

MINUTES
April 14, 2017
Board of Forestry Meeting – Ketchikan, Alaska
Teleconference sites: Anchorage, Fairbanks, Juneau

Call to Order and Roll Call. Chris Maisch, State Forester, called the meeting to order at 8:05 a.m. in Ketchikan. Remote sites were connected by teleconference in Anchorage, Juneau, and Fairbanks. Members Keith Coulter, Denise Herzog, Erin McLarnon (teleconference), Bill Morris, Eric Nichols, Will Putman, Chris Stark, and Mark Vinsel (teleconference) were present. All members were present and 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. Information was also posted on Facebook and Twitter.

Approval of Minutes. The Board reviewed and approved by unanimous consent the December 13, 2016 minutes with a deletion of the item on sanctioning and monitoring sustainable harvest plans. DOF has stopped work on this topic because the Native Corporations no longer see a need for the state to provide that service. (*See handout*)

Approval of agenda. (*See handout*) The agenda was unanimously approved by unanimous consent with no changes.

Announcements: Karen Peterson, Alaska Cooperative Extension Service (ACES): The Wood Energy Conference and turnout were excellent, including participants and vendors from Native villages, Canada, Finland, and Germany. The live Facebook blog with interviews from the conferences is available on the Sitka ACES Facebook page. The technical workshop on wood boilers had 34 attendees. Wood energy interest remains strong in Alaska. There was a pre-conference pellet mill visit in Ketchikan. Maisch: ACES work is important in educating communities on wood energy and good forest management. Nichols: Wood supply is the issue – there are three wood energy operations in Ketchikan and no new local supply. The US Forest Service (USFS) doesn't always include biomass in National Environmental Policy Act (NEPA) documents for sales.

Maisch: The Society of American Foresters Alaska Chapter held their annual meeting and field trip in Ketchikan week. Coordinating meetings helped attendees save on travel.

Forest practices budgets. Michelle Hale, Department of Environmental Conservation (DEC) Division of Water: Fund source switch to PR receipts. \$58,000 decrease in House. Unallocated cut added in Senate \$158,000 across department. Smaller cuts than the last few years. Don't know how much of the cut will be in the Division of Water. Has been a stabilizing year at the state budget level – leaner division; 11 direct reports. Many people combining responsibilities. Have lost 20% staff over three years. Now facing drastic cuts on federal level – President's budget cutting state and tribal assistance grants 30% and eliminating 319 grants completely. Budget will be adopted Oct-Feb. don't know how Congress will respond. Will start spending federal money in July before knowing what will be passed. Trying to figure out strategy to minimize risk of cutting positions in February.

Maisch: A lot of states use Section 319 funds in their forest practices programs. The National Association of State Foresters is developing information to help support federal funding. Hale: DEC is also working with national organizations on this issue. If 319 is zeroed out, there will be no nonpoint source program in Alaska. Other categorical grants are also in danger of being zeroed out. 35% of DEC

funding is federal Clean Water funding. The focus of the 319-supported nonpoint source program in Alaska is work with organizations and communities to educate on scooping dog poop, maintaining green infrastructure, and keeping sediment out of streams. One of the biggest impacts to salmon in the Lower 48 is nonpoint source pollution, such as runoff from parking lots. FRPA ties in well with nonpoint pollution prevention. The nonpoint program also lists impaired waters and develops recovery plans. Recent efforts have focused on fecal coliform pollution near communities. Loss of 319 funding also impacts permitting and compliance programs. Stark: Would Alaska be liable to lawsuits for not protecting waters without these programs? Hale: Lawsuits are always a risk.

Mark Minnillo, Department of Fish & Game (ADF&G) Division of Habitat: The Division of Habitat is dependent on general funds for FRPA implementation. For FY17, the division absorbed a \$300,000 cut in General Fund monies. This was in addition to the \$590,000 cut in FY16, for a total of about 20% General Fund reduction.

We are closely monitoring our expenses, have reorganized and combined major administrative functions with Subsistence and Boards Support, and are being very selective in filling vacancies. In the past year, Habitat has lost multiple biologists and some of these positions will not be refilled. The division is in year two of three of an Alaska Sustainable Salmon Fund (AKSSF) grant to help with anadromous fish surveys on timber lands recently conveyed to Sealaska Corporation and added to the Southeast State Forest. We recently completed two years of fish surveys funded by AKSSF grants on Afognak and Kodiak Islands. We have been granted AKSSF funding to conduct one additional year of fish survey work on Leisnoi, Inc lands within the Kodiak Borough. We continue to schedule FRPA inspections on Kodiak and Afognak to coincide with AKSSF survey work as much as possible to reduce our general fund travel costs associated with FRPA implementation in the field.

The division and department remain committed to fulfilling our roles under FRPA, and will continue to do the best we can, both in the field and in the office, with the General Fund monies provided.

HB 199 was introduced on March 27, 2017 with a short title of “fish/wildlife habitat protection, permits” and we are in the process of reviewing proposed changes to our basic permitting process. It is unclear at this time what effects HB 199 would have on FRPA-related fish habitat permits.

Vinsel: In the FY18 budget ADF&G appears to not be on the chopping block generally – what about Division of Habitat? Minnillo: Don’t know. Other divisions get federal funds, but not Habitat. [Note: David Rogers subsequently reported that there are no cuts to the Habitat budget for FY 2018 in either the House or Senate version of the budget.]

Stark: Pittman-Robertson and Dingell-Johnson funds are increasing. Do they help agencies dependent on state funding? Minnillo: No. Stark: Do you use electronic water sampling to discern salmon presence from DNA? It is more efficient than other methods and could save considerable funding. Minnillo: We need to consider it. Maisch: ADF&G has been great about working with DOF on forest access using Pittman-Robertson funds. Non-federal match money is needed, and ADF&G has exhausted their available match. DOF has had some access funding to contribute to the match.

