

NOTE: THESE MINUTES ARE DRAFT UNTIL REVIEWED AND APPROVED BY THE BOARD OF FORESTRY AT THE SUMMER 2018 BOARD MEETING

DRAFT MINUTES

February 23, 2018

Teleconference sites: Anchorage, Fairbanks, Juneau, Ketchikan

Call to Order and Roll Call. Tim Dabney chaired the meeting, acting for the State Forester, called the meeting to order at 8:05 a.m. Teleconference sites were connected in Anchorage, Juneau, and Fairbanks. Members Chris Beck (Anchorage), Denise Herzog (Fairbanks), Bill Morris (Fairbanks), Eric Nichols (Ketchikan), Jeremy Douse for Will Putman (Fairbanks), Chris Stark (Fairbanks), and Mark Vinsel (Juneau) were present. A quorum was established.

Approval of agenda. *(See handout)* The agenda was approved by unanimous consent without change.

Approval of Minutes. By unanimous consent, the Board reviewed and approved the November 29, 2017 minutes without change. *(See handout)*

Announcements.

- The Society of American Foresters will meet in Fairbanks April 12-14, the meeting is focused on carbon market opportunities for AK landowners.
- Senator Murkowski is meeting with forestry interests in Ketchikan today, along with Tony Tooke, the Chief of the US Forest Service.

Forest practices budgets. Andrew Sayers-Fay, Department of Environmental Conservation (DEC) Division of Water reported that the Division's budget has been cut 40 % since FY15, with a loss of 25 positions (18%) since then. The DEC annual report notes that the Division has cut back FRPA activities to only those required in statute, particularly activities that could affect drinking water sources. The proposed FY19 budget has no direct cuts to the Division of Water.

Chris Maisch, Department of Natural Resources (DNR) Division of Forestry (DOF): The FY19 Governor's budget is flat for most of DOF, except for two increments. One is a request to re-establish a seasonal forester position in Haines for \$102.0. There was a one-time appropriation for this position for FY18; the FY19 would make it a permanent position. DOF transferred fire management duties in the Haines area to the US Forest Service (USFS). The draft budget in the legislature also includes a \$700,000 increment to meet increased aviation costs. DOF greatly appreciates consideration of these increments. The FY19 budget is currently in the House; it will go to the Senate next. The budget also addresses DOF authority to accept federal funds for cooperative forest and fire management programs, including language to allow the state to use operating funds to support fire crews if federal funds are not received.

Keith Coulter joined the meeting; all board members were present.

Beck noted that there is a lot of discussion going on between the federal Bureau of Land Management (BLM), DNR, the Haines Borough, and other interests regarding heli-skiing issues in Haines on BLM and state land, including parts of the Haines State Forest. Having a knowledgeable state forester in Haines could be relevant for those efforts. Maisch agreed.

Mark Minnillo, Department of Fish & Game (ADF&G) Division of Habitat: The proposed FY19 Habitat Division budget is unchanged from last year. The budget has made it through the House Finance subcommittee. ADF&G doesn't anticipate any changes in FRPA work for FY19.

State regulations

Antidegradation and Tier 3 Waters criteria. Andrew Sayers-Fay, DEC Division of Water (DOW): State water quality standards include criteria and designated uses, e.g., drinking water, aquaculture, etc. In Alaska, all uses are designated for all waters, with exceptions for certain waterbodies. For example, Red Dog Creek had little natural aquatic life, so that use for fish is not a designated use for that stream, even though the mine has improved the water quality over natural levels. The standards also include antidegradation requirements that set up three tiers based on whether the water already meets water quality standards, and whether a proposed activity would lower the water quality. If an activity could exceed standards, permits typically set limits and require monitoring. Applicants must justify a proposed change and do an alternatives analysis. It's a dialogue.

Draft antidegradation regulations were publicly noticed in 2014 and 2017. A package of regulations went to the Department of Law in 2017. DEC expects that the regulations will be signed and sent to Lt. Governor for filing soon. The new regulations provide more detailed guidance on review of potential degradation. The regulations can't apply to permits until they have both state and Environmental Protection Agency (EPA) approval – probably in late 2018.

