

## **Minutes: Board of Forestry Teleconference Meeting**

**Thursday, February 16, 2023: 8am – 4:30pm**

**Meeting location: 1450 Atwood Building (550 W. 7<sup>th</sup> Ave., Anchorage) or Zoom**

### **Call to Order and Roll Call**

Helge Eng, State Forester, called the meeting to order at 8:00 am. The meeting was chaired at the Division of Forestry & Fire Protection office (Suite 1450 of the Atwood Building in Anchorage). The public notice included connection information for anyone to call in or connect via Zoom.

### **Present (in-person):**

Helge Eng, Alison Arians, Trever Fulton, Steve Connelly, Brian Kovol, Nathan Lojewski, Thad Adkins (DOL)

### **Present telephonically:**

Mike Post, Bill Morris, Denise Herzog, Eric Nichols, Russ Byerly, Diane Campbell, Tim Richardson, Sue Stancliff, Kate Kanouse, Chris T., L. Edwards, Greg Staunton, Craig Anderson, Priscilla USFS, Katie Rooks, Kato Howard, Jesse Lindgren, Patricia Young, Tessa Hasbrouck, Jorge Enriquez, Jeff Hermanns, Jusdi Warner, Trevor DoBell-Carlsson, Jean Daniels, Dan Bross, Andrew Allaby, Dan O’Leary, ArborWorks, Brock Tabor, Joe Young, Mark Mannillo, Scott Graziano, Tessa Axelson, Pat Palkovic, Steve Nickel

### **Review of public meeting notice and agenda**

### **Approval of minutes from previous meeting**

Helge Eng asked for approval of minutes, moved by Denise Herzog, no objections.

### **Announcements**

No announcements.

### **Funding, Legislation, and Regulations.**

#### **Agency Budgets and Legislation**

#### **Ben Mulligan, ADF&G**

No new legislation or budget item covering the needed Habitat funding. Additional travel funding for habitat biologist to address need to review field project compliance with Title 16. This funding will not be used for travel to attend conferences. Staffing remains the same in this section; no large turnovers that would affect the board. The section is losing Lee McKinley to the Joint Pipeline office.

#### **Brock Tabor, DEC**

Brock is the new “liaison” to the board. He has been with DEC since 2009 and is familiar of roles of the position. There are two legislative items of interest to bring to the attention of the board. The first includes Tier 3 or outstanding natural resources waters for the State of Alaska. This is a perennial bill

that circulates which addresses the anti-degradation component of the Clean Water Act. The department does not intend to submit a bill, but if one materializes, we will weigh in on it.

The second and more prominent effort is that DEC is working to assume responsibility for Section 404 of the Clean Water Act, which focuses on placement of dredged or fill materials in the waters of the United States, or what is commonly referred to as wetlands permitting. In last year's budget the legislature approved funding for DEC to evaluate assumption of Section 404 responsibilities. A feasibility study has been prepared and submitted to the legislature. Depending on the reception of that report, there may be hearings and submission of a bill later this year. The feasibility study is available on the DEC website.

#### Helge Eng, DOF

Regional forestry and fire protection budgets have been flat this year. Budgets and carbon offset bill were both mentioned in an Anchorage Daily News article this morning. There is basically no news for the division in the budget realm, so we are continuing as usual.

Local lumber grading started out as a joint effort between Forestry & Fire protection and the US Forest Service. It would be a public service. It is moving from the regulations arena to a bill. We are assisting as needed. Fire costs are of interest, as always. Last year turned out to be a very active fire year with 3.1 million acres burned. We had to ask for additional funding. The entire process for declarations and supplements is of interest to the legislature. We are working on reporting, outlooks, improving communications, explaining the processes for encumbering funds for fighting fire in Alaska.