Chris Maisch, Department of Natural Resources (DNR) Division of Forestry (DOF): DOF suffered big budget cuts in FY14-17. There are no additional cuts in FY18, and there is an increment in the House budget for a position in Haines to support the Haines State Forest. It will have to go to conference committee since it is not in the Senate budget. The rest of the Division’s budget is flat. However, costs are going up, e.g., for helicopter contracting, and it is difficult to absorb the costs. We are also seeing chargebacks from the Department of Administration for their services. For example, they want an additional \$120,000 for payroll preparation in the current fiscal year. Chargebacks are in addition to other

indirect costs that are taken off the top of the agency budgets. Hale agreed that more charges are being passed on.

Maisch: Federal funding is the one bright spot in the DOF budget. We are getting funds for young-growth inventory in Tongass, Forest Inventory and Analysis (FIA) in the Interior, workforce development, and timber sale preparation under the Good Neighbor Agreement. We don't know how long the USFS will be a funding source – the US Department of Agriculture (USDA) is scheduled for a 21% cut and we don't know how much will go to the USFS.

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

- The Alaska Wood Energy Development Task Group has funded feasibility studies for four elementary schools in the Fairbanks North Star School District, two high school in the Kuspuks School District, and two schools in the Chatham School District.
- The Minto wood boilers are operational, and are now providing efficient heating for the lodge and health clinic. The community has harvested a year's supply of wood that is drying. The lodge has also improved its energy efficiency.
- The Sitka USFS office wood heating system is operational. It is burning wood pellets imported through Alaska Pellet Supply, LLC.
- The Galena wood energy project is now operational – it fired up on December 8, 2016. It is the largest chip system in the world in an isolated community – three times the size of the Tok operation. Tim Kalke, SEGA: The Sustainable Energy for Galena Alaska (SEGA) program is providing the wood supply for the Galena system. They have a contract to harvest on Gana-a-Yoo land. Birch is the main target species. Poplar doesn't dry as well. SEGA has been harvesting and stockpiling wood for two years. All operations are done in the winter. Equipment processes logs into chips for bulk storage. Through experience, the operators have improved operational and maintenance capabilities. This project was a necessity to keep facilities warm after the military pulled out, including a boarding school. The school is developing a natural resource management and energy program to involve students and spread knowledge along the river.

Maisch: Poplar regenerates easily; birch will need to be monitored. Putman: SEGA has done a good job planning and lining out inventory. Nichols: Are there efforts to do any wildlife management by starting younger stands? Kalke: Absolutely. We are hoping that skidding will scarify at least 25% to help with regeneration, and we will be starting regeneration surveys. Plentovich: This project used about 50% grant funding and the rest from loans from DEC and AHFC – will be a model for future projects.

- Biomass-Heated Greenhouses, a handbook for Alaskan schools and community organizations, is now available. It will go to every school district in the state and is on-line.
- Alaska has 36 operating wood energy systems; Prince of Wales Island is very active and there is new interest in the Kuskokwim and Kodiak. Some of the wood supply is from the river, but it is important for individual residences locally and down-river. Putman: The original Tanana supply was from the river, but they are now moving away from that.
- Plentovich: The emerging technology fund has provided a grant for a combined-heat and power system of about 35KW for a skating rink at UAF. This will provide a long-term test for applicability in communities with a chip supply. This is a promising system. It requires a very consistent fuel supply in terms of size, moisture, and species. The system is very clean-burning, which is important due to air quality challenges in Fairbanks.

Nichols: It will be interesting to see the dollar savings from wood energy when oil prices are low – fuel cost savings help generate state support. Fuel costs are still high in remote villages. Plentovich: AEA hopes fuel costs break even, then local jobs provide the extra benefits. Some projects also have savings.

Plentovich: Overall, the AEA budget is stable with last year; the agency has been managing shortfalls through attrition. Most biomass project funding is from the USFS with a state match. We don't know about the next round of federal funding yet. There is consideration of merging Alaska Housing Finance Corporation and AEA. It will be challenging to do biomass project construction as funding gets tighter.

Peterson: "Green banks" are now forming. Traditional lenders don't understand biomass well. In Connecticut, a bank has developed specifically to loan money for biomass projects. It has grown rapidly. ACES has offered free feasibility studies to commercial entities, but there have been no takers yet. Stark: Ecotrust is considering getting into this type of lending.

Coastal forest management

Big Thorne litigation. Tom Lenhart, Asst. Attorney General, Dept. of Law: There is no change. This case has been ripe for decision in the Ninth Circuit for a year and a half. Maisch: The USFS is doing a reappraisal on remaining standing timber. Some has already been harvested.

Roadless Rule. Lenhart: There is no change. This case in the D.C. Circuit Court was filed in 2011 and the briefs were completed over a year ago. We don't know what is taking so long. If the decision is in the state's favor, it would still leave the issue of whether the amended Tongass Plan applies. Maisch: Congress can overturn rules within 60 congressional days. Lenhart: For the Tongass Plan, the clock isn't yet ticking, because Congress hasn't yet been notified of the USDA decision that the Plan qualifies as a "rule." The Plan could also be dealt with through a new amendment process, or for a party to challenge the amendment in federal court. Those options are slow.