Tier 3 regulations are different – they aren't just a decision based on meeting water quality standards. The federal government requires that states have a process to identify Tier 3 waters on which existing water quality will be protected. A Tier 3 designation allows only limited and temporary impacts (e.g., to construct a bridge). The state is obligated to have a process to identify and designate Tier 3 waters; it is not obligated to designate Tier 3 waters. EPA expects that a Tier 3 designation is permanent and irreversible. Other states have made some changes to Tier 3 waters; there no examples of a state reversing a Tier 3 decision.

By default, the current Alaska process is that the legislature could designate a Tier 3 process, but there's no guidance on agency or public input. Alaska hasn't explored with EPA the idea that a Tier 3 water could be established with a time limit. There's interest in doing so. Tier 3 designations could apply to lakes, wetlands, and waters within three miles of the coast. If the state develops a Tier 3 process it could specify whether those waters could be designated or not.

Two years ago, there was a bill on Tier 3 waters establishing legislative action as the process for designating a Tier 3 water in Alaska. The issue has been polarizing. In the fall of 2017, state resource agencies worked on recommendations. The agencies have agreed that Tier 3 designations should be legislative, and recommended a board as part of the review process. There has been some discussion with the Governor's Office. Legislative action this session is unlikely.

Five nominations for Tier 3 waters have been submitted to DEC, including the Kobuk, Koktuli, and Chilkat rivers, but there's no process yet other than going to the legislature. The most recent nominations have been in response to development concerns – a Tier 3 designation is perceived as protecting the water in ways the nominators desire. There are other tools the agencies can use to protect water (e.g., land management plans); protection decisions don't have to be Tier 3 or nothing.

Nichols: If a water is designated, what is the effect on all tributaries and the watershed? Sayers-Fay: Existing activities and infrastructure are grandfathered in. A Tier 3 designation would affect changes that would affect water quality. Upstream activities couldn't change the water quality in the designated water; upstream activities with potential to affect water quality would have to be reviewed. Nichols: Tier 3 increases likelihood of litigation on resource activities. Sayers-Fay: Some states only allow designation of headwater streams for this reason.

Sayers-Fay: The State will proceed to get a clearer understanding from EPA on the boundaries of what we can do, e.g., can we designate waters for a set period? Antidegradation regulations should be signed soon with EPA approval anticipated by the end of the year. There is potential for someone to sue the State on the grounds that DEC already has the authority to designate Tier 3 waters through its authority to classify waters. It is too soon to say whether the State will be ready to move forward with legislation next year.

Vinsel: Given the short legislative session, I would be reluctant to add anything to the legislators' responsibilities since they don't get through their work now. Sunset clauses on their actions would be a concern. A decision to terminate a Tier 3 should require action by the legislature rather than having it go away after a set period unless reaffirmed.

Negotiated timber sales to local manufacturers. Jim Schwarber, DOF: DOF is working to

- Extend the maximum time for small negotiated sales from one to two years; there is no change to the volume limit.
- Adopt changes for negotiated timber sales to local manufacturers under AS 38.05.118 to conform to 2016 statutory changes that deleted requirements for unemployment, underutilized manufacturing capacity, and underutilized annual allowable cut. The changes allow wider geographic use of .118 negotiated sales.

These changes were recommended by Alaska Timber Jobs Task Force. DOF is reviewing drafts of the public notice and proposed revisions with the Department of Law. DOF will notify the Board directly when the proposal is released. We hope to send it out in next 30 days.

DNR Fee regulations (11 AAC 05). Marty Freeman, DOF: The DNR Commissioner signed updated fee regulations in September 2017. The Department of Law is still reviewing the regulation package. There are no changes to fees for the Division of Forestry.

DNR material sale regulations. The DNR Division of Mining, Land, and Water Management (DMLW) is continuing to work on amendments to separate the 11 AAC 71 regulations on material sales from those on timber sales. The amendments would place the material sale regulations in a new section and update material sale requirements. The amendments will change the citation, and possibly the definition, for "material." The FRPA regulations reference this citation in the 11 AAC 95.900 (45) definition of "material", so a conforming change to the FRPA reference will be needed. There is no review draft yet; we will forward a draft to the Board when it is available.