Lastly, the Governor's Carbon Offset Bill, from BOF point of view, I'm sure you'll be most interested in the forestry offset portion, rather than the Carbon Capture and Underground Storage (CCUS) portion. The forest offset aspect basically relates to state-owned lands. With a quick GIS analysis, we have roughly 17.5 million acres that are state-owned with some sort of forest cover. It's not a perfect calculation, it's remotely sensed, but it's the best we have. Unlike the lower 48, we do not have a complete Forest Inventory Analysis (FIA), so that was our best data source. The bill allows the State to set up a framework so that we can either lease or set up forest carbon offset projects on State lands. This can be projects for up to 55 years. It's important to note that the bill creates a process for DNR to implement projects. If the bill passes, DNR would still have to implement projects, but it would create the process and a fund for revenues. Revenues can be spent for carbon offset program purposes. We hope that means things like forest maintenance, but we shall see. It allows the department to contract with third parties to implement projects. It requires a Best Interest Finding before we undertake the project. It specifically designates that the state forest system lands are eligible for carbon offset projects; the Haines State Forest Resource Management Area and the other two state forests are specifically identified in the statute for carbon offset program purposes.

Observations about revenue and costs: carbon offset revenue can complement timber revenue, potentially making projects economically feasible. Carbon offset revenue can provide economic development opportunities in rural communities, similar to timber revenue.

Alison Arians noted that Section 1 of the bill identifies carbon offset projects may be undertaken outside of the procurement code. The State will have increased efficiency and flexibility to work with contractors undertaking carbon offset projects.

This is a government-sponsored bill and we will have a primary role in providing information and answering questions. We have talked with other states with similar initiatives, such as Michigan. Timber management and carbon offset projects are occurring together.

Eric Nichols – If you have a 55-year conservation easement on your timber, how do you see the economics, and what kind of forest management are you talking about? You may need to go in and do some survey work, but what is going to be the annual basis for any kind of economic input in these small, local communities?

Helge Eng – I do not see this as restricting silviculture, if that's the nature of your question. Nathan has some experience with this too – feel free to chime in. The idea is that as the governor put it, this does not take the place of timber production, it complements timber production. On any given project, depending on how intensively you're currently managing, the difference between baseline and the project is what you are getting paid for. It kind of depends on your current harvest regime; depending on the size of your project area, you will have a fair amount of flexibility in meeting that requirement for staying above baseline levels.

Nathan Lojewski: There is no conservation easement. There is essentially a contract that you will maintain a certain carbon inventory. According to the report, there are 12 or 13 different protocols, and the rules are different for each protocol. In my experience with the California Compliance Protocol, they require a third-party certification through FSC, FSI, or Tree Farm. There are restrictions on clearcutting, usually limiting to 40 acres, with adjacency requirements. I don't know if Alaska would fall under those sort of rules, but it could change the way we do business.

Helge Eng – My understanding is that the State cannot participate in the mandatory CARB (California Air Resources Board) program because it's state lands, but I could be wrong.

Nathan Lojewski – I think Brian Kleinhends? could probably describe that. States are not prohibited from the CARB, but I think it's a feasibility issue. It never pencils out. I believe that a lot of the other protocols require some sort of certification, particularly if you are managing timber. It can be by a government entity; I don't know if the State could certify that we have a management plan identifying our allowable cut. The tribes on reservations are able to do that with the Bureau of Indian Affairs (BIA); BIA can certify that the tribe are acting within their approved forest management plans to meet the sustainability requirements. If the State can't certify, that puts you to a third-party certification, and they do have limits on clearcut sizes and adjacency requirements.

Eric Nichols – My understanding is that you can cut up to your growth per year. Your forest management or harvesting would be based on growth per year. If that's correct and we look at the Haines State Forest, how does that compare with what your annual allowable harvest is now, so you can see if you are staying at the same level or decreasing?

Alison Arians – I wanted to make the point that we've made it very clear to the Governor that the lands in southern Southeast Alaska have already been allocated to the timber bridge. We can't really double-dip because we have already allocated as much as we can to timber harvesting. In Haines State Forest, we have been harvesting approximately 10% of our allowable cut, so there is room to work on carbon projects in that area. We have to show that the trees could be harvested: that there are roads, there is marketable timber. It is not the entire allowable cut in Haines, but there would be a higher percentage there than in southern Southeast where we have committed to those stands being harvested – not for carbon projects. Does that answer your question about Haines?

Eric Nichols – I wasn't in agreement with the numbers I saw in Haines. We have done 3 timber projects in Haines, including a large project. The timber there is highly defective, it is not growing well (at least the mature timber), and I'm not sure how you determine the cut level, unless you are doing some intensive baseline and then some reasonable basis on re-measurement to see what growth you have.

