

**FINAL MINUTES**  
**Board of Forestry Meeting**  
**August 10-11, 2016**  
**Teleconference sites: Anchorage, Fairbanks, Juneau**

**Call to Order and Roll Call.** Chris Maisch, State Forester, called the meeting to order at 8:12 a.m. Remote sites were connected by teleconference. Members Keith Coulter, Denise Herzog, Bill Morris, Eric Nichols, Will Putman, Chris Stark, and Mark Vinsel were present. Erin McLarnon was absent. A quorum was established.

**Public Meeting Notice.** The meeting was noticed by issuing public service announcements and press releases (*See handout*), mailing announcements to interested parties, and posting a notice on the state and Department of Natural Resources (DNR) website.

**Approval of agenda.** (*See handout*) The agenda was unanimously approved with the addition of an item on forest roads and stormwater.

**Approval of Minutes.** The Board reviewed and unanimously approved the March 1, 2016 minutes without change. (*See handout*)

**Announcements:** Maisch: DOF has lost several experienced staff members to retirement -- Jeff Graham, Forest Stewardship Coordinator; Patricia Joyner, Community Forestry Coordinator; Jeff Hermanns, Tok-Copper River Area Forester, and Gary Mullen, Forester III. The division plans to fill the vacancies.

**Field trip debriefing.** The August 10 field trip visited the Willer-Kash area to review forest practices protocols on roads and harvest areas, get an overview of the Sockeye Fire and review prevention programs, and visit a mixed native/non-native forest. Board members appreciated the detailed description of how DOF deals with wildland fire in cooperation with other agencies. Stark: There needs to be some benefit for people becoming FireWise -- the program needs a carrot and stick. Rick Jandreau, DOF: DOF gets this feedback after every fire. Community leaders have spearheaded some good efforts; the Mat-Su Borough works on FireWise a lot. The McHugh Creek Fire will get more people involved in Anchorage. Maisch: DOF likes to bring a prevention team in right after a fire when people are motivated to make changes. Urban areas are becoming more aware of fire hazards in response to incidents in the last years. Insurance company involvement is important and they are becoming more involved. State Farm sent inspection teams out recently. Nichols: Local zoning in black spruce areas may be appropriate. Maisch: DOF focuses on education, e.g. DOF did PSAs with musher DeeDee Jonrowe. DOF doesn't have enforcement authority for prevention on private land. Ron Benkert, ADF&G: following the Sockeye fire, company wouldn't insure property that wasn't FireWise.

**Forest practices budgets.** Maisch: State agencies are working on FY18 budgets. DOF expects additional cuts in the absence of a long-range fiscal plan from the legislature. DOF is working on the Forest Inventory and Analysis (FIA) program with the USFS -- it will be a \$3-4 million dollar program on the state side. DOF has received no new capital project funds in two years. The Office of Management and Budget is looking at charge-backs for their services which

impacts the other agencies. Any position that has been vacant more than 12 months has been swept, even if recruitment has been ongoing. It is hard to get exemptions; DOF did get approval for two fire positions. DNR is consolidating space to reduce operating costs.

Michelle Hale, Department of Environmental Conservation (DEC) Division of Water: DEC has a similar picture. The Division of Water lost eight positions in FY 17 and 15 more before that – about 18% of the Division overall, and 20-25% of the water quality component. DEC is keeping a one-half FRPA position. There is no budget flexibility left with a very low vacancy rate. Hale expects that we may see a similar picture for FY18. The Board had asked about cruise-ship excise tax. That tax is collected by the Department of Revenue, and the Legislature appropriates it. Individual funding by permittees of DEC participation in inspection trips is possible. Currently DEC plans just two FRPA inspection trips in FY17; one is complete. DEC is also increasing permit fees, doing space consolidation, seeking other efficiencies, and sweeping positions we can't afford to fill. We are identifying core work requirements and being clear to the public about what services DEC will not be able to provide.

