

FINAL MINUTES
Board of Forestry Meeting
March 1, 2016

Teleconference sites: Anchorage, Fairbanks, Juneau

Call to Order and Roll Call. Chris Maisch, State Forester, called the meeting to order at 8:10 a.m. Remote sites were connected by teleconference. Members Denise Herzog, Erin McLarnon, Owen Graham substituting for Eric Nichols, Chris Stark, Mark Vinsel, and Ron Wolfe were present. The non-governmental professional forester is vacant. A quorum was established when Matt Cronin arrived at 8:15.

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 July 28-29, 2015 minutes with minor corrections. (*See handout*)

Forest practices budgets. Maisch: This year DNR began by developing an overview of each division, its programs, and its budget. Maisch reviewed the summary of the Division of Forestry (DOF) fire management, timber management, and Forest Resources and Practices Act (FRPA) programs. DOF manages forests on 47 million acres of land – about the size of North Dakota. Wolfe: This is larger than the Tongass National Forest (TNF), which is about 17 million acres. Few people know how much responsibility DOF has. How much staffing does DOF have compared to the TNF? Maisch: DOF is lean relative to the US Forest Service (USFS) . DNR currently anticipates cuts of about 12%, but budgets are still in House subcommittee hearings. It will require some cutbacks for DOF. The House Finance Committee will take up the full budget this week or next, and wants to go to conference at the end of March.

Maisch: The firefighting academy to train people for EFF or crew positions was cut last year. DOF is able to offer it this year through UAF with financial help from partners, particularly TCC. DOF also provides internships for some of academy graduates. The program has a good track record.

DOF is down to the equivalent of two full-time positions dedicated to forest practices work. Other staff members also do some FRPA work. DOF expects some uptick in FRPA work on Sealaska land, but believes it can cover the work at expected levels.

Michelle Hale, DEC Division of Water: The House subcommittee has closed out the division's budget. DEC took a major cut on the Senate side last year, and doesn't know the outcome for FY17 yet. DEC has less General Fund (GF) money than any other department. The House Finance subcommittee cut 30% of their GF; including more than \$1MM from the Division of Water. A number of positions will have to be cut. DEC is not further impacting FRPA work

beyond cuts last year. Gretchen Pikul is the understudy for Kevin Hanley in the FRPA program. We are a lean department; the Division of Water has lost 23 positions in the last several years. The graph of 319 funding vs. positions shows the total amount of 319 funding – that money goes to many services, not just the FRPA position. 319 funds are also used for stormwater work.

David Rogers, ADF&G Division of Habitat: The division budget has been cut 14% in the last two budget cycles. The FY17 budget is still in committee and the outcome is uncertain. We have 43 full-time, 2 part-time, and 3 non-perm positions, and 11 vacancies; we are not filling vacancies. Two vacant PCN's have been cut. ADF&G is merging administrative support for the Habitat, Board Support, and Subsistence divisions into one administrative services group. We have a grant for anadromous fish surveys on Sealaska land. We are doing the best with what we've got and will continue to do our duty under FRPA

Wolfe: What is the status of non-GF funds for ADF&G? Rogers: I can get back with more information on Pittman-Robertson funds, license fees, etc... Maisch: The legislative intent language in DNR's budget directs DNR to help identify matching funds to ensure Pittman-Robertson funds can be fully spent. The State doesn't want to relinquish funds due to a shortage of matching funds. DOF has suggested that forest road maintenance funding could be used.

Stark: Why aren't other divisions' administrative support functions merged as well? Rogers: We are starting with the smaller divisions and will look at the others next.

Vinsel: The funding option handouts include information on the commercial passenger vessel excise tax and its use for services to passengers. Could DEC and the Habitat Divisions use some of these funds for ecological services, including production of salmon that are used by cruise ship visitors. Rogers: We will look at this.

Cronin: Is there enough help in ADF&G for work on federal issues to achieve the Governor's objectives for resource management? Rogers: ADF&G is active in issues on national park regulations for hunting. He will look into it more. Cronin: The volume of oil affects revenue. Oil production is affected by federal restrictions on development of new reservoirs.

Options for FRPA implementation in light of budget reductions. Freeman: The handout on funding for state programs now includes information for Alaska on funding for specific DEC programs from:

- Commercial Passenger Vessel Environmental Compliance (CPVEC) and Ocean Ranger fees;
- Fees on commercial passenger on vessels providing overnight accommodation that anchor or moor in the state's waters; and
- A surcharge on refined fuel under the motor fuel tax. The funds are targeted for spill prevention and response. The surcharge is designed to generate about \$7-8 million/year. The Legislature passed the surcharge in 2015.

Maisch: The agencies think they can handle the FRPA workload at expected levels.

Stark: If licensing fees for fishing are increasing, could the agencies get some of that funding since they help protect fish habitat. These funds should be shared more widely – some agencies have excess funding. Discuss this with Sport Fish and Commercial Fish divisions. Maisch: We

will prepare a presentation for next meeting with a “straw man” example of what it would take to fund the current level of FRPA services through other revenues. DOF will be doing a similar effort for funding the phytosanitary program through fees.