Mental Health Trust exchange. Paul Slenkamp, Mental Health Trust (MHT) Land Office: The MHT appreciates the support for the exchange from the Board, Division, and Legislature. Bills have been introduced in the House (HB155, Ortiz sponsor) and Senate (SB88, Stedman sponsor) to authorize the proposed MHT-USFS land exchange as required by state law (*see handouts*). SB88 was passed unanimously by the Senate on April 13. SB88 is scheduled for hearing in the House on Monday at 1:30; using this version would negate the need for a conference committee on this bill. There is a federal bill (S131/HR153) also authorizing this exchange and MHT hopes that it will move through Congress this year. The bill directs the USFS to do the exchange. There is some work needed on appraisals, hazardous materials, etc., but it doesn't require a formal NEPA process.

The first phase of the exchange is about 2,400 acres of federal land in Naukati for two MHT parcels near Ketchikan that must be conveyed within one year to provide a near-term supply for the industry. Lands in this area are about half old growth and half young growth. Maisch: Tongass National Forest management is moving toward young-growth management, but old-growth sales are needed in the interim. The MHT exchange is the best way to get old-growth available in the near term.

Slenkamp: In other news, the Trust has a small timber sale for fuel reduction of bug-killed timber near Nikiski. Icy Bay timber is under contract to Sealaska; the Trust is also doing mineral exploration in that area. There is an active sale at Kasaan with Alcan Forest Products. MHT is working on a Hollis subdivision and a timber operator is building road in exchange for stumpage.

Tongass Plan implementation. Maisch: Old growth harvesting is needed up front to sustain the timber industry in Alaska. Eventually there will be a switch to young-growth harvesting and it may be a sharp rather than gradual transition. The Challenge Cost Share Agreement (CCSA) includes a project to have the Alaska Forest Association work with the USFS on getting out project that will appraise positively. The TNF doesn't have enough old growth in the pipeline to maintain the industry as they have been

directed to do. There will be about a three-year gap before they get significant wood out. DOF will work with MHT and the University of Alaska to try to fill that gap. There's about \$6.8 million total in the various components of the CCSA (*see attachment*). It involves several private and university groups, communities, Sitka Conservation Society, The Nature Conservancy, and multiple state agencies.

Timber work force development. Chris Maisch, DOF: The second Forestry Training Academy was delivered in Thorne Bay in March. Training was developed by the Division of Economic Development and DOF. It covered basic forestry skills and best practices, USFS safety requirements, and DOF inventory protocol. Thirteen students from Ketchikan, Haines, Metlakatla, and Prince of Wales, 12 graduated. Graduates qualify for Forestry Tech I positions with DOF for the 2017 summer season.

The Tatoosh School on Prince of Wales is under contract with DOF to develop educational tools for the transition to young growth operations that will be integrated into high school programming on Prince of Wales with the support of industry partners. Some integration of the plan will happen before the end of the current school year. They are working to ensure that communities get benefits from the timber activities.

Young growth inventory. Doug Hanson, DOF (*PowerPoint*): This is a three-year project covering stands primarily on Prince of Wales (POW) and Revilla islands. Challenges have included hiring temporary foresters and forest technicians, conducting training with workforce development program, boat-only access to some stands, camp facility availability during busy seasons, development of custom programming to export data to GIS and databases, and quality control for field data. DOF will hire 4-5 graduates from the workforce development program as technicians.

Accomplishments:

- The Workforce Development Training graduated classes in 2016 and 2017.
 - Field crews completed 137 stands, containing 4,866 plots on 12,165 acres, including GPS points on stream crossings.
 - Compiling data on volume per acre, regeneration, vegetation composition, stand observations, and stream crossing points.
 - Individual stands have been analyzed for access and operability and individual settings mapped.
 - Developing a logging systems layer and calculations of fall down acres that are unsuitable for harvest.
- Hanson showed sample data estimates from 55-year old stands in four areas on Prince of Wales, Heceta, and Orr Islands. Net volumes per acre ran from roughly 13 MBF to 20 MBF per acre.

Over 4,400 plots are proposed for field work in 2017 on Prince of Wales and north Revilla. In 2018 the focus will be near Petersburg and Wrangell where stands are more scattered, and the logistics more challenging. That will complete the fieldwork; data and reports will follow. USFS stream surveys will follow the inventory in high priority areas for stream location and fish presence. Maisch: Most of the harvesting preceded modern riparian buffers.

Nichols: Do you have any rules of thumb yet on volumes in different situations? Hanson: For Prince of Wales Island, preliminary estimates with good accuracy are possible based on the 136 stands processed. The Ratz Harbor stands were relatively low volume, and were only 55 years old; most of it would not yet be merchantable. About 60-70% of the area had been pre-commercially thinned. There were some older stands on Kosciusko Island. Stand composition varies in terms of hemlock and spruce percentages. Maisch: USFS information shows that volume in second-growth stands doubles between about 55 and 80 years post-harvest. Putman: Are pre-commercially thinned stands hitting merchantability sooner? Hanson: Yes, especially for spruce. The unthinned areas are very different. The increment on some of the trees is impressive. Hanson: It's a shame that politics are pushing us to jump the gun on the transition to young-growth before the stands gain additional volume.

Good Neighbor Agreement (GNA). Maisch and Jim Eleazer, DOF: Good Neighbor Authority is a national program that was launched in 2000 and expanded to all states in 2014. It authorizes the USFS or Bureau of Land Management (BLM) to enter into agreements with state foresters to carry out forest, rangeland, and watershed restoration, management and protection services. On National Forest System lands this includes commercial timber harvesting or other mechanical vegetative treatments. There are now 23 agreements in 19 states. The USFS still conducts the NEPA reviews.