DMLW is currently conducting scoping for potential changes to the sections of the material regulations regarding conveyance and use of as mitigation of flooding areas. The scoping period is open until 5:00 p.m., Thursday, March 15, 2018. Comments are coming in.

Public notice. Marty Freeman, DOF: The DMLW has completed scoping. Draft regulations are not yet available. The project has been scaled back and doesn't affect forestry. Work is on hold during the legislative session.

State timber sales. Jim Schwarber, DOF: The Baby Brown timber sale Forest Land Use Plan (FLUP) near Haines was appealed last year. DOF withdrew the original FLUP and reissued a FLUP for the entire sale in December 2017. Don't know whether an appeal has been filed – Deadline was February 5. [Following the meeting, DOF confirmed that no appeal was received.]

The final best interest finding (BIF) for the Edna Bay Parlay timber sale on Koscuisko Island was appealed in 2015. DOF issued a revised BIF in March 2017 which was appealed by the City of Edna Bay and a coalition of environmental groups. On February 21, 2018, the DNR Commissioner issued a decision upholding the BIF with one change to delete harvesting on a small portion of the proposed sale that was subject to an Interagency Land Management Agreement outside the Southeast State Forest boundary. This is an example of the delays resulting from appeals. We don't know yet whether the Commissioner's decision will be litigated.

Legislation

HB 107 – Fish habitat rehabilitation permit. Rep. Talerico was unable to attend the Board meeting. Freeman reported that there have been no hearings to the bill since the last Board meeting, and there is no new version of the bill.

HB 199 – Fish habitat permitting. Rep. Stutes was unable to attend the Board meeting. Freeman reported that version N is still the current version of HB199 (see handout). However, Rep. Stutes office has consulted with the resources agencies and is working on a new version of the bill to address some resource development concerns. The House Fisheries Special Committee on (HFSC) held a series of hearings on existing agency permitting processes earlier in February.

Beck: The major concerns that the Board raised previously still exist – why is the bill needed? FRPA is effective. Nichols: The anadromous waters definitions and presumption in HB199 differ from FRPA which will cause problems. Freeman: The bill includes lands beneath anadromous waters and adjacent riparian areas in the definition of anadromous habitat.

Coulter: Would existing Detailed Plans of Operation be grandfathered in under the bill? Freeman said yes, if they are not increased.

Vinsel: Would Board comments be moot if we comment on a version that will soon be out of date? This is a frustrating process. Much of the Board's earlier letter addresses concepts that are still in play in the current version. The United Fishermen of Alaska letter supporting the Board of Fish request to address salmon protection was erroneously listed as a letter in support of HB199 on the legislative website. We had them change the nomenclature – it is not specific to HB 199. Same is true of the original Board of Fish letter.

Beck: The moving target is a problem. The Board should submit a second brief letter that summarizes the general issues that are not tied to a specific version, references our prior letter, and expresses our continued concern. Nichols: I would like something on record. FRPA should be the standard for forest operations. The Board has concern about any conflict. Douse: Concepts in all versions of HB199 are wide-ranging and left to future regulations. Our comments should stay relevant.

- ▶ The Board unanimously asked DOF to draft a letter addressing the main concepts, including
 - FRPA should be the standard for forest operations. Look at how FRPA works as an example of how to move forward.
 - The Anadromous Waters Catalog is the appropriate way to determine anadromy – there are additions every year. Completion of cataloguing is a priority and should be funded. That is compatible with existing law.
 - Note that the resource agency reports to the Board all state that FRPA is effective. Activities under FRPA should be exempted from this legislation.

- The FRPA has an exemplary process for changes – there is nothing similarly rigorous in the HB199 process.

Freeman will draft the letter for Board review.

Vinsel: Invite Rep. Stutes to the next Board meeting to see how process works.