Wolfe: I would like to know more about the fees for management of endowment lands in Idaho. Maisch: The state of Washington gets a more significant part of its funding from its timber sale revenue. Graham: The Alaska Forest Association (AFA) is working with Congress on getting Alaska more state land. DOF could be self-supporting with a bigger land base. The industry is too small to do that now, and more cuts are likely until that happens.

Stark: ADF&G gets some of their funding from non-governmental organizations (NGOs). Has DOF looked at that option? Eleazer: We have looked at this option, but NGO grants usually require a 20-50% match which is difficult to provide at our current budget levels.

Legislation and regulations. Maisch: SB32 would expand options for negotiated state timber sales. The bill passed Senate last year; it is currently in the House Resources Committee where it had one hearing last year. Maisch met with committee chairs and hopes to get the bill back in play this session. The House is currently hearing only budget and revenue bills. AFA and some operators have written letters in support. The Board is on record in support.

11 AAC 71.045(e) re 2-year small negotiated sales; material sales. Marty Freeman, DOF: The DNR Division of Mining, Land, and Water (DMLW) is drafting changes to the material sale regulations in. The current regulations are combined with the regulations for timber sales in 11 AAC 71. The proposed changes will remove the material sale regulations and establish them in a new section. They would also amend 11 AAC 71.045(e) to extend the duration of small negotiated sales under AS38.05.115 to up to two years, as recommended by the Timber Jobs Task Force. DMLW is still working on the new sections for the material sale regulations; there is no schedule for public review yet.

Fee regulations. Freeman: DNR is considering whether it should revise its fee regulations under 11 AAC Chapter 05. This chapter sets the fees that DNR divisions may charge for the administrative and regulatory services they provide. As a first step, DNR collected public comments on the existing regulations and fees. The department asked the public to comment on whether DNR’s existing regulations are logically organized and easy to use, and whether the fees are appropriate. Since the regulations were first adopted in 1986, they have grown more cumbersome due to piecemeal additions, and many of the fees have not been changed in over 20 years. The public comment period closed on January 15.

Coastal forest management

Litigation and appeals. Tom Lenhart, Assistant Attorney General, reported on three federal cases and two state timber sale appeals.

- Big Thorne litigation. The court heard oral arguments and the proceedings appeared to be positive for upholding the sale.
- Roadless Rule challenge in D.C. District Court. The briefing took place five months ago. A decision is due. There is likely to be an appeal regardless of the outcome. If the court issues a decision vacating the rule, it would represent a difference in outcome between circuits,

since the 10th circuit upheld the rule, and the case would therefore be a prime candidate for Supreme Court review. The federal agency could ask for a stay pending appeal and review. The case affects the standing of the Rule nationwide.

- Tongass Roadless Rule exemption. The exemption was invalidated by a 9th Circuit en banc panel. Alaska petitioned for review with Supreme Court. The USDA filed a motion in opposition to the review. The Supreme Court accepts only a small percentage of cases. If accepted, the Roadless Rule case would be heard in 2017. It takes four justices to accept a case for review. The case is presented as a legal issue regarding the role of courts relative to the administration rather than the ideology of development and protection. We don't know what the implications of the Supreme Court vacancy will be.
- Baby Brown timber sale appeal (Haines): The Commissioner's decision upheld the best interest finding (BIF), and it was not appealed so the BIF decision is valid and final.
- Vallenar appeal: The Commissioner remanded part of the BIF to incorporate the final Southeast State Forest Management Plan (SESFMP), the Southern Southeast timber inventory, and any revisions to the annual allowable cut (AAC). All other issues under the BIF were affirmed

Maisch: DOF has now finalized the inventory report and posted in on the DOF website. The Governor adopted the SESFMP yesterday, starting the 20-day appeal period for the management plan. DOF is proceeding with the Gravina Island Roads to Resources road project which is not affected by the remand of the inventory, plan, and allowable cut issues.

Wolfe: Make sure the Governor understands the impacts of the Roadless Rule for timber and other resource development activities. Lenhart: We have had tremendous support on the Roadless Rule cases from agencies and the private sector, e.g., mining and utility companies. Maisch: DOF has briefed the Governor's Office on this issue, and they understand the trajectory we've been on. There will be another round of decisions on how to proceed if Alaska loses the D.C. court case.

Vinsel: States can manage fish and wildlife on waters of the state – what is the status of the litigation? Lenhart: The *John Sturgeon v. Bert Frost* case was argued in the US Supreme court on January 20. Frost is the Alaska Regional Director of the National Park Service. There could be a close call on this case, especially with a vacancy on the court. A split decision would be a draw – it allows the lower court decision to stand but doesn't set a precedent. There are several possible outcomes.