The USFS and DOF entered a Good Neighbor master agreement under the federal Farm Bill Authority in 2016. This type of agreement can authorize forest and watershed restoration services. It does not authorize construction, reconstruction, repair, or restoration of permanent roads. Temporary roads necessary to complete restoration or improvement work are allowed. The master agreement: sets the general framework for working together which will be supplemented with project-specific special project agreements (SPAs) that contains financial terms, budgets, the scope of work, and reporting requirements.

The first special project agreement under the USFS-DOF master agreement for Alaska covers the Kosciusko Vegetation Management and Watershed Improvement Project. In addition to DOF and the USFS, stakeholders include the Mental Health Trust Authority, the University of Alaska land trust, and contractors. The project involves 29 MMBF of timber on 1461 Acres, including stands that will be under even-aged, two-aged, and uneven aged management. Forest management will require new temporary road construction, road reconditioning, and road maintenance. The Craig/Thorne Bay Ranger signed the NEPA Environmental Assessment on Sept 12, 2016 – they’ve worked on this sale for 20 years. DOF plans to work with MHT on field inspections. Nichols noted that Alcan may have barge transport available. DOF recently filled two Forester II positions in Ketchikan.

At the end of the project, the road will be obliterated by removing culverts and bridges to restore the natural stream course, and adding waterbars to control erosion. The road prism will be left in place unless it would impact the stream course.

The USFS requires protection of karst features and drainage into them. There is debate on how to best protect them. Tongass standards and guidelines may limit operations on young-growth stands and a successful transition will require readjustment of the standards and guidelines. Nichols: they do affect operations. Ed Soto from DOF will be working on the karst analysis starting next week. DOF believes that the USFS has already identified the high-value karst.

Coulter: This seems like a lot of bureaucracy for a 29 MMBF sale. We put up 34 MMBF per year with much less bureaucracy. Maisch: There is much more process on public land. The intent of the GNA is to improve efficiency. Most of the young-growth harvesting should be under Environmental Assessments. This is a cultural change for the USFS. DOF reviewed the appraisal for the sale to be sure it is economic overall; the 2-acre patch cuts are not economic. Nichols: This was designed for watershed improvement rather than economical timber production.

Compliance monitoring report and road condition work. Joel Nudelman, DOF (*see handout*): During 2016, DOF conducted compliance monitoring on all FRPA inspections. A rating of 5 means the BMP was consistently and effectively implemented where applicable; a rating of 1 means the BMP was rarely implemented where applicable or was implemented ineffectively. The data shows solid implementation rates in all regions (see Table 1, p.4). Overall, Region I averaged 4.47 out of 5.0, and Region II averaged 4.45; these regions were down just slightly from 2015. Region III scored 4.96 – it’s highest rating ever. In Region I, 93% of all scores exceeded 4.0, as did 99% in Regions II and III. The number of inspections was down in all regions on both state and non-state land. Region I and II scores

remained high, and Region III scores are the highest on record due to maintenance and repair work done since September 2015.

Region I had regular on-site presence for all ground base operations in Southeast, Afognak and Kodiak, so any concerns with new road construction, timber harvesting and maintenance were dealt with early. ADF&G was present for stream classification and structure crossing inspections in Southern Southeast. All Region I operators seem to have good working knowledge of the BMP's for every aspect of FRPA. When the rare low scores occur, there is field discussion and understanding of the causes.

Region II operations took place on State and borough lands in the Mat-Su and Kenai Peninsula; activity levels were low. Some operators that needed oversight early on now have a better understanding and require less oversight. Overall, the logging has been straightforward on flat ground and winter weather has been cold enough for the ground to freeze. Very little road construction took place in Region II during 2016 and no new crossing structures were installed except for one ice bridge.

In Region III, reconstruction work and maintenance went very well in 2016 as DOF found better rock in the pits developed in 2015 and 2016 and weather was more favorable. Having an equipment operator on the DOF staff has been a tremendous asset. Roads still get heavy use from the public for firewood and hunting access, but maintenance due to the active timber operations have kept up with the high use during 2016.

There was some informal training through "tailgate sessions" this year, but no formal sessions. Operator experience has helped with compliance.

Stark: How do you avoid "gaming the system" in the ratings"—there appear to be lots of 4.0 ratings, just above the cutoff for concern. Nudelman: DOF works hard on consistency. We train forest practices foresters and we have a handbook that describes what constitutes each rating 3 or 4 for each best management practice (BMP). Morris: There is inherent bias in the system. Nudelman: There aren't many individual ratings of "3." Most BMPs have either been implemented (4 or 5) or not (1 or 2). The average may be near 3, but the individual ratings are either above or below. When we get low ratings, we work hard with the operator to improve the practices. Low scores result in extra attention on the operator which typically show improvement on subsequent inspections.

Road condition surveys. Nudelman: DOF did no new surveys in 2016 due to lack of funding; most previous surveys were done under Sustainable Salmon funding. The current big project is replacing a culvert, removing two culverts, and closing a road in Tyonek through Alaska Sustainable Salmon funding. The problem culverts were identified through the surveys. The project will open several miles of fish habitat. The Native Village of Tyonek is doing the culvert work.

Effectiveness monitoring activity. Freeman, DOF: There were two EM efforts in 2016. Mat-Su effectiveness monitoring. The final report for the Region II Forest Resources and Practices Act Effectiveness Monitoring project on three streams in the Mat-Su was published in May 2016. The streams were pre-harvest sampled in 2006 and post-harvest sampled in 2015. The Aquatic Restoration & Research Institute (ARRI) conducted the study with support from a Mat-Su Salmon Partnership grant, and Jeff Davis from ARRI reported to the Board at the December 2016 meeting.