Helge Eng – That's a good observation, Eric. I think the key word in the report is that it is a preliminary feasibility analysis. Based on plot data and computer growth models, they did their analysis. As we know, when you get out on the ground, you find reality is often different. The case that was made with Haines is that the actual harvest is very low as Alison alluded to. That frees up – if you harvest 10% of the annual allowable cut, and if harvest equal to growth is your baseline – which it may NOT be, it could be something else even more aggressive. If that is the case, it frees up the remaining 90% of the potential harvest for carbon offset projects, with the restrictions that Alison mentioned about accessibility. The experience from Michigan and other places that manage working forests, can in fact, if it is done properly, have timber production and carbon offset projects on the same acre at the same time.

Eric Nichols – Here is what I can tell you, as a fact: we logged up there in 1995. We took a pretty big swath up there in that Porcupine Creek Area. The hemlock up there we ran 88% pulp. You have a very high percentage of defect in the timber. You are on the verge of where hemlock grows. I guess I want to caution that when you get on the ground, the numbers may not be what the preliminary numbers indicate. I feel they were wildly optimistic.

Helge Eng – Ok, that is a good insight. Thanks!

Nathan Lojewski – If I were to poke holes in the program, it would be on the financial feasibility aspect. If you look at projects like Ahtna, with the largest project ever registered, as a logger, do you think you could go feasibly harvest all of that timber that they have sold credits on?

Eric Nichols – I can tell you I logged out of Glenallen, and we lost substantially. It would be hard to have a sustainable program in that area.

Nathan Lojewski – All you have to show for most of the financial feasibility studies is that you will not lose money. So, if you harvest 5 million acres and you make \$1, it is feasible. Who would do that in real life?

Eric Nichols – You have a broad definition of feasibility then.

Helge Eng – Is that on the CARB, Nathan?

Nathan Lojewski – Yes, the CARB protocol, you can use a paper timber appraisal, the traditional residual methods, or you can do a comparable sales for harvests in the last 15 years. You demonstrate that there were sales, but it does not demonstrate that everyone made money. You can have a sale where everyone went bankrupt and you can use it as a comparable sale and demonstrate financial feasibility. Like I said, there are 10 to 15 protocols in all of the rules. I do not know which protocol the State would be using.

Helge Eng – That is one feature of the legislation – as it stands, it does not prescribe one particular protocol. It gives us flexibility.

Alison Arians – The original pilot project combined Haines and Southeast and we asked to have them separated. There is very different timber in Haines and southern Southeast. If a fire burns through the study plots as you are doing a project, what happens? In the case of ANEW, they take on the risk for fire

and re-survey. We will not get paid and they will not get paid until it is sold on the registry. They would take the majority of the risk and would get the majority of the profits. It is a totally new model of business. We will find out more if the bill passes.

Helge Eng – I think this is a good illustration of the Governor’s “thinking outside of the box.” He supports the timber industry and its growth and this is a reflection of that. We have the support of the governor and it helps support the efforts of the division to support and build a timber industry in the State. You as the BOF will carry a lot of weight in the discussion going forward; we welcome your input at any time as the legislation moves through the process.

Eric Nichols – I would like to go on record that I have a lot of concern on this whole thing. I am not totally against it. 1. What are you telling the industry, as people try to make decisions whether to stay in capital investments. I have been up here for 30 years now and have been in and harvested a lot of these stands. I do not think it is going to throw the money that people think it is, if people are honest in the forestry aspect of the timber here. I understand that the governor is behind it and I understand that we should generate all the income we can, but I am not sure it is going to be what ANEW has it built up to be.

Helge Eng – I recognize that you have decades of experience of doing the hard math and determining whether projects pencil out. That is valuable input. What the governor is telling the industry is that this is not going to replace timber but complement and enhance timber. Regarding financial aspects, carbon offset projects are still new. Not just here in Alaska, but elsewhere too. I think the bottom line, besides growth, yield, and financial calculation is what is a willing buyer willing to pay? This legislation sets up the framework to help us find out. We can put projects on the market and see what buyers are willing to pay. The clients for voluntary projects determine what they are willing to pay.

Brian Kovol – Are there things you will need to craft if this becomes law? Do you envision one BIF for the whole program, or by area?