Tongass plan advisory committee (TAC) and plan amendment process. Maisch: The state provided coordinated comments to the USFS. Maisch will share the State's letter with the Board. Positions in DNR that provided interagency coordination are now gone. The DNR Commissioner's Office did coordinate comments for DEC, ADF&G, DNR. The state has problems with all of the Tongass Plan alternatives, and suggested ways to improve the amendment and the timber demand study. The Governor submitted a letter with the State comments. The TAC expired last month. That group is attempting to stand up a Tongass Transition Collaborative as a nonprofit. About a third of the TAC's recommendations are in the draft amendment; the rest address implementation. Plan implementation is a major concern.

Chugach National Forest (CNF) planning. The CNF is going through a plan revision. The State provided abbreviated comments but the capacity to engage in that process is limited. The State declined to be a cooperating agency because of insufficient staffing. DNR wants to see an allowable cut established on the CNF which allows actions to deal with forest health issues and fire risk reduction. It is still early in the process.

Mental Health Trust land (MHT) exchange update. Paul Slenkamp, MHT Land Office: The Trust and USFS continue to work on the exchange. The Trust appreciates the Board's recent letter to Governor supporting the exchange. The USFS has some new staff on this project in the TNF and the USFS Region 10. It is challenging to maintain focus while the TNF plan amendment is underway. It will still be a long process but is moving forward.

The MHT will soon advertise three timber sales near Hollis and Whale Pass. These are small sales designed to catch a surge in the redcedar market. There is interest from Sealaska, Viking, and Alcan. The Trust will offer the sales for competitive bids.

Stark: How does revenue from forestry on MHT land compare to that from state sales. How much more viable would DOF be if it had sufficient land. How much will you make off the new sales? Slenkamp: These sales total about 210 acres. Timber sales often generate \$2,000-\$5,000/acre. MHT maximizes revenue from its sales, using competitive bidding. The Trust encourages local processing but doesn't target it. Purchasers do all sale layout and permitting, the state does FRPA oversight, and MHT does contract management. It's a lean process but profitable. 85% of stumpage revenue goes into the main MHT account; 15% goes directly to beneficiaries. MHT revenue goes into a diversified portfolio. Stark: This demonstrates that with a sufficient land base, timber programs can be financially sustainable.

Conversion to young-growth project. Maisch: This is a cost-share project with the TNF to work on the transition to young-growth management through inventory, infrastructure assessment, and training. DOF is using federal money to hire non-perms for this project. We re-hired Roy Josephson, ex-Haines area forester, as field project manager. Doug Hanson is the overall project manager. Wade Zammit is working as consultant on this program. Clarence Clark retired and Mike Curran is retiring soon. DOF is hiring a new area forester for the Southeast Area and has good applicants. There will be five crews of two people each from the state and a similar number from the USFS. DOF will be doing test plots next week with the USFS. Crews should be in the woods at the end of March beginning with work in >55 year-old stands followed by 40-55 year-old stands, and then old growth stands.

Under the workforce development and outreach part of the project, DOF will be working with Southeast groups on job training for forest technicians to help with the inventory work, and will integrate the new people as they become available. Procurement for that part of the project is in process.

In the Interior, DOF is also working on the federal FIA (Forest Inventory and Analysis) program. We are hiring a Forester II and a Forester I for that project and have good applicant pools.

The inventory covers all TNF young-growth and is divided into three working circles. Work will start on Prince of Wales Island. We don't yet know if there will be sufficient funds to do all the areas. The workforce development task is designed to train people to do inventory and stand exams, and restoration work with NGOs. There could be additional equipment and mill operation training as funds allow. The program is reaching out to Southeast communities to get as many local people as possible into the training.

Southeast State Forest Management Plan. Jim Eleazer, DOF: The Commissioner signed the SESFMP yesterday. DOF will publicly notice the intent to which will start the 20-day appeal period for those who commented on the plan. Forty entities commented. The public review was lengthened to 52 days to provide ample time. Notices for the draft plan review were distributed in regional newspapers, mailings, and online, and posted at public locations in Southeast. DOF conducted public meetings in five communities, and reviewed the draft plan with the BOF. DOF developed the plan in coordination with DMLW and ADF&G and consulted with the Neets Bay Hatchery regarding water needs.

Stark: I would like to see the write-up on the Neets Bay consultation. Eleazer: will get this information to Stark and Board. Maisch: DOF also talked with the hatchery at the time the SESF bill was proposed. DOF recognizes the need to protect their water source.

Hanley: Did you meet with Coffman Cove regarding their water source? Eleazer: I will check; I believe Clark consulted with them. Eleazer: There is an issue and response matrix for all comments. Maisch: Sales are planned through BIFs and Forest Land Use Plans (FLUPs) which offer additional opportunities to address site-specifics issues.

Eleazer: The Southern Southeast inventory was in draft when the Vallenar BIF was written because the Wrangell Borough selections were not finalized until late 2015. The inventory and AAC have now been finalized and updated, and the SESFMP has been signed. DOF will re-issue the BIF to incorporate the final documents. The Commissioner upheld the BIF for other issues. DOF will release a FLUP for construction of the Gravina access road and issue a Request for Proposals for road construction. Construction can proceed once we meet procurement requirements. Maisch: Will there be another appeal period on the BIF when it is re-issued? Will it just cover the points subject to remand? Eleazer: We are researching these points.