ARRI reported that, "There were some differences in water quality and habitat characteristics between the treatment and reference streams but these differences could not be attributed to timber harvest activities." The report noted that the level of harvest and road building within the treatment watershed is low, and the effectiveness of current regulations at protecting water quality and fish habitat should be reevaluated if the level of harvest and road building increases. However, harvest and road construction within the study

area is comparable to the level of harvest that has occurred to date on other state and Matanuska-Susitna Borough lands in the Susitna and Little Susitna watersheds. The results from this study are likely representative of conditions in tributaries within the Petersville, Houston, and Rabideux timber blocks subject to similar levels of timber harvest activity.”

Region II-III reforestation research and monitoring priorities. The Region II-III Reforestation S&TC and Implementation Group identified research and planning needs, and the Implementation Group prioritized them, and the agencies presented the findings to the Board at the December 2016 meeting (see Appendix C of DNR’s annual report to the Board). The recommendations and priorities may be used to focus research activity and support funding requests by agencies, universities, or other research partners.

Funding for effectiveness research is exceedingly difficult to find and recent operating budget reductions have made it extremely hard for the DOF to come up with the 25% project level non-federal funding match commonly required.

Agency reports.

DEC Division of Water. Gretchen Pikul, DEC (*see handout*): Due to staffing shortages, DEC’s involvement in FRPA will focus on the “shall” sections of the Act. These are outlined in the DEC report. In 2016, DEC commented on DPOs in all regions, and participated in three FRPA inspections on Kodiak and Afognak. DEC also commented on state and federal timber sale documents. In 2017, DEC will participate in the effectiveness monitoring working work group and Tongass National Forest annual implementation and effectiveness monitoring. When properly implemented, FRPA and the DEC regulations are effective in maintaining water quality.

Tier III water treatment workshops have been completed; there is still opportunity to comment. There is information on the DEC website. Stark: This may be relevant for forest operations.

ADF&G Division of Habitat. Mark Minnillo, ADF&G (*see handout*): ADF&G continued to review DPOs and participate in FRPA inspections and stream classifications. ADF&G was able to do additional inspections on Prince of Wales Island while doing stream surveys to get ahead of timber layout and adding anadromous waters to the catalog. ADF&G continues to review road construction, stream restoration projects, and other activities on the Tongass National Forest and commented on Tongass Management Plan amendment. We reissued a General Concurrence for fish-friendly stream simulation structures on the Tongass. ADF&G will be using Alaska Sustainable Salmon Fund money to conduct one additional year of fish survey work on Leisnoi, Inc lands within the Kodiak Borough.

DNR Division of Forestry. Tim Dabney, DOF (*see handout*) reported on area office activities. DOF is:

- Working through an appeal on the best interest finding (BIF) for the proposed Baby Brown timber sale for 20MMBF of timber in Haines and preparing FLUP.
- Vallenar Road construction started in late 2016, about 2 miles are built so far. Vallenar sale preparation will be in summer 2017.
- The Coffman Cove timber sale was purchased by Viking Lumber, 7.5 MMBF
- The North Hollis BIF will be issued this month, 4.5 MMBF.
- Edna Bay Parlay BIF is out for review, 14 MMBF.
- North Thorne Bay BIF is coming up.
- The Kenai office is selling beetle-killed timber for fuelwood and sawlogs. Firewood demand remains high.
- Leisnoi is planting 700 acres on Kodiak Island. A-1 Timber has completed active logging on 6,500 acres on Kodiak Island.

- After the 2015 Twin Creeks fire, the Kodiak Island Borough did salvage logging. They received a reforestation exemption, but the borough will plant this spring.
- Logging and FRPA inspections continue on Afognak Island. Transpac logged about 60 MMBF on Afognak in 2016.
- MatSu firewood and log sales and personal use permits programs continue. There is an active spruce bark beetle infestation.
- Tok has ongoing firewood salvage operations. Joe Young's mill is producing compressed logs, and plan to begin producing pellets this summer.
- The Fairbanks/Delta Area has 135 active sales and issued over 400 firewood permits. The Area received two FRPA notifications this year. A proposed long-term negotiated sale for Superior Pellets has been postponed due to lower sales with lower price of heating fuel. They have laid out two sales on university land. Reforestation surveys, scarification, and planting continue.
- DOF recently hired two new Forester IIs in Ketchikan (John Tapley and Peter Lucas) and one in Fairbanks (Rafael Rodriguez). We are now trying to fill the Tok/Copper River Area Forester position.

Public comment:

- Eric Geisler, BLM Anchorage: BLM would like to discuss GNA options with DOF regarding a potential Haines timber sale in conjunction with a mining operation. The BLM land is near a state timber sale.
- Andrew Thoms, Sitka Conservation Society (SCS): SCS is working on implementation of the Tongass Plan and recommendations from the Tongass Advisory Committee (TAC). The recommendations are a robust plan for making Tongass harvesting work. SCS works on several projects related to local wood sources and use and has developed good relationships with the USFS and other landowners. We recognize the issues with timber supply and workforce development. The work on these issues has been productive. Trout Unlimited and The Nature Conservancy are also part of the efforts to find areas to protect and areas to develop. We want to continue to move forward through the CCSA and on other fronts.

Vinsel: Has the TAC looked at areas for state selection under the proposed federal legislation introduced by Rep. Young that would allow states to acquire land within national forests (HR232)? Is the advisory group a vehicle to comment on specific parcels? Thoms: Some environmental groups haven't been as active in Tongass issues recently due to the cooperative work of the advisory committee with the USFS. Young's bill will re-engage those groups, and conflict will again emerge. The less Tongass is a location for conflict, the more room we have to work together to provide certainty for both the industry and conservationists. Maisch: The implementation group has not addressed that legislation directly. Maps that are around are from previous efforts with a subset of the Tongass Forest Roundtable. One version avoids the Tongass 77 streams; others don't. There hasn't been much discussion on it yet.