Ron Benkert, Department of Fish & Game (ADF&G) Division of Habitat Acting Area Management Biologist in Palmer: ADF&G depends on General Fund money for FRPA implementation. The division absorbed a \$300,000 cut in FY17, and is doing quarterly audits to ensure they remain within budget. The outlook for FY18 is similar to other departments. The division has lost about 20% of its positions, e.g., the Palmer office has dropped from five to three biologists. FY17 is the first of three years of an Alaska Sustainable Salmon Fund (AKSSF) grant to survey fish habitat on Sealaska land. ADF&G is completing other AKSSF-funded surveys on Kodiak and Afognak and applying for a new grant to work on Leisnoi land. ADF&G schedules FRPA surveys to coincide with AKSSF surveys, and is committed to doing FRPA work as best we can with available staff. Rents are increasing on ADF&G offices in private buildings.

Maisch: It is very hard to recruit new people because of layoff and seniority rules that make new hires vulnerable to layoff. DOF has also cut experienced, high-level positions through attrition – we have reduced the management team from seven to five. Last year DOF had to cut 39 filled positions. Hale: Recently lost an experienced compliance person who left because of layoff notice, even though the layoff was subsequently rescinded as budget evolved. The agency tries to do cuts with vacancies, and to be strategic on cuts. Cuts have so far included four administration and accounting positions, and two high level positions in director's office. Benkert: ADF&G has combined the administrative services for three small divisions.

### **FRPA implementation funding.**

**Pittman-Robertson funds.** Benkert and Del Frate provided information on Pittman-Robertson funds for ADF&G (*see handouts*). These funds require a 75:25 match with 25% coming from non-federal funds. Currently, most of the non -federal match comes from the sale of hunting licenses and tags. In the past ADF&G, received General Funds to match federal aid but that has mostly been cut. New revenue from the legislatively approved increase to hunting license fees will replace the lost General Fund money.

ADF&G has looked at Pittman-Robertson funds for activities like increasing access. There may be opportunities to work things out for particular projects that meet the funding requirements and benefit FRPA, e.g., getting good stream crossings for access purposes. Del Frate – funds come from sale of guns and ammunition, which has increased in recent years. It has been difficult for ADF&G to generate match. Game users asked the legislature for increased Alaska hunting fees to generate matching funds that can contribute to game management; ADF&G expects to start to see increase fee revenue in FY18. ADF&G is interested in habitat projects with multiple benefits. Maisch: Road maintenance on forest roads that are heavily used for hunting is a possibility. Stark would like a list of projects that have already been initiated; he has ideas for good use of funds. Del Frate: Most Division of Wildlife Conservation positions are funded by a combination of hunting license fees and Pittman-Robertson funds.

Non-General Fund options for funding FRPA. Marty Freeman, DOF: Reviewed sample options for funding core FRPA work from new revenue sources (*see handout*). Estimated costs don't include costs of administering tax collection. Nichols: We need more volume generated to lower the impact of costs, but timber volume has been decreasing. Costs of preparing Detailed Plans of Operation (DPOs) are different for large or small DPOs. Per-acre or per-thousand board-foot fees for DPOs are significant. Ultimately these are landowners' costs. Coulter: This means the landowner gets charged for more regulation. What is the benefit to landowner? Maisch: it doesn't change amount of regulation. One example of benefit is that state forest practices programs prevented EPA from issuing federal regulation for forest roads. The FRPA protects public resources without requiring landowners to get a permit. Coulter: There would be significant shareholder push-back to paying for this activity on private property. Landowners could achieve the protection without the state agencies.