Forest Roads and Stormwater. Wolfe: The letter speaks for itself. Where does the process stand? I'm concerned that the EPA actions have significant ramifications, and their processes are sometimes less than clear – sometimes these issues pop up again months later. Maisch: NASF is tracking this; DOF will check and report to the Board. Wolfe: Applauds the efforts with NASF and asks DEC to keep track of this. Hanley: EPA may be looking at overarching BMPs or justification for not developing federal regulations due to existing state programs.

Cronin: Could this issue boil down to EPA jurisdiction on navigable waters? Hanley: This is a water quality issue under the Clean Water Act; it is not related to navigability. Maisch: In Alaska, non-point source water quality issues related to forestry are managed under FRPA. The FRPA standards go a long way to responding to the federal concerns. Hanley: The DOF letter is a good overview of FRPA.

Curran resolution. Maisch: Mike Curran is retiring at the end of the month. Mike came to state with private sector experience and provided leadership first in the Ketchikan office, and then across Southeast. He excelled at every project. He has been innovative, creating the RFP for negotiated sales, the certificate of lawful procurement, and initiating the compliance monitoring program. He led DOF's "bridge timber" effort when the State expanded sales to offset the gap in federal sales. Vinsel: He was great on Board field trips.

► The resolution was approved unanimously.

Phytosanitary certificates. Maisch: An inspection and certification that wood is pathogen- and pest-free is required before export of wood products. The DNR Division of Agriculture (DOA) has certified inspectors under the federal Animal and Plant Health Inspection Service (APHIS). Inspectors travel to shipping sites and sample and test the wood. Logs have to be debarked or fumigated. China requires fumigation, which is typically done by a third party in Japan or Korea en route. Inspectors have to observe the fumigation process. China is a major market, especially for young-growth. DNR traveled to D.C. and met with APHIS officials to explain the third-party process. That is only allowed in Alaska, and was a concern for APHIS. There aren't enough fumigation facilities for onshore fumigation in China, so the third-party option is important for Alaskan exports. DNR plans to hire and train three inspectors in DOA and one in DOF on Prince of Wales Island. We hope to bring back one experienced inspector to help in the interim. Companies using these services currently pay travel costs; the State is working on a proposal to have them pay both time and travel. Slenkamp: China is the young growth market for now, so the certificates are very important to exporters, including Sealaska, Alcan, and Mental Health.

Alaska Energy Authority (AEA) Biomass projects. Renewable Energy Fund Round 9 grants include projects in Huslia, Ambler, Ketchikan (2), and Klawock. The amount of funding for FY 17 is uncertain. Projects recommended for funding total over \$3million. To date, the fund has funded 50 projects. The 13 projects in operation have displaced 500,000 gallons of fuel oil since projects started (ca. 2010). Projects under construction will replace another 1.1 million gallons annually. Alaska is ahead of other states for systems in operation.

Graham: I am interested in cost-benefit analysis for these projects. It appears that at best these would just break even over a long period. Plentovich: Can provide information on operating projects for the next meeting. The small cordwood systems break even but also provide local jobs. The larger systems like Tok and Delta have a 7-10 year payback. Stark: Would like to see the best-case scenario -- seven years is a short turnaround.

Vinsel: When projects result in cost-savings, could that money be set up as a revolving loan fund to help keep the program going? We do this for hatcheries. Plentovich: AEA has been talking about this. AEA has a Power Project Loan Fund that may be opened up to biomass projects.

The Alaska Wood Energy Development Task Group is reviewing statements of interest for pre-feasibility studies in Kiana, Port Heiden, Noorvik, Noatak, and Kodiak. Kiana will look at other opportunities as well, including heat recovery and biomass.

The Koyukuk cordwood system is operational and heating the city offices. A small industry is developing in the community to supply wood.

The Galena project is finishing harvesting of the first-year wood supply in advance of startup next year which will allow for drying. Harvest efficiency is improving. They are changing hoses on their harvester so that it works better in an arctic environment. Project design is 65% complete. Galena is taking out two loans to replace piping for water and sewer. The Galena project is partly funded through grants, and part with loans.

Applications to the USFS wood innovations grant program include three projects in Alaska.

Maine Energy System boilers have had problems with premature flame tube failures on six units in Southeast. Other boilers are working well. There has been poor manufacturer technical support. This is AEA's biggest concern currently. AEA is working with UAA to identify the root cause and are analyzing pellet sources, installation, and boiler size. The manufacturer says the problem is high chlorine content in the pellets, but they haven't sent anyone to check it out. Initial testing shows the chlorine content is somewhat high, but still within specifications.

AEA wood energy priorities:

- Complete case studies of operational project (6 of 14 are complete).
- Solve flame tube failures
- Fairbanks project development
- Complete Ketchikan airport, Southeast Island School District, and Tanacross projects

The Tok system seems to be running well; they are doing a good management job. Fuel consistency and quality is important. They had clinker problems when there were a lot of needles and dirt included, so they have improved storage. The Delta system also working well. The operators are very happy with the system. The same boiler will be installed in Galena.