Alison Arians – It would be by project. In the original bill had a stipulation that we would identify areas for projects. We suggested waiting for the investor to come to us, rather than identifying a bunch of projects to begin with. The bill maximizes different options for people to come to us. It could change in the future. Regulations would need to be developed if the bill passes, but for now, it would be by project.

Helge Eng – It also begs the question of how large a project can be. Nathan, what has your experience been?

Nathan Lojewski – I did some research last week. I do not have exact numbers with me, but this will give a ballpark. Looking at the three main registries: American Carbon Registry (ACR), the Climate Action Reserve (CAR), and Verra. I looked at projects in Alaska, voluntary and compliance. I think it was around 50 million credits had been generated in Alaska, with 95% compliance and a small minority voluntary.

I just pulled the issuance of offset credits from the California compliance program. I might not have it exact, but it was just over 200 million total credits issued by that market. Approximately 50 million had come from Alaska, so 20 to 25% of the total market was Alaska forest projects. That Ahtna forest project is around 12 to 16 million credits. Sealaska Corporation has two projects that are in the same ballpark, when added together. Chugach Alaska’s is around 7 to 8 million credits total. They can be pretty large. I think Ahtna’s is the biggest at 5 to 600,000 acres. I hope that helps. Those did sell. I do

not know if the market is the same on the voluntary program, which is what the State would be selling into. Two of the top three projects in the nation are from Alaska, as far as credit issuance.

Helge Eng – Any other questions, comments? We will look forward to other updates and developments on this bill as we move forward.

### Tier 3 Waters, 404 primacy update

Brock Tabor, DEC

In regard to Tier 3 Waters, as I previously mentioned, we do not have a bill in front of the legislature at this time. We do understand there may be one circulating among one of the bodies, but we have not been involved in discussions. Any legislation relating to Tier 3 is to be determined.

### **Roadless Rule**

#### Pending Litigation

Thad Adkins, LAW

I am the Assistant Attorney General with the Department of Law. On January 27, the United States Department of Agriculture (USDA) published a Record of Decision (ROD) that repealed the 2020 Alaska Roadless Rule and Reinstated the 2001 Roadless Rule on the Tongass National Forest. That was noticed in November 2021. The State of Alaska submitted comments opposing the withdrawal/repeal. I cannot make announcements regarding the State's intentions. However, the State has historically opposed the roadless rule on the Tongass and I expect we will continue to do so. The department should be making an announcement soon about our plans moving forward. With that caveat, are there any questions?

Eric Nichols – This started with Clinton and it has been litigated for 20+ years. At what point does this become finalized and stops ping ponging between administrations? I am assuming this is the same basis that the Trump administration changed it with some sort of administrative act and it takes some sort of legislation to make this actually stick to administrations in the future.

Thad Adkins – Yes, that would assist to bring stability, but there are challenges with legislation. Yes, it was a rule making process and the State is evaluating appeals to district court.

Eric Nichols – Where does that leave the State with existing litigation you already had in place?

Thad Adkins – There is the Kake case that is still pending and is in the process of being dismissed at this point. There have been US DC district court cases that were also dismissed. If the State challenges this point, it will be a moot case.

### **Annual Report**

#### FRPA Reports to the Board

Pat Palkovic, DOF

I was hired in August to replace Joel Neudleman who retired last winter. I was previously in Ketchikan as Forest Practices Forester and then Area Forester. It is our goal to inspect all commercial timber harvests at least once per year. The frequency of inspection depends upon the activity of the operation and what important public resources are present. We prioritize the resources at risk. Our objective is to ensure compliance with the Forest Resources and Practices Act (FRPA). The act intends to protect public resources while allowing forest harvest activity.

A subset of the operation is selected for inspection, such as a specific unit or road. Presentation provided summary tables for active operations on private/other public lands and state lands; 61 inspections and 52 score sheets were completed.

For Region I (Coastal Forest – Southeast to Aleutian Range), 4 sales on Prince of Wales/Kosciusko Island, 2 in Haines, and 5 operations private/other public were inspected. No inspections were conducted on Afognak and Kodiak islands. In 2022, there were 423 BMPs rated, which was lower than our average, due to vacancies. Inspections were conducted but not at the usual frequency.