Maisch: Funding FRPA from DPO fees is not viable. For low-revenue biomass sales, half of value would be in DPO fees. A sales tax spreads costs over retail sales of lumber; it shifts the costs to the retailers. Someone will scream at any of these options. Nichols: It comes down to how you pay for government; up to now, the oil industry has paid for other sectors. We recognize that something may need to be done. You don't want to go with a permit system – it adds a different legal aspect. Maisch: Permits would open the FRPA system to judicial review. Putman: Tanana Chiefs Conference is working to educate landowners on FRPA; this would be a change. Nichols: The question is how you apportion costs across the industry. Fees are already out there and are increasing. Maisch: We need to be aware of the combined costs of fees to users to avoid killing resource development through a thousand small cuts. Nichols: Multiple permits other than DPOs are already required for operations. Scaling costs \$8/MBF – a \$4.19/MBF fee adds half to that. We need more volume to drop the cost per MBF. Coulter: The estimated DPO fees would be a \$138,000 cost/year for Koncor. Nichols: What are the legalities of a severance tax, when a lot of Native land is non-taxable?

Nichols: The market sets the timber selling price. Revenue is the market value minus cost. Selling price doesn't necessarily increase in response to increased costs. Coulter: At Home Depot people buy the cheaper lumber when FSC-certified lumber is next to uncertified lumber. Vinsel: Fishing is similar – local consumption can't make a dent in the market. Even with good differentiation of Alaska fish in the broader market, the effects are limited.

Maisch: We could consider paying only partial program costs. The state has some obligation to do its part for FRPA as well, recognizing that landowners already support it by protecting public resources on private land. The agencies can decide to reprioritize remaining funds, e.g., DOF could cut personal use wood programs which don't pay for themselves.

Putman: We may have to do some combination – whittle down a DPO fee, and do some of the taxes. Nichols: How do we get contributions from environmental entities, including the foundations behind the environmental groups? Stark: Start by asking them. This is a good cause. Coulter: This sets off alarm bells if a private organization is funding an agency to enforce regulations on private land.

Maisch: We could consider a flat fee for DPOs and look at outside foundation support. Severance or sales taxes are possible approaches depending on how much the timber value can bear. We would need legislative approval to do either one, which is a major challenge. We may also need a change to FRPA to allow for fees. If budgets are cut, we will need to prioritize work and determine what services we cannot provide. We may need to combine DNR divisions.

Nichols: This is also a rural issue – a lot of the benefits go to rural areas.

### **Legislation and regulations:**

- Maisch: SB32 passed in the 2016 session and the Governor signed it at Viking Sawmill a few weeks ago. The bill provides DNR more flexibility to offer negotiated timber sales. It removed requirements for high local unemployment, underutilized allowable cut, and underutilized processing capacity. The flexibility allows us to provide more of the state timber to local processors. All state sales must still be within the allowable cut.
- Maisch: Efforts continue to change the funding system for federal wildfire management. Sen. Murkowski is front and center in this effort. The State testified twice in support of her bill. Would provide emergency funding to reduce the impacts of fire on other US Forest Service programs.
- Kleinhenz: Other bills active in Congress include the Mental Health Trust exchange, landless native legislation, a bill to speed up a land exchange for Sealaska and Shee Atika, and another to speed up the Tongass Plan amendment. Nichols testified on the Tongass bill and provided a summary of state land sales and challenges to those sales.
- Fee regulations. Freeman: This is currently a high priority regulation project. The DNR Division of Mining, Land, and Water (DMLW) is leading the effort. The revision will move all DOF fees into their own sections; DOF will need to determine whether the proposed revisions will include any changes to fee levels.
- 11 AAC 71 regulations for timber and material sales. Freeman: The changes to the material and timber sale regulations in AS 38.05 are moving more slowly. Most of the changes are new material sale regulations that are under the lead of DMLW. They have a draft of the material sale regulation revisions, but are still working on edits. The AS 38.05 regulation package includes a proposed change to allow two-years for small negotiated sales under 38.05.115. DOF wants to make sure that it retains the ability to manage rock pits on State Forests. Nichols: Should also allow more than one negotiated sale/year to a purchaser.