AEA is under budget pressure. The Governor's amended budget zeroed out alternative energy and energy efficiency programs. There are rumors that some money will be put back in to manage existing projects: 133 projects are in process. There is a bill that would put earnings from the Power Cost Equalization (PCE) endowment into the General Fund, PCE, and renewable energy projects. Maisch: the renewable energy program has had good effects for energy and rural employment. The Board may want to weigh in. Cronin: Consider encouraging AEA to look at privatization. Graham: Ensure that all projects have a positive return on investment.

Sustainability certification. Wolfe: This proposal is for a voluntary program as an alternative to existing third-party certification programs. This fits within existing DOF authority under FRPA and is within its expertise. Questions include: DOF funding and manpower; how to ensure that the program has public credibility and meets the California Environmental Protection Agency offset protocols for forest projects; and what administrative vehicle should be used. No action is proposed at this meeting.

Cronin: I support having landowners get credit for ecosystem services and carbon sequestration. It could encourage owners to keep their lands as working forests.

Putman: Would the Forest Stewardship program be the place to house this? Maisch: Had a similar conversation with an Afognak forester. Colorado is looking at a similar concept. This could be a voluntary chapter added to Forest Stewardship plans. DOF will draft an outline of what would need to be covered. If something could be done nationally with the Forest Stewardship program, it could help garner program support and funding.

Wolfe: More internal discussion is needed by DOF, then outreach to interested landowners and a group effort to design a program. Maisch: We could address this in more detail at the summer meeting, including a presentation on the California protocols.

Vinsel: What markets are sensitive to certification? Home Depot advertises sustainably managed lumber. Wolfe: Current customers are the same as those that want the certificate of lawful procurement, but there may be other future opportunities. American markets may be moving toward certification. Graham: Lumber customers frequently ask about certification. Wood from federal land is clearly sustainable. Most businesses just want to tell their customers that the wood is certified, not necessarily the social issues.

Graham: Third-party certification through the Sustainable Forestry Initiative and Forest Stewardship Council programs is expensive and onerous. Make sure the proposed program addresses the minimum, not the maximum standards. Wolfe: There is no proposed change to the FRPA standards under which we've operated successfully. Sustainable timber harvest off a landowner's ownership is the standard in a set period. E.g., the state uses a 10-year period. Graham: It would also include compliance with FRPA.

Stark: Could a small owner decide he's going to cut all their timber and then wait 40 years? Graham: That's OK as long as the owner reforests. Sustainability doesn't mean non-declining even-flow. Stark: Would there be a higher standard for larger owners? Wolfe: DOF would need a definition of sustainability.

Wolfe: We need to work out a timeline for this project – private owners would like something reasonably near-term. We don't need new regulations for this proposal. Maisch: Major owners interested in this already have stewardship plans on most of their ownerships, but they would likely need an additional chapter in their plans.

Putman: The portal into carbon markets may also be significant. Maisch: That is Afognak's interest. Wolfe concurred.

Cronin: For sustainability, economic sustainability would also be necessary. Maisch: Agreed. The Board could help define what we cover under sustainability. It will be a challenge, but we have a better chance to address this specifically for Alaska than a big international effort. This won't be certification-lite because it will have to meet the California protocols.

Public comment: None

Region II-III Reforestation standards review. Freeman, DOF and Jim Durst, ADF&G (co-chairs): DOF and ADF&G have identified members for the Reforestation Implementation Group, and all but a few members have been confirmed (*see handouts*). The co-chairs are polling the members to select dates for spring meetings. If possible, we will finish the IG work before field season; if not we will wrap up work in the fall.

The Group is charged with reviewing the Science and Technical Committee (S&TC) recommendations and determining how to implement them in a way that works on the ground with consideration of economic impacts. If implementation requires regulatory changes, the Group will develop draft regulation amendments. The Board of Forestry will review the Group's recommendations and forward endorsed actions to the appropriate processes. Implementation may include regulatory amendments, training, or other actions as needed.

The group will strive for consensus in making recommendations. If agreement is not possible, differing views will be provided to the Board of Forestry for their discussion and direction to the Group. This process will reflect the "Green Book" principles endorsed by the Board of Forestry to review and amend the Forest Resources and Practices Act: Fairness, No "Big Hit," Enforceability, and Professional management

We will keep public informed throughout the process, beginning with an introductory letter to our mailing list with nearly 400 individuals, organizations, businesses, landowners, and agencies. All meetings will be open to the public and we will send summaries of each meeting to anyone who asks to be on a mailing list. The co-chairs will review incoming written comments and distribute them to the IG.

2015 Monitoring and road condition survey report (*see handouts*). Joel Nudelman: DOF tries to inspect every operation in the field and review each BMP that would apply to that operation. This provides a good overview of compliance and helps identify training needs.