Vinsel: Kyle Moselle with the DNR Office of Project Management and Permitting provided a reference to the statute that governs how an initiative appears on a ballot (AS 15.45.180). The title must be no more than 25 words, and the summary of the initiative must use not more than 50 to describe each section. [Following the meeting, in response to questions from the Board, Lenhart reported that the summary of the initiative that becomes the actual ballot language is written by the Department of Law (DOL). DOL attorneys make every effort to assure the language is neutral, fair, and accurately reflects the full initiative language. Regarding the effect of legislative action in advance of the fall election: If the legislature enacts a statute that is substantially similar to the ballot initiative, the initiative becomes void. Whether a bill and an initiative are “substantially similar” is a question of fact, and this can lead to disagreement and even litigation.]

17FSH2 Fish habitat permitting initiative status. Freeman reviewed the initiative history.

- The Stand for Salmon petition (17FHS2) for an initiative on fish habitat permitting was denied by the Lt. Governor with advice from the Dept. of Law that the initiative would unconstitutionally appropriate resources by broadly prohibiting development activities.
- Stand for Salmon appealed the denial decision to the Alaska Superior Court. Superior Court judge Mark Rindner ruled in favor of appellants, clearing the way for collection of signatures.
- Stand for Salmon collected enough valid signatures to place the initiative on the ballot.
- The State appealed the decision to Supreme Court and requested expedited ruling. The court granted the motion for an expedited ruling. The state submitted its brief in January. Oral arguments are scheduled for April 26, 2018.
- If the initiative is upheld, there are two possible scenarios based on timing of the legislative session.
 - Scenario 1: If the legislature adjourns by April 22 (day 96), the initiative would be on the August 21, 2018 primary ballot. The motion for an expedited decision requests a decision by the printing deadline of July 3, 2018.
 - Scenario 2: If the legislature adjourns after April 22, the initiative would be on the November 6, 2018 general election ballot. (Requested decision by September 5.)

Compliance monitoring: Joel Nudelman, DOF reported that the Division has conducted compliance monitoring since 2003 (see handouts). The 2017 monitoring results were strong.

- The average rating in Region I (4.6) was up slightly. Only 3% of the BMPs evaluated were rated <4, no BMPs averaged a rating less than 4 this year). DOF increased inspections on state land in 2017 due to Vallenar Road construction and the Coffman Cove operations. They were relatively few inspections on private land. The volume of timber in Detailed Plans of Operation (DPOs) from Region I was about the same in 2017 as 2016. DOF would like to have more inspections on private land next year, but they were adequate this year.
- The average rating in Region II (4.5) was down slightly from last year. Approximately 7% of the BMPs evaluated were rated <4. There were a few issues with road construction, drainage, and culvert installation – primarily with one operator in Mat-Su. DOF has been working with him to improve. Region II has relatively easy ground to work on.
- Region III ratings averaged 5.0 - the first time we’ve recorded a perfect average score in any region). Several factors contributed to this success: 2015-16 road reconstruction, identification of higher quality rock, and having an equipment operator on staff and available for forest road maintenance due

to a low fire year. The forest operators are doing a good job. There are still challenges with public use of forest roads and weather conditions for ice bridges. Monitoring trends show improvement with road maintenance and bridges – the last two years have been very good. In 2013, heavy rains and heavy use created maintenance problems. DOF repaired the roads and weather has been better in recent years.

Overall, monitoring has documented strong compliance with FRPA. Low ratings are addressed promptly in the field.

Beck: This is an impressively thorough summary.

Road condition surveys. Joel Nudelman, DOF: DOF and ADF&G conducted one survey for two miles of a legacy USFS road in Wrangell that is now in state ownership. The road was used for USFS harvests in the 1960s. The survey found multiple fish passage issues on tributaries to Pat Creek. DOF will close that road due to these issues. No new surveys are planned for 2018.

DOF is working on culvert replacement and road closure in Tyonek with support from a 2015 Sustainable Salmon Fund grant. We closed two miles of legacy forest road in summer 2017 – this was a road built by the state prior to FRPA. The contractor pulled two culverts and multiple cross-drains which re-opened about four miles of fish habitat above each of the pulled culverts on Stedatna and Nikolai creeks. [Note: After the meeting Nudelman clarified that these streams flow directly to salt water.] The project is also replacing a 48” restricting culvert on a tributary to Tyonek Creek. [Note: also clarified after the meeting by Nudelman.] The new structure is designed to be a pipe arch which will open two miles of fish habitat up to a lake, two miles across lake, and more habitat above the lake. DOF worked with the DNR Division of Parks and Outdoor Recreation to do the design work last summer.