Young's bill says that state selections can be acquired by purchase for fair-market value, an equal-value exchange for state lands, fulfillment of a state land entitlement from statehood, or a combination of these methods.

Coulter: There doesn't have to be a fish-only approach to forest management. We harvest around fish and other values all the time on private land. Thoms: Trout Unlimited supported the TAC recommendations which support more than "boutique" harvesting. The recommendations also recognized their top-priority watersheds. SCS is not a single-species organization, and members represent various interests. We try to work pragmatically. Nichols: The real concern isn't among TAC members, it's whether the Tongass will implement the recommendations, and that is yet to be determined. Maisch: The plan is not perfect, but there is a lot of commitment on working to implement it. A lot of members of the TAC were under a lot

of outside pressure to disagree, but the TAC gelled and worked hard to find a solution. Thoms: No one is quite satisfied with how the USFS is doing. Their culture will only change with pressure from multiple sides. It is happening now because other groups are getting the funding for projects and workforce development. We recognize that there's been talk about this for 25 years. Nichols: We are realists and know there are groups who want no harvesting on Tongass and we can't change that. Coulter: You need infrastructure for the industry to work. Maisch: The USFS structure is slow to change and it will require sustained pressure. We may not succeed but we feel strongly that it is important to Southeast.

DOF Planning and appeals. Jim Schwarber, DOF: The state timber sale program is under public scrutiny. Many of the larger timber sale proposals in Southeast have been appealed.

- The Final BIF on North Hollis was not appealed.
- DNR received an appeal of the Coffman Cove Final BIF. The Commissioner upheld the decision and harvesting is underway.
- The Vallenar Bay Final BIF was appealed; the Commissioner affirmed most of decision but remanded part of it to incorporate the final Southeast State Forest Management Plan and inventory. DOF is preparing to reissue the finding.
- The Baby Brown Final BIF was appealed and DOF's decision was upheld. DOF held the sale, accepted a bid, then did a draft FLUP for part of the sale. Working on how to proceed. The intent is to complete a FLUP for the entire area before moving forward.
- The Edna Bay Parlay preliminary BIF was appealed on the same issues as Vallenar. DNR withdrew the BIF and revised it to include the SESFMP and inventory. April 17 is the deadline for appeal of the revised BIF.
- In the interior, DOF issued a preliminary BIF for a sale to help support the Galena project. There were no comments, and the Final BIF has been adopted. Outside Southeast there haven't been recent challenges to state timber sales.
- DOF is clarifying its timber sale process to ensure quality control and minimize challenges.

Stark: There were challenges to interior sales in the early 1990s. Putman: There was also a challenge to a Haines sale in the Schnabel era. Maisch noted that we've had three DNR commissioners in quick succession during the recent appeals.

Sanctioning and Monitoring Sustainable Harvest Plans. Maisch and Trevor Dobell, DOF:

Forest Stewardship plans can include a sustainability analysis, but few landowners have chosen to do so. Some Native corporations with large land ownerships are now interested in this to qualify for selling carbon on the California carbon exchange. They would have to maintain their baseline to maintain their credits. Sealaska has done a rough example of what a sustainability chapter for a forest stewardship plan would look like. Sustainability certification is needed when owners want to actively manage forest land, including harvest. We're not aware of other states that have taken on the responsibility for certification, but we are interested in helping to support the corporations. It is very expensive to certify through the existing programs, but there is ongoing discussion to see whether it would be possible for the Sustainable Forest Initiative to do the certification. There were barriers to doing so in the past. Chugach Alaska and Ahtna are also exploring carbon sales. FIA data is required to qualify for the carbon exchange. In Alaska, FIA data is currently limited to coastal Alaska and a portion of southcentral. Carbon credit contracts last 100 years with monitoring every 6 years. There is a risk pool to address shortfalls due to natural disasters. Carbon credit buyers currently exceed sellers due to the emissions cap in California. Nichols: There's no guarantee that you will qualify for carbon credits, nor that you will have an increase in carbon over time in Southeast forests. This is a big boondoggle and won't work over time. Conor Reynolds, TNC: The baseline is based on the silvicultural practices for a given region. In Southeast that is typically clearcutting. Slenkamp: MHT is considering this. Maisch: Numerous questions remain, including whether Native corporation sales are subject to ANCSA 7(i) revenue sharing.

State legislation and regulations:

HB199 – Wild Salmon Legacy Act (*see handout*). Morris: This bill changes the process for identifying anadromous fish habitat by adopting a statutory definition of anadromous fish habitat and a presumption that a naturally occurring permanent or seasonal surface water body is important anadromous fish habitat unless there is a site-specific determination and written finding to the contrary. The impetus for this change is apparently that the existing Catalog of Anadromous Waters is incomplete. The bill also establishes a two-tiered anadromous fish habitat permit system:

- A “major permit” requires a bond and a public comment period.
- A “minor permit” requires public notice of the determination.

Freeman: Anadromous water determinations and permits under this legislation are subject to requests for reconsideration.

HB199 was introduced by Rep. Stutes and co-sponsored by Rep. Josephson. The bill was heard by the House Special Committee on Fisheries on April 12. Rep. Stutes said the intent is to work on the bill in the interim before the 2018 session. The process is just beginning.

Nichols: Is there any other system allowing public comment on permits on private land? Vinsel: Waters and stream beds aren't private property. The United Fishermen of Alaska (UFA) sent a letter to the Legislature encouraging them to consider changes to Title 16. It is not a letter in support of the current bill; the bill goes farther than UFA's letter.