- Region I operations rated 4.8 out of 5.0; only 2.9% of the total BMP ratings were lower than 4. Timber harvesting in Region I was very good.
- DOF and ADF&G go to Afognak and Kodiak every six weeks. We start the spring season with a training session. Road maintenance was very good and good weather helped. The operators let the roads set up before hauling on them. There are some new operators for which we exercised closer oversight. Operators have been responsive to correct problems when they are identified. About 40-50 MMBF came off Afognak this year.
- In Southeast Alaska there was some difficulty in finding good rock, but overall the operations were good. There were no BMPs with average ratings <4 this year.

Region II averaged 4.8 overall. The number of inspections on state land was down. We lost FRPA forester positions in Kenai and MatSu. I don't know whether state activity was also down. There was some municipal and private activity. Only one BMP (road ditching) rated <4. That situation was rectified. The MatSu is generally flat ground and relatively easy logging. Kenai and MatSu sales were in full compliance this year, and have been good since the 2006-2008 era of big chip sales.

Region III ratings averaged 4.5. Approximately 6% of the BMPs rated <4. The number of inspections was down. The decrease in inspections reflects lack of activity, a very active fire season, and having foresters stretched thinner. No BMPs rated <4 this year. There were a lot of road maintenance issues in prior year. The summer of 2015 was very dry and better rock sources were identified. Some maintenance issues are caused by non-forestry use for hunting and other activities. DOF will develop rock pits on the Standard Creek system in 2016. A previously problematic bridge will be replaced in May. Tok and Delta operations and access looked good.

Most of the 2015 decline in the number of inspections is due to reduced staffing. Maisch: This is an impact of the budget cuts. There are just two positions funded specifically for FRPA, but we call on the other area forestry staff to help with FRPA work. Nudelman: We try to coordinate travel for inspections with the other agencies. It has been great to have Hanley (DEC) in the field on Afognak and Kodiak. Hanley: We have done inspections as a team. Now DEC travel funding has been cut. Nudelman: ADF&G has a regular presence in Afognak and Kodiak and in Southeast.

Putman: Are the rural biomass projects affecting the work load? Nudelman: Not so far. DOF hopes to get to Galena in 2016. Maisch: One of the Galena sales is a state sale and we will combine contract administration with FRPA compliance. Hanley: They are very few streams other than the major rivers in the areas being harvested for biomass.

Stark: How much of the areas are inspected versus the total area? Nudelman: We try to see all roads and stream crossings. Hanley: Inspections focus on new road construction first, and then we look at as much of the other areas as we can. Eventually we cover the whole operation. Nudelman: We try to be out at the beginning and end of closeout operations as well conducting inspections pre-, post-, and during operations.

Wolfe: Commended Nudelman and the others who do this work – it is critical to the FRPA success. If we are to have credibility with the public, we have to have this kind of effort. Maisch: We are getting by now, but need to think about how we continue to meet requirements.

Road condition surveys. Nudelman: Surveys are on inactive or closed roads. 2015 work included

- Surveying all the forest roads in the MatSu Borough (13 miles),
- All the roads in fish habitat in the Haines State Forest (20 miles). Surveys found two culverts of concern; one had little upstream habitat.
- Upstream habitat surveys on low-rated culverts from the 2012 surveys; and
- Successfully submitting an Alaska Sustainable Salmon (AKSSF) Fund grant to replace a culvert and close a road on state land near Tyonek that was harvested in the 1970s prior to FRPA. The road to be closed had a number of culverts that blew out in a 2013 storm. DOF will develop an RFP for the work this spring.

Prior Kenai surveys identified 26 low-rated culverts and some bridges; some have been fixed, and another four can be taken off the list when the Tyonek road is closed. In Southeast, 26 low-rated culverts remain.

In 2016 the agencies plan to design the Tyonek road closure project; seek funding for additional culvert and bridge repairs; and plan for future surveys in the event that funding becomes available. There is some funding available for remediation as long as there is staff available to do grant applications and related work, and matching money can be identified. The AKSSF requires 35% match with non-federal money; US Fish and Wildlife Service funds have varying requirements. In-kind work can qualify as a match.

2015 Agency annual reports

DEC Division of Water (*see handout*). Kevin Hanley, DEC: In 2015, due to budget reductions and travel restrictions, DEC participated in only one trip with three inspections. Next year, they are budgeted for six inspections, which is still below the 18 inspections conducted in prior years. DEC reviewed all Detailed Plans of Operation (DPOs) and FLUPs and BIFs and USFS planning documents for timber sales and aquatic restoration projects. Gretchen Pikul will take over FRPA work when Kevin Hanley retires at the end of the year. Hanley is training her for the transition. DEC continues to believe the FRPA and USFS Region 10 BMPs are effective when implemented properly and has no recommended changes at this time.

Wolfe: This is a difficult time, and I understand frustration with budget restrictions. However, even with just one half-time position, DEC's participation is valuable, and it keeps a base to work from if options improve. Hanley: DEC isn't going away; this should be the worst it gets for FRPA work staffing.