Annual Agency Reports.

DEC – Gretchen Pikul: DEC conducted summary reviews on proposed forestry activities for compliance with drinking water regulations, but not participate in any 2017 field inspections (see handout). The agency did a BMP evaluation with the USFS and ADF&G in Juneau. DEC administers Alaska Clean Water Actions (ACWA) grants with DNR and ADF&G for waterbody assessments and restoration, including Section 319 grants and Beaches Environmental Assessment and Coastal Health (BEACH) grants. DEC expects to Section 319 grants to total about \$300,000 this year. For 2018, DEC anticipates participating in the effectiveness monitoring working group, and continuing work with USFS. When properly implemented, the FRPA standards are effective in protecting water quality. No changes are recommended at this time.

ADF&G – Mark Minnillo: The Division of Habitat conducted 17 FRPA inspections on private land and five on state land, and worked with DNR on compliance monitoring (see handout). The Division participated in FRPA inspections whenever requested. They conducted a few inspections in Southeast without DNR present, and submitted the information to DOF. ADF&G also works with the USFS on national forest land and issues concurrences. Stream inspections on Prince of Wales Island were conducted as a special project in 2017. ADF&G surveyed 130 drainages resulting in 38 updates to the Anadromous Waters Catalog. This work helps the Division of Habitat identify fish habitat ahead of timber operations so operators know where retention areas will be needed. We are nearing completion on that project. Some staff members have moved to other Habitat offices. The Division of Habitat affirmed that FRPA and its regulations are effective in maintaining fish habitat on timber activities, and will continue to work with DNR to protect fish habitat.

Beck: It sounds like everything is great. Is that because things are great or because there are relatively few sales and limited inspections? Minnillo: The number of inspections is lower, but that reflects the number of DPOs. The way the regulations are written to protect fish habitat appears to work properly. Will Frost, ADF&G: Inspections are down, and weather has been better. The operators are doing a better job. Sustainable Salmon Fund grants helped us get out ahead in cataloguing anadromous waters. We will continue that work on Afognak Native Corporation land in 2018. Minnillo: The stream identification work on Prince of Wales Island would have been counted as FRPA inspections if they occurred during the DPO review, but we didn't count them as such because it's a separate project. Nudelman: DOF often goes out with ADF&G on a pre-operation inspection; we haven't been doing those. Current operators have a good understanding of FRPA, especially in Regions I and III. That reduces the number of stream inspection requests. DOF did a FRPA training with Sealaska this summer, and does training about every other year on Afognak.

DNR – Tim Dabney: FRPA inspections on state land increased due to Vallenar Road construction and the Coffman Cove timber sale (see handout). There was some increase in FRPA activity in Southeast on the University's Edna Bay sale and Sealaska recently acquired lands. DOF issued one notice of violation under FRPA for cutting within a riparian buffer that occurred in 2016; the action resulted in a \$17,000 fine to the landowner.

Revised FRPA reforestation regulations went into effect in March. The Division is working on updated negotiated sale regulations

The Division is engaged in major cooperative efforts with the USFS – Forest Inventory and Analysis in Interior Alaska, Tongass Young-growth Inventory, workforce development in Southeast, and timber sale preparation and administration under the Good Neighbor Authority (GNA) on the Tongass National Forest. In 2017, DOF offered the first GNA sale in Alaska on Kosciusko Island. The 29 MMBF in that sale accounted for nearly all the timber volume sold in the Tongass last year.

Timber operations were low on state land this year. DOF sold 11.3 million board feet (MMBF) of timber on 1,820 acres of state land, which was an increase from last year in Southeast, and a decrease in the Interior. Staff vacancies and appeals have delayed Southeast sales. The Division filled the Southeast vacancies, hiring John Tapley and Peter Lucas in Forester II positions this year. DOF also filled the Tok-Copper River Area Forester position (Derek Nellis), a Fairbanks Forester II (Rafael Rodriguez), and the Community Forestry coordinator (Jim Renkert). Ed Soto moved from an engineering position to become the MatSu/Southwest Area Forester. Deputy Director Dean Brown is retiring on April 30.