Maisch: Landowners feel like some of the FRPA principles are being violated; this is perceived as an end run on FRPA.

Regulations for negotiated timber sales (*see handout*). Jim Schwarber, DOF: 11 AAC 71.045(e) – DOF proposes to extend the time limit for negotiated sales <500MBF from one year to two years. For 11 AAC 71.055 changes are needed to conform the regulation to the statute. The statute provides more flexibility to offer negotiated sales to meet local processing demand.

DNR Fee regulations. Marty Freeman, DOF: DNR is proceeding with updates to fee regulations, including fee increases for many services. The draft regulations are currently undergoing agency review; public review will follow. DOF fees only apply to beach log salvage and log brands; DOF has not proposed increases for these programs. Watch for public review – will send to BOF when public. Material and access sections would be of interest.

Material sale regulations. Freeman, DOF: Regulation amendments to separate the 11 AAC 71 regulations on state timber sales from those on material sales are still in development. The amendments would place the material sale regulations in a new section and update material sale requirements.

Reforestation regulations and other implementation actions. Freeman, DOF: The amendments to the FRPA reforestation regulations were filed by the Lt. Governor on February 7, and went into effect on March 9 (*see handout*). An updated version of the fieldbook containing the updated regulations has been published, distributed, and posted on-line (*see handout*). The Detailed Plan of Operations forms have been updated and are available on-line (*see handout*). For regions II and III, the updated forms have check-boxes for the season of harvesting and indicators of likely natural regeneration success. The DOF templates for state Forest Land Use Plans have been updated to incorporate the same changes.

An update to the implementation fieldbook (“purple book”) is in progress. It will include a chart for converting the board-foot based FRPA applicability standards to other measures, and information on commercial tree species for reforestation, and on invasive tree species identification. We are also

incorporating other changes made since the last update, including the Region II stream classification system, indicators of unstable slopes, and guidance for BMPs on winter roads.

Eric Geisel: What is the rating used for determining invasive species for planting? BLM uses a rating of 50. Freeman: We also use a rating of 50 on the Alaska Exotic Plants Information Clearinghouse list.

Hoonah watershed project and Light Detection and Ranging (LiDAR) use (*PowerPoint*). Conor Reynolds, The Nature Conservancy (TNC): LiDAR can produce digital elevation models, calculate average tree heights, and measure tree cover. To do an inventory, LiDAR data is combined with field data. TNC did a project in the Hoonah area with Huna Totem, Sealaska, and the USFS. Local crews did the field work. Most of the area was harvested in the 1980s-90s. Results include size metrics; it is not yet possible to identify species. LiDAR won't tell you where the best timber is, but it tells you where to look for the best timber.

LiDAR will be flown on 2,055 square miles on Prince of Wales Island this summer. The project is funded by the USFS CCSA, NRCS, TNC, Sealaska, DNR, and USGS. Costs ran about \$0.75/acre or ~\$300/square mile in Hoonah, but will be \$780/square mile on Prince of Wales. It will produce digital elevation and surface models. We will be able to compare the LiDAR-based and ground-based inventory results.

Putman: I am interested in LiDAR, but have yet to have a project where it could be used. Coulter: We recently flew air photos cheaper on Kodiak. Reynolds – you can use this to do inventory of volume aerially, and that is new, and you could measure regrowth with a second flight later.

Challenges facing the primary forest product sector. Dr. Keith Coulter, Koncor: This is a follow-up to the discussion at the December meeting. I did a PhD study on logging contractors, with interviews of managers of 60 contractors in Idaho. When there are a lot of sellers and a few buyers, sellers have to take the price they can. Forest product businesses are no longer vertically integrated. Contractors are no longer able to move wood as quickly as they want – seasons have become short and unpredictable. Difficulty in finding workers adds to the problems, in part because you can't work them long enough. Other jobs have better wage and benefit packages. Most of Idaho is federally owned. Since 1956, the number of mills has plummeted, but production didn't go down proportionally – it has become more mechanized. The industry could survive with fewer contractors; mills like to keep more contractors around to keep costs down. The business is extremely competitive and you can't manipulate the purchasers' price. Nichols: Few contractors have good accounting and administrative knowledge, and the mills don't care.

Stark: The sooner you can hire people out of high school for field work, the better. Thoms: In the workforce development courses, the average age has been about 25-30; this year there's another program focused on work force skills for ages 16-25 – work ethic, showing up consistently, etc. There is more money available in the workforce development grant. Coulter: Academic programs are now focused primarily either on fire management or ecosystem management. Maisch: Ed Soto is working on setting up engineering internships for student from Oregon State. All the industries are having problems recruiting people. Thoms: the POW schools have recognized that, and are teaching it. Plentovich: The industry needs to actively recruit women. Thoms: Half the technician class this year is women.

Board of Forestry annual report to the Governor.

- Funding and workload: DEC's ability to participate is limited by funding. DOF has lost staff across the state There is continued downward pressure on state and federal funding. The workload has gone down; Afognak is wrapping up which has allowed the agencies to keep up. Work may ramp up some in the Interior, and distances are long. Risks are low and expense of travel is high. There are new

operators, and DOF field visits help guide new operators into good practices, and provide information on the FRPA requirements. The Interior activities are not a big new work load. Growth in biomass projects might stabilize due to reduced construction funding. State budgets for the resource agencies are relatively flat this year – we appreciate that. Resolving larger budget issues is a priority so that we can have a consistent management program. Stability and staff retention are important.