ADF&G Division of Habitat (*see handout*). Greg Albrecht, ADF&G Division of Habitat: Most of ADF&G's field time is in Southeast. ADF&G is also active in the Interior on state firewood sales, and on USFS sales and restoration work in the Tongass. Special projects include the Road Condition Surveys, Region II-III Reforestation review, and additions to the Catalog of Anadromous Waters.

The division has lost five out of 11 biologists in Southeast in the last few years; four of these positions will not be filled. FRPA remains one of the key tasks for the Division of Habitat. We received AKSSF funding to do fish habitat cataloging for three years in advance of new operations on the new Sealaska land. ADF&G is having trouble identifying the match.

FRPA is effective for protecting fish habitat on classified waters during forestry activities.

Stark: Are there data on how much habitat was reviewed to identify the additional 54 streams and 12 corrections on Afognak? Albrecht: Will check and provide information to Stark. Stark: Are you open to the private sector working with ADF&G on stream identification in Southeast? Albrecht: Yes. Some organizations in Southeast have been working on projects already. We are contacting them to determine how to coordinate and make the most of limited funding.

Maisch: Noted that it would be good to include that the ADF&G comments on the Tongass amendment were submitted in coordination with the other agencies. Albrecht: Agreed.

DNR Division of Forestry (*see handouts*). Jim Eleazer, DOF: FRPA: DPOs and acreage were at the lowest level ever in 2015; road miles were the fourth lowest of the last 10 years. State timber sales have been relatively level in recent years; we expect some increase in 2016.

Landowners on Kodiak and Afognak islands eliminated their reforestation backlog. DOF has verified all these areas for two-year survival on site. This is also true for state land on the Kenai Peninsula. There were no reforestation exemption requests this year – there is good reforestation compliance. This shows good effort on everyone’s part and demonstrates the landowners’ commitment to reforestation. The Reforestation Science and Technical Committee concluded its work in 2015 and the Implementation Group is now starting up.

DOF has lost 13 positions and 40% of the resources budget since FY11. Currently proposed reductions are for an additional 9% reduction in FY17.

DOF issued one notice of violation for one tree cut in a buffer in Southeast. The problem was rectified with ADF&G present. There is also one carry-over case awaiting resolution.

Remaining low scores in Region III for compliance monitoring were largely due to a delayed start on 2015 remediation activity due to the extreme fire season. 2014 work was delayed by record precipitation.

The Haines Road Condition Survey was the first time we’ve done a second check on some road systems. Table 5 summarizes road office work.

Timber inventory was completed for state land in the Middle Yukon and for 100,000 acres near McGrath. The Middle Yukon inventory provides a basis for offering and managing timber near Galena. DOF is engaged with the USFS on inventory through the FIA program in the Interior, and the young-growth inventory in the Tongass.

The SESFMP was adopted this week, and the Eastern Tanana and Yukon-Tanana area plans were adopted earlier this year. The Susitna-Matanuska Area Plan calls for DOF and DMLE to develop a forest management plan beginning in 2016. It will be hard to initiate this project with current budget cuts. There are no big timber sale proposals in the MatSu at present.

The DOF FRPA budget funds the equivalent of two full-time positions, but the work is spread over several positions. The House Finance subcommittee has moved funding for one of those positions from the GF to timber sale receipts. All current FRPA funding is from GF; we are being forced to change that in FY17.

Sealaska’s completed entitlement will likely increase DPO work this year; Sealaska is also proposing to start infrastructure development on a sale on MHT land at Icy Bay.

The division lost eight full-time and one seasonal position in FY16, and 10 intern positions were cut; other positions were reduced. As a result, DOF compressed two regions into one, and nine area offices into five. It continues to be hard to hire middle and senior level management

positions when staff members retire. However, we have good applicant pools for Forester I and II positions in Fairbanks.

FRPA and its regulations are effective in protecting water quality and fish habitat. DOF continues to have a good working relationship with DEC and ADF&G.

BOF report to Governor. Freeman: FRPA requires an annual report that addresses effectiveness of the Act, needed changes, and needed research and monitoring. Topics should be identified today so that they are aired in a public meeting. The Board discussed material to include in the report, and listed the following items.