Beck: Why is the area of state timber sales so small compared to the amount of state land ownership? Dabney: The state is the primary provider of fiber in the interior. We meet the demand from existing mills and have sales available over-the-counter that weren't purchased when initially offered. In Southcentral, lumber mills are very small. In Southeast, state land covers a small percent of the total area. In the last few years, the biggest challenges in Southeast have been budget cuts that reduced staff, retirements that led to vacancies, and appeals that slowed the offering of planned sales. Freeman: The MatSu area also has low timber volumes per acre that make economic operations difficult. Beck: There is a shortage of affordable housing in Alaska and high construction costs are part of the challenge. How much does the cost of timber affect that? Is there a gap to be filled?

Stark: It is difficult to develop local lumber in the Interior to compete with global competition. It's not a supply issue. Even in the Pacific Northwest it is sometimes cheaper to buy Canadian lumber. Nichols: Efficient modern mills process 250 truckloads/day, and the capital cost is \$300. Builders need graded

lumber to get a bank loan on a house but small producers can't justify the costs of graders. Coulter: Reliability of timber sales is also an issue in Southeast. There's no guarantee of reliable supply.

Coastal forest management

Roadless Rule status. Tom Lenhart, Asst. Attorney General, reported on several actions regarding application of the USFS Roadless Rule to the Tongass National Forest.

- Litigation is now in the D.C. Circuit Court; the state lost in the district court. Briefings will continue into summer, with a decision possible around beginning of 2019. Whoever loses is likely to request an en banc review or appeal the decision to the Supreme Court; these options are rarely granted.
- The major Roadless Rule impacts are incorporated into the 2016 Tongass Land Management Plan, and would remain even if the litigation is settled in the state's favor unless the plan is changed.
- Sen. Murkowski included language in the budget bill that would exempt the Tongass from Roadless Rule requirements.
- DNR filed a petition with the Secretary of Agriculture requesting a new Tongass exemption, and asking the Secretary to amend the Tongass Land Management Plan to remove the Roadless Rule provisions from the plan and update the plan regarding young growth.

Nichols stepped out; the Board still had a quorum.

Mental Health Trust (MHT) forestry activity. Paul Slenkamp, Mental Health Trust (MHT) Land Office: Active sales on Trust land include one at Nikiski for fuel reduction and firewood, a small sale in Gustavus, and an 18MMBF sale to Sealaska at Icy Bay. There is a complementary mineral exploration project at Icy Bay. The Trust is in the process of awarding a small timber sale in Haines.

MHT exchange. The exchange act was signed May 5, 2017. Phase I covers exchange land at Naukati and near Ketchikan that are scheduled for conveyance to the Trust on May 5, 2018. The Trust has some concerns about making that deadline due to title and appraisal issues, they are trying to hold USFS' feet to the fire, and just testified to Sen. Murkowski and USFS Chief Tony Tooke about these issues. BLM has completed the survey at Naukati; working on the Shelter Cove and Hollis – they've done a great job in a brief time. The Trust issued a best interest finding for a timber sale on the Naukati exchange land for 3,800 acres of old growth to Viking Lumber. The execution date for the sale will be date of the Naukati conveyance. Phase II deadline for conveyance of the remaining exchange land is May 5, 2019.

All landowners group. Freeman reported that the Christine Klein, Chief Facilities and Lands Officer for the University of Alaska is currently chairing the Land Owners Group (LOG). The Group is meeting today in Ketchikan, and Klein submitted a report (see handout) on the LOG activities. Agenda items for today's LOG meeting include:

- Consolidated 2018/2019 timber sales and 5-year timber sale projections,
- Challenge Cost Share Agreement regarding Infrastructure Development, and
- A LOG presentation for the Alaska Forest Association at their meeting in Juneau on March 1-2.

Klein's report also covered University timber operations at Edna Bay, Fairbanks, and Nenana, and potential timber sales in Haines and on Gravina Island.