- The timber industry has evolved in the last five years: The state and its partners have become active participants in the southeast timber industry through work on federal land and with the USFS. That work load could grow. It has taken DOF to new responsibilities, such as workforce development, and timber sale preparation on federal land. If this approach works it could lessen the need for putting 2,000,000 acres of state land from the Tongass into state ownership.
- Use the term “management” carefully. You can’t manage trees without cutting them. We need to be able to do basic silviculture without apology.
- The wood biomass program has done a lot of good in a lot of communities around the state – it provides jobs, keeps money in communities, provides renewable fuel, improves food security, contributes to education costs, and encourage local use of resources. Overall, it contributes to self-sufficiency for communities. We want that to continue and grow and support new ways to fund this program.
- Fire preparedness is important – fire hazard remains high.
- The reforestation regulations are complete. The agencies used the model FRPA process to develop them – it was science-based and involved stakeholders. Amendments to FRPA have been designed to protect multiple interests, and a lot of people came together to reach consensus on difficult issues. In contrast, HB199 was introduced with no outreach to the many constituencies that will be affected, and is an end-run on the FRPA consensus. This bill would undermine decades of hard work to build a successful and effective Act that protects both fish and timber interests. It’s anti-business, and unnecessary. The Board of Fisheries should have touched base with the Board of Forestry. Operators from multiple industries have helped identify fish habitat.

Wrap-up

- Next meeting date: **August 1, 2017**
- Agenda items
 - FY 17-18 Budgets and FRPA implementation
 - Legislation and regulations
 - Southeast forest management issues
 - Status of state timber program: timber sales and appeals
 - AEA Wood energy projects
 - State sustainability sanctioning
 - Electronic fish-water sampling—could affect HB 199 – consult Stark and Morris
 - HB199
 - Cooperative forestry program overview
 - Yellow-cedar Endangered Species Act review (Drew Crane)
 - USFS talk on second-growth management (Sheila Spores, Tongass silviculturalists)
 - Tier III stream implications (check with Hale and Herzog)
 - Young’s Timber Inc. processing facilities

Board comments

- McLarnon and Vinsel: Sorry not to make it to Ketchikan. Thanks for helping to facilitate working remotely. Vinsel: I’m very concerned that there is a risk of zeroing out Section 319 funding, and interested in anadromous fish-water checker.

- Morris: Thanks to all; it's very educational. The good BMP ratings show improvement over time. Concerned that decreases in funding put that progress at risk. It wouldn't take many years of less diligence before problems recur. The same is true for other fisheries field work
- Nichols: Society decides where public funds should be spent and funds are limited. The industry has declined. I feel some optimism about the state's very active role. We will have to see where the federal administration goes. I'm more optimistic than two years ago.
- Stark: I appreciate Joel Nudelman's work. Adversity sometimes make us work harder. The demise of some government programs make us work harder to decide where to focus. America has never been richer, just not at state government level. It's important to see different points of view.
- Putman: Reports and staff work are informational. I appreciate the opportunity to be in Ketchikan. It improved my understanding of the ramifications of the Tongass Plan and young-growth management. There is some cause for optimism. It has been great to be in Ketchikan with the wood energy conference. We need more attention to supply side of biomass. There are some examples where it could be done better. Having a funding crisis with both the state and federal budgets simultaneous is concerning. DOF is working really hard.
- Coulter: I'm not an optimist. Forest technology and academic knowledge is good – you can do many things at once without adverse impacts. It is disheartening to talk about managing for just one resource. Modern forest management can do many things well and helping local economies. Because everybody wants to save fish and nobody likes looking at a clearcut, and we are being outplayed. We should be harvesting a billion board feet a year.
- Herzog: I appreciate the optimism of the agencies and their efforts to fight for jobs. Things like the GNA and its partnerships are good approaches.
- Adjourn: 5:32 p.m.

Attendees

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| • Tim Dabney (ANC) | • Mark Minnillo, ADF&G (KTN) |
| • Trevor Dobell-Carlson (KTN) | • Joel Nudelman (JNU) |
| • Jeremy Douse, TCC (KTN) | • Gretchen Pikul, DEC (JNU) |
| • Marty Freeman, DOF (ANC)(phone) | • Devany Plentovich, AEA (ANC) |
| • Eric Geisler, BLM (KTN) | • Jim Schwarber, DOF (FBX) |
| • Michelle Hale, DEC (JNU)(phone) | • Michael Shephard (KTN)??? |
| • Doug Hanson, DOF (FBX) | • Paul Slenkamp, MHTLO (KTN) |
| • Brian Kleinhenz, Sealaska (JNU) | • Andrew Thoms, Sitka Cons. Soc. (KTN) |
| • Tom Lenhart, AGO (JNU) | • Conor Reynolds, TNC (JNU) |
| • Nathan Lojewski, Chugachmiut (KTN) | • Charles Sink, Chugachmiut (KTN) |

Handouts

- Agenda
- Public notice
- Draft minutes from December 13, 2016 Board meeting
- HR 232 – State acquisition of land in Tongass National Forest
- Region II-III amendments to reforestation regulations
- FRPA regulation fieldbook, March 2017
- Update Detailed Plan of Operations form
- Forest Practices Compliance Monitoring briefing paper
- FRPA Compliance Monitoring ratings
- Annual agency reports to the Board
 - DEC Division of Water
 - ADF&G Division of Habitat

- DNR Division of Forestry
- Buma et al. paper on Emerging Climate-driven processes
- Landwehr and Foss paper on Investigation of Landslides in the Sitka Area
- Letter from Board of Fisheries to State House and Senate
- January 2016 letter from BOF to Governor Walker support MHT land exchange
- Draft letter from BOF to Sen. Giessel re SB88, MHT land exchange
- SB 88 – Mental Health Trust Land Exchange
- HB 199 – Fish habitat permitting
- Challenge Cost Share Workforce Development Update