### **Coastal forest management**

Tongass plan advisory committee and plan amendment process. Maisch: The final amendment is out for 90-day review and is subject to an objection process under the new planning rules. The State is coordinating comments among agencies and may become an objector. The State is reviewing several policy issues. We want to complete this process within the current federal administration. The objection process is new and not fully understood yet. The advisory committee work is complete but some of the former members are continuing to work on this and related issues. Nichols: I'm continuing to work on some issues but am concerned about the USFS inability to act. Maisch: A congressional field trip is coming up to educate key people on how to successfully implement a transition to young-growth management.

Fee-based phytosanitary certificates for timber exports. Doug Warner, DNR Division of Agriculture (DOAg): DOAg has a Memorandum of Understanding with the USDA to certify that plants moving between countries meet the sanitary requirements of the importing country. China requires products entering their country to meet certain standards. Warner is an Authorized Certification Official (ACO). DOAg tests products to be sure they meet the standards. Warner went to Cheng Du to learn about import requirements. Alaska has a very limited pest complex of concern to China, but the country still wants a certificate and fumigation. Alaska can use four ports in China for fumigation in-country, the only state allowed to do so. Heat, debarking, and fumigation are options for dealing with pests, but heat isn't practical for log quantities in Alaska. Fumigation requirements would be hard to meet in Alaska due to temp and environmental concerns. It is better to do treatment in the importing countries. A US officer has to witness the treatment and attest that it is effective, even if treatment is done in another country. Alaska has three ACOs; two have been trained to do the fumigation treatment work. Considerable training is required to be safe and effective, and that is expensive. DOAg is looking at how to fund the program. The timber industry has always paid travel, per diem, and the costs of issuing a certificate; DOAg has paid personnel costs. DOAg is trying to figure out how to establish a carry-over funding mechanism to first maintain training and accreditation, and in the future possibly to pay for a position. Arthur Keyes, DOAg director: We are cautious about having private industry funding a public regulatory process. DNR has worked to get the program reactivated after a hiatus.

Nichols: The State deserves credit for getting this program approved – we are the only state authorized to implement the program this way. Other states and countries debark or fumigate prior to shipment or en route.

Warner: Each certification costs the agency \$2,500-4,500, including harvest site inspection and travel to Asia. The fumigation cost is borne by the industry exporter. Maisch: DOF is looking at getting our Southeast foresters trained to do the harvest site inspections. It costs \$15,000-30,000 to get a new ACO trained from scratch; DOAg would like to have a carry-over training fund to cover costs that could also be used for training for recertification.

Warner: This program operates under the International Plant Protection Convention. It requires that a government agency that provides the service; it can't be a private party. There are no federal ACOs in Alaska.

The Working Forest Group (TWFG). Clare Doig, TWFG President: The Group's mission is to educate Alaskans on forest management. TWFG is trying to generate revenue through consulting projects. It is currently working on forest stewardship issues and developing stewardship plans for the Mental Health Trust. The Group is still alive and kicking. It will need \$15,000-20,000 to stay in existence; everyone is a volunteer except Erin McLarnon who is the executive director on an as-needed basis. Stark: It would be good to have TWFG active with FireWise needs.

Conversion to young-growth project. Maisch: DOF has moved forward on work force development. A spring academy on Prince of Wales Island (POW) trained 10 people to work on inventory efforts, including nine from the island. DOF has hired five of them and the USFS has hired others. The project has installed 2,000+ plots so far and will continue work into October, weather permitting. The agencies are working on the final inventory protocols for young-growth. DOF hopes to have state staff work with federal staff on that inventory.

Project will include stand exams on young-growth stands. That work will start this month using a contractor (Last Frontier Forestry). DOF hopes to do another academy that can feed people into that effort for next year. Local trainees already know the POW environment. Work force development is an important part of the project. DOF is the bank for the \$4 million dollar project and is spreading the funds in several areas.

Data from the plots will be open source data; we are behind on the work for the interactive GIS system to facilitate public use.

Putman: Could Metlakatla residents be involved in the training academy? TCC has a project there. Maisch: Yes; DOF has and will reach out to candidates.

Vinsel: Can these skills complement other opportunities like fishing crews? Maisch: The agencies have made allowances for some to continue to work in other arenas as long as it can coordinate with the summer forest field season.

