited to the Tongass in Section 2 of your Order (Items 6-9) to include the entire State of Alaska and all land ownerships that contribute to timber industry related economic development and jobs for Alaskans and their families, and Alaskan communities.

- **Item 1 - Management that will encourage economical timber harvests in the future.**
 - Review area plans for land use classifications and other changes that could benefit job creation or harvesting
- **Item 2 - Future additions of state land to existing state forests.**
 - Review of state land underway for Tanana and Susitna basins through area plans.
- **Item 3 - Creation of new state forests featuring timber harvest and economic development**
 - FOR ITEMS 1-3: Convene a subcommittee with Maisch (lead), Cox, Moselle, and Graham to address these items together
- **Item 4 - Changes or amendments to state statutes and regulations governing timber harvest**
 - In interior Alaska, address the need for longer-term contracts for state timber sales
 - Consider DNR land leasing and permitting procedures and timelines
 - Review the process for approving facilities for log movement and storage in Southeast
 - The Forest Resources & Practices Act (FRPA) works well - don't open it up
 - Convene a subcommittee after a report on items 1-3 is received. Identify problems with existing processes and recommend ways to address the problems
 - Members: Price (lead), Moselle
 - Include staff from DOF with Region knowledge in all three regions
 - Include DEC because FRPA includes all three agencies - DNR, ADF&G, DEC, and also someone with DEC permitting knowledge
 - Include DMLW for information on state leasing and permitting processes and timelines
 - Include some private sector people who understand the impacts of regulatory processes and timeframes
- **Item 5 - Land selected, conveyed or pending that may be exchanged**
 - Expand considerations to include other avenues to acquire additional state land for timber use in SE as well as using the existing state land entitlement differently
 - Look at opportunities for sales on University and Mental Health Trust land
 - Convene a subcommittee
 - Members: Graham (Task Force contact) and Clark

- Include a representative from DMLW (Marty Parsons?), and ask DMLW representative to link to other interests involved in the land selection and prioritization process
 - Include representatives from the University and Mental Health land trusts.
- **Item 6 - Current demand for Tongass timber sales**
 - Subcommittee established: Bell, Graham, Price, and Dahlstrom; group to determine lead; include the USFS as needed for information.
 - Review both current and potential demand, make the case that if supply increases demand will increase
 - The subcommittee will initially focus on the Tongass National Forest.
 - DCCED can work with their forest economist to bring in information on the other regions in a second phase, and the Task Force can then consider whether to expand this analysis
 - **Item 7 - Identifying timber sales on the Tongass National Forest that would meet demand**
 - Include analysis of factors that have potential to delay a timber sale from being offered, including the NEPA process and timber sale economics. Develop recommendations for process improvements
 - Have USFS and subcommittee prepare a quarterly report to the Task Force to keep the pressure on moving the sales forward and reduce slippage
 - Subcommittee established
 - Members: Graham, Dahlstrom and Clark (lead). Monahan to be USFS liaison to the subcommittee
 - Include other USFS staff as needed for information
 - Include Slenkamp from Mental Health Trust and a small timber operator
 - **Item 8 - Current wood products and potential new wood products and uses**
 - Use same committee and approach as for item 6.
 - **Item 9 - Recommended areas of research relating to the TNF and impacts on wildlife**
 - Include recommendations in Sept. 15 report rather than establishing a subcommittee at this time.

Near-term reports.

- Preliminary Report due September 15, 2011 (AO 258 §4)
 - Issue statements: Federal forest management [**Note:** USFS abstained from supporting or contributing to these statements]
 - Keep this very brief
 - The current USFS timber sale program is not adequate. There is more demand than supply. Businesses could put in new facilities if there was more supply. The lack of sales is discouraging economic development in Southeast AK. 94% of Southeast is federal land, and they must provide a proportional amount of the wood supply for the industry. They are only providing a fraction of what is needed. There should be enough volume for industry growth, not just current demand.
 - Maintain and expand the state-USFS relationship and increase state involvement throughout the TNF timber sale process. Expand communication between the USFS and state. The Gate 3 Committee is useful and should continue