- Provide an overview of legal issues affecting the Tongass, and note the Tongass conversion to young growth project. Make sure the Governor understands the impacts of the Roadless Rule for timber and other resource development activities
- Statement of support for the MHT exchange process.
- Cronin: Issue of who should manage wildlife in Tongass, i.e., federal assumption of management? It is an overriding issue in the Tongass. Maisch: want to keep focus on forest issues the Board has addressed. Wolfe: Recent Endangered Species Act (ESA) actions regarding the Alexander Archipelago wolf and Alaska yellow-cedar deserve mention since they affect private and state land. Ask the Governor to keep an eye on the yellow-cedar issue. Cronin's work has been important and if his position is lost it will undercut this effort. Cronin: May be an administrative action at the end of the President's term regarding new land protections under the Antiquities Act.
- Include good news, including progress on the MHT exchange, the SESFMP adoption, excellent work on compliance monitoring, reforestation backlog elimination in the Kenai-Kodiak area,
- Don't throw away good Renewable energy fund activity
- Note Sustainability certification potential
- Expect reforestation regulation amendments in FY17
- Budget cuts – The State should fund divisions appropriately; Board and divisions working to operate efficiently. The DOF report predicts increased FRPA activity on Sealaska land and increased inspection needs. The agencies need to be staffed to fulfill FRPA promises.
 - The tone should emphasize real concerns about impacts of cuts to implementation of FRPA.
 - Research needs for effectiveness monitoring haven't been addressed due to staff and budget shortages
 - Continued dedication of staff and key retirements (Curran, Clark, Nicolls)
 - Cuts have reduced DOF inspections; DEC field inspections were cut.
 - FRPA helps produce salmon – that is a service to cruise ship visitors. We need funding to stabilize services in areas used by cruise ships – they can help pay for protection. Diversify funding sources for FRPA administration. Wolfe: FRPA had an agreement under which Native corporations have given up millions of dollars in timber value; it's the state's duty to pay for the implementation.
- Conversion to young-growth. The Board did not reach consensus on the issue of the USFS transition to managing the TNF for young-growth. Cronin: Transition to young-growth deserves caution until sufficient young timber is available; Graham: The young-growth transition will be the end of the timber industry. We need financial analysis of the feasibility

of the transition. Maisch: The State supports the transition with some caveats – consider the comments by State on the TNF plan amendment. Wolfe: At some point it may be better to not make a Board statement on this issue – the jury is still out, and there is not consensus on the Board. Maisch: Will take a try at it and then decide whether to delete it. It's OK to note that there are differences of opinion on this topic.

Next meeting: August 10-11 in Mat-Su with a field trip on how a FRPA inspection is done

Agenda items:

- FY 17 Budgets and FRPA implementation
 - Information on non-GF funds for ADF&G, including Pittman-Robertson funds
 - Options for use of fishing license fees and other sources of funds that rely on fish populations
 - Sample option for funding core FRPA work from new revenue sources
- Legislation and regulations re negotiated sales; 2016 proposals
- Reforestation Implementation Group report
- SE forest management issues
- ESA yellow-cedar review
- AEA Wood energy projects – including cost-benefit analysis for operating projects
- State sustainability certification; California protocols; draft outline of how this would fit in Forest Stewardship plans

Adjourned: 6:15 pm

Board comments.

- Wolfe: I have appreciated opportunity to serve and the relationships developed; this is likely my last meeting.
- Graham: Appreciated opportunity to participate
- Vinsel: Appreciates the steady staff work in spite of budget reductions. Have learned a lot from Wolfe over the years. Embrace the teleconference format even though it doesn't work as well as in-person meetings.
- Cronin: Thanks to Wolfe, Clark, Curran, and Eleazer – it has been very educational. USDA has a program to get veterans into agriculture; I am trying to see if the same can be done for Forestry. Maisch: there is a similar program for fire crews.
- McLarnon: thanks; teleconferencing was not so bad.
- Herzog: Appreciates Wolfe's service on the Board; thanks agencies for reports; wishes good luck to retirees.
- Stark: Will miss Wolfe.
- Maisch: I have served with Wolfe since the 1980s and will miss his contributions and voice. Thanks to the agencies; everyone is doing their part to keep this working despite budget challenges.

Attendees

- Greg Albrecht, ADF&G
- Milt Behr, TVSFCAC
- Tim Dabney, DOF
- Clare Doig, TWFG
- Jim Eleazer, DOF
- Marty Freeman, DOF
- Michelle Hale, DEC
- Kevin Hanley, DEC
- Patrick Kelly, UALM
- Brian Kleinhenz, Sealaska
- Tom Lenhart, AGO
- Joel Nudelman, DOF
- Devany Plentovich, AEA
- Will Putman, Tanana Chiefs Conf.
- David Rogers, ADF&G
- Patricia and Joe Young, Young's Timber, Inc.
- Paul Slenkamp, MHTLO

Handouts

- Agenda
- Public notice
- Draft Minutes November 12-13, 2015 Board of Forestry meeting
- Chart of 319 Funding – 10 Year look-back vs. DEC positions
- AS 43.52.200-.295: Cruise ship head tax
- Forest practices funding in states with regulatory forest practices programs – Jan. 21, 2015
- Letter from Chris Maisch to Kenneth Kopocis regarding ADNR comments on Existing Programs that Protect Water Quality from Forest Road Discharges, January 5, 2015
- Compliance monitoring summary 2015
- Compliance monitoring briefing, February 2016
- Annual agency reports to the Board re FRPA effectiveness
 - Department of Natural Resources Division of Forestry
 - Department of Environmental Conservation Division of Water
 - Department of Fish and Game Division of Habitat
- Region II-III Reforestation Review – Implementation Group organization and operations
- Region II-III Reforestation Review – Implementation Group contact list
- Draft resolution recognizing Mike Curran's service