Nichols: How does the initial data compare to existing USFS data on young-growth? The Tongass Advisory Committee support for transitioning to young-growth management was based on the USFS data without knowing how reliable it is. We need the new data before the Tongass Amendment is signed. Maisch: We don't have the answer yet because development of the software by the private vendor for that application is behind. Some of the delays have been federal and state procurement issues and shifting goals for the protocol. Getting data immediately available was the goal. We want to ground-truth the data the USFS had in the past. Field crews have observed wide variability in the 55+ year age classes.

**DOF Planning and appeals.** Jim Schwarber, DOF:

- Southeast State Forest Management Plan (SESFMP) – The Plan was adopted in February 2016; four entities submitted requests for reconsideration; the DNR Commissioner upheld the plan on June 13, 2016. The appellants did not challenge the decision in court and the SESFMP is now in place. The annual allowable cut is 11.2 MMBF under the updated

inventory that was issued this spring. Coulter: Can the state sales respond to the markets? Maisch: Yes, but state tries to help supply a variety of purchasers.

- Mat-Su forest planning: Mat-Su forest management is subject to FRPA, the 2011 Susitna-Matanuska Area Plan (SMAP), and the 1991 Susitna Forestry Guidelines (SFG). SMAP calls for development of a forest plan for the 680,000 acres designated for forestry under the area plan, and proposes a Susitna State Forest. The SFG are outdated. The forest plan was put on hold while the legislature considered State Forest bills, but those bills did not pass. Top priority has been to support the Southeast timber program, which has delayed the Mat-Su planning, but DOF intends to do a Mat-Su plan.
- Timber sale appeals:
  - DOF is working on timber sale prep for the Baby Brown sale. The Commissioner upheld the best interest finding (BIF) following a request for reconsideration.
  - Edna Bay BIF was appealed by several groups in November 2015. Issues included the need for a final inventory and adopted SESFMP, which were finalized in February 2016. DOF withdrew the Edna Bay BIF; we will incorporate the inventory and SESFMP information and will reissue a BIF for Edna Bay soon.
  - Vallenar Bay BIF was appealed; most issues were upheld including for access development, but the BIF was remanded to incorporate information from the inventory and SESFMP. A FLUP was issued for Vallenar access, and that was adopted without appeal. There is a contract issued for Vallenar road constructions. DNR will reissue a BIF for the timber sale.

Maisch: DOF is trying to hire two Forester II positions in Ketchikan to help with the SE work.

**Public comment:** Juneau, Fairbanks, Anchorage – no commenters

- Brian Kleinhenz: Sealaska values having the FRPA notification system. We want the Board and DOF to continue to look at costs and fees, and encourage DOF to consider using revenue from state timber harvests.

**Region II-III Reforestation standards review.** Freeman gave a PowerPoint presentation reviewing the final recommendations for implementation actions from the Science & Technical Committee (S&TC) and Implementation Group (*see handouts*). These include recommendations for changes to the FRPA regulations, DPO forms, and implementation fieldbook (“purple book”), and training needs. Research priorities and cooperative planning recommendations will be discussed at the next Board meeting.

In response to questions, Freeman confirmed that landowners are responsible for conducting reforestation surveys to DOF standards,

Currently, the DPO form lists Sitka spruce as an acceptable species for reforestation in Regions II and III, but does not list yellow-cedar or red cedar which do not currently occur there.

Vinsel: Is herbivore control an option? What about eliminating the slash piles that shelter small herbivores? ADF&G and others: Control of herbivores (e.g., hare on Kodiak Island) is difficult and not proposed. Maisch: The slash piles on Kodiak were intended to be temporary, with a possibility that they would be a fuel source for a proposed biomass facility at the Coast Guard

station. After that proposal fell through, the piles were burned. It was noted that herbivores can affect both natural and artificial regeneration.