Wood Energy project updates. Devany Plentovich, Alaska Energy Authority (AEA):

- AEA has a new executive director, Janet Reiser, who brings extensive experience.
- Cordwood system training is scheduled for March 5-9 on Prince of Wales Island with 14 attendees from across the state. The course will cover operation and maintenance of Garn boilers and

greenhouses and will provide hands-on maintenance experience. A prior training resulted in salary increases for the trainees.

- USFS Chief Tony Tooke and Sen. Murkowski are in Ketchikan; AEA and others are working to increase wood energy awareness
- The Chistochina facility is up and running, using Superior pellets from North Pole. The town is looking at expanding the heating loop
- AEA and the Alaska Wood Energy Development Task Group will work with the federal Wood Innovations grant program on joint planning for shovel-ready projects.
- Funding for renewable energy may be available from excess Power Cost Equalization funding. If funding is available, AEA may consider funding projects from round 8 – no biomass projects on that list.
- A combined heat and power wood chip-fueled project at the Fairbanks ice arena in progress, as is a parallel project in Whitehorse. If successful, this could be a win for wood electric generation in rural Alaska.
- Douse and Plentovich are going to Kobuk and Elim in March. Those projects have been operating for five years, and they will assess sustainable harvesting practices and equipment operation.
- The USFS and DOF are assessing urban wood waste resources in Juneau, including material from road clearing, powerline clearing. The project is evaluation potential wood sources to heat Bartlett Hospital or Lemon Creek prison, and will identify how much additional wood harvest would be needed for a sustainable supply.

Board Letter to Governor. The Board directed DOF to draft the annual report to the Governor, including the following items:

- Frustration with time spent on HB199 without evidence that there's a problem that needs to be fixed. Attach the Board's letter on HB199.
- The Good Neighbor Authority is new this year and has some potential to help the industry.
- FRPA is working based on all the agency reports and compliance monitoring data, including perfect scores in Region III. The agencies gave high marks for FRPA's effectiveness. Most of the agencies were able to maintain field presence. If we suffer more budget cuts and lose field presence it would undercut the effectiveness of FRPA. Compliance monitoring and field work are essential.
- The extent of state timber sales is small relative to the state land base. Uncertainty of supply is a barrier to investment in the timber industry. Ask the Administration to explore strategies to help Alaska generate more of the timber it uses. Tell the story of FPRA effectiveness, reducing legal challenges, continue GNA and other work.

GNA authority. Paul Slenkamp, Mental Health Trust: Alcan purchased the Kosciusko timber sale for about 30 MMBF of young-growth in September. This is the first GNA sale in Alaska. The USFS sold 31 MMBF in FFY17 in Tongass; Kosciusko was about 30 MMBF of that – it was very important that the sale was offered. Slenkamp inspected existing conditions, karst buffers, and other features, and is working on the harvest plan of operations for units and site prescriptions. The sale will include prescriptions for 2-entry, 3-entry, and clearcut units that are matched to the topography, timber type, and, site index. The purchaser will do the layout. USFS specialists will review all unit prescriptions and issue any change analysis prior to harvesting. Harvesting will start in a year. The project is on schedule and within budget. This will be an export sale. There is no economic domestic market for this timber yet.

Coulter: Exporting timber when we have short supply seems to provide an angle for environmental opposition. Stark: There are very few Alaska industries that aren't exporting. Slenkamp: Second-growth markets are commodity markets, and currently there are only export markets for those products. A 2004 McDowell study showed that there are good jobs associated with export as well as domestic use. We support domestic processing whenever it is economical and feasible. Vinsel: The Board had a

presentation some years ago on grading and the economic barriers to grading in Alaska. Slenkamp: The USFS had several young-growth sales on Prince of Wales Island that weren't economical. We're gathering data on harvest costs from the GNA sale and looking for conditions where young-growth could be economical for domestic markets. Vinsel: I used to be able to purchase high-quality local wood for boat building. That's no longer available, and the quality of the retail lumber now available is poorer. Slenkamp: The domestic market is small. The Mental Health Trust does sales to small local operators at Haines, Gustavus, Goose Creek, etc.