- NEPA is the biggest problem with timber sale supply - it must be streamlined. Work with other states to address this.
 - Purchasers need more timber, earlier in the year, including bigger, longer-term contracts. The USFS should increase the volume of timber going into the NEPA process to increase sales coming out the other end.
 - The USFS should develop a 20-year timber sale plan with 10 years of sales on the shelf ready to go.
 - Increase the USFS timber budget to meet their needs for sale preparation to provide adequate supply.
 - Establish quarterly reports on USFS timber sales to help prevent slippage in the sale schedule.
 - Include DOT in timber program issues to start building an infrastructure that meets the needs of the industry in a timely manner, and that roads are built to appropriate standards
 - Continue the aggressive state stance on the Roadless Rule issue.
 - Clark will circulate the state comments on the draft USFS planning process rules. If the Task Force supports them, include a statement in the report.
 - Federal wildlife research and regulations are problems in the way of making the timber sale program work. GO should pursue avenues that draw on state authorities to manage fish and wildlife populations. Review S&G to determine if there are places where they go beyond USFS authority and cross into state authorities to manage populations. Alaska can have viable wildlife populations and a viable timber industry. The federal agencies should get out of fish and wildlife management in Alaska through the subsistence regulations. State should clarify that these are our resources.
- Issue statements: State land ownership and management
 - [Note: USFS abstained from supporting or contributing to these statements]
 - Keep pursuing opportunities to acquire additional state timber land in SE, including land exchanges and other approaches. Work with John Katz office to keep Alaska land initiatives in front of the Congressional delegation.
 - Request independent review of the TLMP conservation strategy; the goal is a strategy that will allow a sufficient volume of economic timber sales to be prepared.
 - The State timber program works well. Keep it efficient. Determine whether there are opportunities for more bridge timber sales.
 - Provide longer-term state sales in the interior to support industry development.
 - Review state facilities for opportunities to use wood energy.
 - Streamline the DNR permitting process with a clear check-list and finite timelines
 - Work with Rep. Young on the bill to establish a 1.5 million acre state forest in Southeast
 - Provide state backing for investments in the timber industry similar to programs for other development investments in Alaska.
 - State funding needs:
 - Continue funding for the DCCED business development specialist position
 - Provide sufficient funding to DOT for Roads to Resources projects that would support forest operations
 - Provide adequate funding for FRPA implementation; federal funding cuts to EPA' Section 319 program have reduced FRPA funding and could impact all three agencies. Interagency involvement is necessary to keep FRPA working well

- State agencies may need funding to continue their involvement in the Tongass timber sale planning efforts, including the ADF&G Habitat Biologist position dedicated to this work
- State agencies may identify additional funding recommendations during the FY13 budget process
- Plan of work for Task Force prior to final report
 - Subcommittees established and starting work on items 1-8
 - First quarterly report on sales set for October 31, 2011 (item 7)
 - Initial products report will be included as part of the demand report on October 31, 2011.
 - DCCED will draft initial information for inclusion in the October 31 demand report, including an initial list of known products. Note that the Alaska timber industry can't survive on second-growth wood at this time and continues to need old growth wood to manufacture current products.
 - First demand report due October 31, 2011
 - Final report due July 1, 2012
- Attachments
 - Statewide Assessment excerpts + updates from DOF regions on issues and industry status

Public Comment

- George Woodbury, AFA: The USFS will always get challenged on timber sales, you have to include time to get through the court system in the process, and the only way to do that and maintain supply is to get more timber into the process. Supply is the only issue, not demand.
It might be useful to compare the USFS NEPA process with the NEPA process used by BLM. At least in the past, the BLM process was simpler.
- Eric Nichols, Alcan Forest Products: Alcan has 60 employees and many millions of dollars in equipment. These jobs and employees will go away without adequate supply, and the industry won't come back.
- Bob Weinstein, Ketchikan representative for Senator Begich, noted that there is some progress in wood biomass use, e.g., Sealaska's wood heat project, the USFS building in Ketchikan, and potential US Coast Guard projects. The state should play a role in using wood heat for state facilities, too.
- Pamalyn Duvall, Office of Rep. Wilson: Appreciated opportunity to hear comments
- John Sandor submitted three documents prior to the meeting which were e-mailed to the Task Force
 - A resolution of the Alaska Canada Energy Coalition opposing the Roadless Rule in the Tongass National Forest
 - Managing Alaska's Resources for Present and Future Generations. John Sandor, 2010. Pp. 28-32 in Forst und Holz 65, heft 11.
 - Address by Theodore Roosevelt to the Society of American Foresters, March 26, 1903.

Date, location, and agenda for next meetings

- Sept. 9 web conference
 - Finalize the preliminary report

- Check-in on agenda for Oct. 7-8
- In-person meeting at Coffman Cove 11:00 -5:00 Oct. 7, 8:00-1:00 Oct. 8
 - USFS presentation on the NEPA, Gate, and pipeline process for Tongass sale planning
 - Graham presentation on USFS timber base and problems with the location of timber
 - Governor Office response to Preliminary Report
 - Subcommittee breakout meetings and reports
- Ruth Monahan asked that all information requests to the Forest Service associated with the work of the Task Force, be coordinated through her.

Other attendees

Paul Axelson, SE Stevedoring
 Forrest Cole, USFS
 Mike Curran, DOF
 Pamalyn Duvall, Office of Rep. Wilson
 Eric Nichols, Alcan Forest Products
 Pat Palkovic, DOF
 Marty Parson, DNR- DMLW
 Paul Slenkamp, USFS
 Greg Staunton, DOF
 Charlie Streuli, USFS
 Bob Weinstein, Office of Senator Begich
 George Woodbury, AFA