Stark asked about questions from Joe Young on minimum stocking levels. Freeman: The questions were based on research by Ed Packee on stocking and volume production. He found maximum volume production at stocking levels of 680 trees per acre, higher than the current or recommended standard. Optimum levels depend on landowner goals. Nichols, Coulter, and Doig noted that higher stocking levels would increase landowner cost. Freeman noted that FRPA doesn't direct landowners to maximize volume, and does require consideration of cost. Putman added that the S&TC initially considered lower numbers; they were left as is following discussion of Packee's work. Vinsel: This indicates that there was a robust discussion. Putman: I am comfortable with the changes to the distribution standard and time frame, but support keeping the current stocking standard. The 90% distribution standard was stringent. The time frame extension is also reasonable based on experience. Freeman: The Morimoto study also documented continued seedling recruitment. Maisch: The Morimoto study is a good example of applied research. Putman: there was spirited discussion of that work, too.

The Board adopted the following resolution with 6 yeas, one abstention, and one absence.

► **That the BOF endorse the implementation recommendations and ask the agencies to proceed with implementing the recommendations.**

**Sanctioning and Monitoring Sustainable Harvest Plans** (*see handouts*). Steve Ruddell, Carbon Verde, private consultant: California has a robust cap-and-trade system to allow polluting industries to comply with carbon emission limits through offset projects, including forestry projects. The California forestry offset program is the largest in the world. Ruddell: The California protocols cover forest management, reforestation, and avoiding land use conversion. Participation in compliance offset markets is more enticing than other markets because the market is more stable.

The program now allows projects in Alaska. Some Alaska landowners are interested in requesting that the DOF sanction and monitor sustainable harvest plans to meet one of the California offset protocol's options for demonstrating sustainable forest management. That effort would have to comply with the California protocols which are very prescriptive. When the system works it can create a significant revenue stream for landowners. The current price is \$10/metric ton of CO<sub>2</sub> (= 1 carbon credit). It probably requires at least 20,000 acres to have a viable project in Alaska; that would equal about 1 million credits or \$10,000,000 in the first year; only the value of net growth and yield accrues in subsequent years, which depends on any harvesting, growth, and mortality. The price of carbon credits has been in the \$9-11 range over the last three years; that could change if a surplus of credits develops.

Landowners are asking the State to sanction and monitor an owner's sustainable long-term harvest practices on all its holdings. The trigger for this is when harvesting occurs within the carbon project area. In addition to the state sanction, a third-party has to verify the carbon reduction. State monitoring would be a review (annual, periodic, or when harvesting occurs) certifying that a harvest action complies with the State-sanctioned long-term sustainable management plan. The State has to have a clear policy and procedure in place for how and when

it will monitor plan compliance. Ruddell expects that monitoring reports are submitted to the owner. If a report says that they no longer comply, that would be part of the verification that the third-party has to do every six years. Maisch: The State would have to charge fees to cover costs if we take on sanctioning.

There is a 25-year credit period followed by a 100-year period to make sure that the carbon stocks are maintained. Harvesting can occur during that period, but must be in compliance with the California offset protocol.

Vinsel: Are the carbon credits available to public landowners? Ruddell: States can participate but none have yet because the protocols haven't been clear enough. Clarification is expected soon. Federal landowners can't participate, but could serve as a sanctioning party.

Nichols: For a landowner to get paid, they have to restrict their timber harvest. How much is restricted, and how much would it impact the timber industry? Ruddell: Some are looking at projects on portions of their forest land that are not currently economically viable. Nichols: How is "sustainable" defined? Ruddell: The State's policy and procedure would need to define the minimum requirements that sustainable harvest plans must include.

Ruddell: Within the project area, the California requirements on cut size apply. Harvest practices aren't changed on the remaining forest land in the ownership.

Putman: What happens when a fire comes through during the 125 year period? Ruddell: That's an act of God or unintended reversal. Twenty percent of the total verified credits are put into an insurance pool called the Forest Buffer Account to pay back the California Board for lost carbon from causes like fires and other unintended reversals.

Kleinhenz: Sealaska is working on putting a project together.