Wrap-up

- Next meeting date: The next meeting will be in person with a field trip to the Tok, Delta, and Dry Creek areas. Vinsel requested that the field trip include a visit to see what has happened in terms of salvage and/or regeneration on the burned area that the Board visited on the last trip to the Tok area.
- Agenda items
 - FY19 Budgets and FRPA implementation
 - Regulations
 - Southeast forest management issues
 - Status of state timber program: timber sales and appeals
 - AEA Wood energy projects
 - Yellow-cedar Endangered Species Act review (Erin Knoll; Moira Ingle/Emma Cayer)
 - Tier 3 stream implications (check with Crapps)
 - HB 107 – fisheries rehabilitation permit
 - HB199/17FSH2 – fish permitting
 - Strategies to increase state harvesting – what are barriers, what actions should be taken
 - Wood energy and air quality – what are options for resolving the conflicts?
- **Board comments.**
 - Herzog: Thanks to staff. I appreciate the continued efforts on HB199 – it affects all the natural resource industries. We can learn a lot from the success of FRPA.
 - Morris: I am glad to keep HB199 and the initiative on the agenda and hope to hear from those actually drafting the legislation at the next meeting.
 - Douse: Appreciated the chance to sit in and hear the presentations.
 - Stark: Keep the fish issues on the radar. This could be challenging. There are some habitat issues – it's good to take a hard look at them.
 - Coulter: I'm frustrated with HB199 and disappointed with how far it has gotten without a scientific review. It's hard to counter because it's not a level playing field. We put together literature review and scientific analysis for FRPA changes, but it's just "because we said so" on this bill. Exporting 30 MMBF from the GNA sale looks bad when we have supply shortages. It's frustrating that we can export economically, but can't keep it in state economically, and disappointing that Viking Lumber can't retool for young-growth due to the uncertain supply.
 - Beck: It would be interesting to talk about the role of the Board in taking on some of the issues that have been raised in terms of barriers to timber harvesting. The state needs a diverse economy. Are there some broader-scale strategic issues the Board could address? It's a potent board and I would like it to have more impact.
 - Vinsel: Thumbs-up on the increment for the Haines forester position, the Anadromous Waters Catalog additions, and compliance monitoring results. I look forward to meeting with the Board in person. HB199 is still in its first committee of referral even though the chair is the bill sponsor and in the majority. They could have done better if they'd worked with people in advance to address real needs. It has stalled because of the ineffectiveness of the process. There's more to worry about with the initiative than the bill.

Adjourned: 1:59 p.m.

DRAFT

Attendees

Anchorage teleconference site

Chris Beck, Board
Tim Dabney, DOF
Marty Freeman, DOF, speaker
Will Frost, ADF&G
Devany Plentovich, AEA, speaker
Andrew Sayers-Fay, DEC

Fairbanks teleconference site:

Jeremy Douse, TCC, alt. for Putman
Doug Hanson, DOF
Denise Herzog, Board
Bill Morris, Board
Jim Schwarber, DOF, speaker

Ketchikan teleconference site

Eric Nichols, Board
Paul Slenkamp, MHTLO, speaker
Peter Lucas, DOF

Juneau teleconference site:

Tom Lenhart, AGO, speaker
Kyle Moselle, OPMP
Joel Nudelman, DOF
Gretchen Pikul, DEC, speaker
Mark Vinsel, Board

Other phone-ins:

Keith Coulter, Board
Chris Maisch, Ketchikan
Karen Peterson, Thorne Bay
Chris Stark, Board

Handouts

- Draft agenda
- Public notice
- Draft minutes from November 29, 2017 Board meeting
- HB107 -- Fisheries rehabilitation permit bill
- HB199 – Fish habitat permitting bill
- Board of Forestry letter to Governor re HB199
- 2017 FRPA Compliance monitoring report
- Compliance monitoring briefing paper
- 2017 Agency reports to the Board
 - DEC Division of Water
 - ADF&G Division of Habitat
 - DNR Division of Forestry
- Table of Tongass National Forest timber tale volume (MMBF) – FFY08-17
- Estimating the range of expected Tongass National Forest timber purchase and sale offer
- Univ. of Alaska memo re timber operations, timber sales, and Land Owners Group