Ruddell: Costs include consultants, inventory, registry, and verification. A project would cost about \$350,000 in the Lower 48 (not including registration fees); it would be higher in Alaska because of inventory costs. Inventory has to be redone every 12 years and requires a 90% confidence level and at least a +/- 5% sampling error (otherwise deductions in credits are made). Plots should mirror the FIA inventory protocols. The inventory measures the carbon in the biomass in live trees and standing dead trees, broken down by component, e.g. stump, bole, limbs, etc. Kleinhenz: FIA has developed applicable biomass equations.

Alaska projects on private land are limited to coastal forests (most of Region I) and parts of Region II where FIA is in place. There is a different method on public land; state projects can occur elsewhere.

**AEA Wood Energy project update.** Dan Parrent, USFS-State & Private Forestry:

- No Round 9 projects were funded – there was no FY17 legislative appropriation, although 39 projects recommended for funding. No new Round 10 projects will be solicited. The Round 9 projects will be resubmitted for funding this year. Five of those projects are biomass projects totaling \$3 million.

- Tanana has four Garn boilers in operation and hosted a training session last year. Thorne Bay is changing out their boilers and installing large ones. These units still make economic sense in some areas where fossil fuel prices remain high.
- USFS Wood Innovation grants awarded to the Haines Borough for chip system design for several public facilities, and to Hydaburg School for cord wood system design, and they already have state construction funds. Haines bought boilers surplus by the Coast Guard and is working on splitting, air drying, and then chip its own wood. Nichols: A bigger chip market would help multiple landowners in the Haines area.
- The Ketchikan Airport pellet boiler system was dedicated. Simple payback is estimated at 15 years at today's oil prices; it would be shorter at higher oil prices.
- Biomass-fueled-greenhouse handbook – several schools are heating greenhouses with their wood heat systems. Handbook development is expected for spring 2017. The greenhouses provide food to the schools, STEM programs are involved, and they provide some funds to local school programs.
- *Handouts provided* on six case studies.
- Priorities:
  - Prefeasibility study for school applications;
  - Resolve OkoFEN pellet boiler premature flame tube failures. UAA is working on the metallurgy. The chloride content of the pellets is a little high but within specs.
  - Construction/start-up of POW, Anvik, and Minto systems
  - Resolve funding issues with Tanacross and Chistochina projects
  - Design development for Haines, Fort Yukon, Galena, Hydaburg, and Angoon
  - Continued work on case studies and greenhouse handbook.

The biomass program is currently funded to continue because it is about half supported by USFS funds. The USFS will continue to do feasibility assessments with a consulting engineer. Studies can be for communities, Native organizations, businesses, etc. In general, projects need to replace about 5,000 gallons/year of fuel. The USFS support is driven by using wood to reduce wildfire hazards.

**Mental Health Trust exchange update.** Paul Slenkamp, Mental Health Trust Land Office (MHT): Sen. Murkowski introduced a stand-alone Senate bill as well as a provision as part of other legislation for the USFS to facilitate the exchange. The Alaska Forest Association pushed for this due to the dire straits of the small remaining timber industry in Alaska. The USFS has no timber sales in its pipeline, so new sales are at least five years away. Viking Lumber has said it will shut its doors if the exchange doesn't go through. MHT has been working with The Nature Conservancy. The Trust has a mandate to provide revenue; if the exchange doesn't proceed, MHT will move forward with other projects for MHT land. The Board's letter of support to the Governor was helpful. The Board's ongoing support is much appreciated. If the legislation doesn't pass, the Trust is unlikely to pursue the exchange further. It is trying to work with interest groups to get them to at least not oppose the bill.

### **Wrap-up**

- Next meeting date: **December 13, 2016**; spring meeting possibly in Ketchikan to coordinate with the Wood Energy Conference; opportunity to see candidate lands for young-growth harvests.

- Agenda items
  - FY 17-18 Budgets and FRPA implementation
  - Legislation and regulations re negotiated sales; 2017 proposals
  - Reforestation regulations/implementation update
  - Region II-III reforestation research and coop planning
  - SE forest management issues including Tongass Plan Amendment
  - Status of state timber program: timber sales and appeals
  - ESA yellow-cedar review
  - AEA Wood energy projects
  - State sustainability sanctioning
  - Background on effectiveness monitoring report from Jeff Davis
  
- Board comments
  - Stark: Thanks to the new members and Freeman.
  - Vinsel: Appreciates the new members; glad to have field trip. Good to see the State Forester's interaction with the general public. Carbon trading is a massive can of worms.
  - Coulter: Working to figure out how he fits in; glad to be part of Board.
  - Morris: thanks for having me and putting together educational materials for the first meeting. Thanks to Jim Durst for keeping me up to date with S&TC.
  - Nichols: Alaska needs 55 MMBF/year to support the non-Sealaska timber industry. The USFS provided 6 MMBF last year and none this year. State sales are being appealed. Alcan will lay off one full camp next spring due to absence of timber. There is a year lead time to do a project. Viking announced that it will be done in 18 months unless new timber is released. No one has confidence that the USFS will produce. Industry continuation depends in part on the MHT exchange.
  - Putman: Glad for opportunity to be on the Board. Reiterated appreciation for Chris's demeanor with the public.
  - Herzog: Thank you to Nichols for the industry perspective. Appreciates staff help for meeting and tour.

**Adjourn: 4:34 p.m.**

Attendees

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|-------------------------|-------------------------------|
| • Ron Benkert, ADF&G    | • Brian Kleinhenz, Sealaska   |
| • Mark Burch, ADF&G     | • Paul Maki                   |
| • Norm Cohen, TNC       | • Taya Much, DOF              |
| • Gino Del Frate, ADF&G | • Tom Paragi, ADF&G           |
| • Clare Doig, TWFG      | • Dan Parrent, USFS-S&PF      |
| • Jim Durst, ADF&G      | • Gretchen Pikul, DEC         |
| • Marty Freeman, DOF    | • Steve Ruddell, Carbon Verde |
| • Michelle Hale, DEC    | • Colin Shanley, TNC          |
| • Kevin Hanley, DEC     | • Jim Schwarber, DOF          |
| • Doug Hanson, DOF      | • Paul Slenkamp, MHTLO        |
| • Rick Jandreau, DOF    | • Howard Valley, Koncor       |
| • Patrick Kelly, UALM   |                               |

**Handouts**

- Agenda
- Public notice
- Board of Forestry contact list
- Draft minutes from March 1, 2016 Board meeting
- Fish and Game funding
  - Overview of Pittman-Robertson Wildlife Restoration Sport Fish Restoration Fund (Dingell-Johnson) FY 14 Overview
- Estimated costs for alternative FRPA implementation funding options
- Forest practices funding in states with regulatory forest practices programs
- Senate Bill 32
- Region II-III reforestation review
  - Minutes
    - April 4, 2016
    - April 25, 2016
    - May 19, 2016
    - May 26, 2016
  - Chart of consensus points
  - Draft of proposed regulation changes and other implementation actions
  - Draft of Detailed Plan of Operations recommendations
- California EPA Air Resources Board – Compliance Offset Protocol US Forest Projects
- California Offset Protocol – Southeast & Southcentral Alaska Supersection map
- Draft DOF policy and procedure for sanctioning sustainable harvest levels
- BOF 2015 Report to the Governor
- Region II Forest Resources & Practices Act Effectiveness Monitoring (Willer-Kash Study). J.C. Davis, et al. 2016
- Updated effectiveness monitoring briefing paper – June 2016, includes summary of Willer-Kash study
- AEA case studies
  - Haines Central Wood Heating Construction
  - Cordova Wood Processing Plant
  - Delta Junction Wood Chip Heating
  - Gulkana Central Wood Heating
  - Tok Wood Heating Project
  - Thorne Bay School Wood-Fired Boiler