The average score was slightly lower than usual, but still in the acceptable range. This was largely due to one operation that had issues, which are now hopefully corrected. We had 39 score sheets for Region 1: 33 for DNR-managed lands and 6 for others. A summary score sheet for BMPs was included in the presentation. Key area was a single operator's classification of water bodies and activities in the vicinity. Improvements have been made and hopefully we will see improvements next year. A 5-year summary was provided for Region 1, which indicated lower scores than recent years. We are working on it.

Region II is the transitional forest, or the area between Region I and the Alaska Range. There were 3 active operations. No inspections were conducted last year due to low staffing. We are making improvements and getting back up to speed. Hopefully next year there will be reports to present.

Region III is the interior boreal forest, roughly the area north of the Alaska Range and west of the Aleutian Range. This was an active region; inspections were primarily conducted on the Tanana Valley State Forest. There were no State operations in Delta or Tok and no activity on private/other land. The number of BMPs rated was slightly lower and average scores were slightly lower; 13 score sheets were completed. The average BMP rating was associated with the permanent roads in the Tanana Valley State Forest, particularly a few bridge crossings which have been corrected/improved. There were also discussions with an operator on one sale regarding harvesting activity; however, BMP compliance was higher on other sales by the same operator. The 5-year average for Region III was also presented. Questions?

Alison Arians noted a second FRPA forester position is in the hiring process.

*Annual agency FRPA reports to the Board*  
DEC Division of Water, Brock Tabor

I assumed this role in 2022 and am building on agency expertise. This position is funded by DEC as a quarter-time, using existing EPA 319 funds; we do not have dedicated funding for this position, so it is minimal. I have had the pleasure of training with Pat and Fish and Game staff, as well as personal review of Forest Practices, looking through all of the modules on the DNR website (very helpful), as well as some field visits in Yakutat which were very educational.

To date, we have not had any inspections of log transfer facilities in the fiscal year as there has not been any active in-water processing. Other aspects of DEC's relationship with the program are noted in my report and are similar to previous reporting cycles. We plan to stay active. I receive regular notifications from DNR regarding timber activities and I provide comments where I see fit. Our role has been limited, as things have been working as envisioned by the act. Questions?

Bill Morris – Question regarding Pat's talk. What is the immediate path forward to solve staffing issues in Region II?

Alison Arians – We are continuing to work on recruiting options. The FRPA forester we are working on hiring in Fairbanks could assist with Region II. We are hiring a short-term non-perm to help Diane in Kenai. We are trying to be creative with how to address the staffing issues. Getting Pat hired took a while after Joel retired, and the new FRPA forester will be a help with inspections. As you mentioned, recruitment and retention is challenging with state wages and benefits, so we continue to try to offer teleworking and flexible work places. We are doing the best we can.

Pat Palkovic – From the ground level, we are also trying to think outside the box and find ways to assist in Region II and put all hands on deck.

Alison Arians – Regarding Brock's presentation, Senator Kiehl read the letter to the governor and legislature and submitted a proposal last session that would pay DOF to fund DEC for someone that would be able to participate in inspections. While the legislature may not be eager to fund DEC, DOF may be able to receive the funds and provide assistance for DOF to participate. Although the proposal was not successful last year, we remain hopeful for this year. I was in Juneau a few months ago and I discussed the topic with Senator Kiehl and he had the same intentions. We continue to seek outside the box solutions.

#### ADFG Division of Habitat, Mark Minnillo

Information provided in a report for 2022 calendar year. Beginning with private and other public lands in Southeast Region, the Craig staff reviewed and commented on 12 detailed plans of operations (DPO), reviewed 1 change in operation, processed 5 renewals, and conducted 2 Forest Practices inspections. Out of the Douglas office, commented on 1 DPO for timber harvest and road construction on Yakutat Kwaan land, reviewed 1 change in operation, processed 3 renewals, and conducted 4 inspections. The Douglas staff issued 1 notice of violation to Yak Timber for installation of an unpermitted culvert, one fish habitat permit for remedial work to backwater that culvert, and one fish habitat permit for a new culvert.

The Douglas staff surveyed 261 streams for anadromous fish presence on Yakutat Kwaan, Hoonah Totem, and Sealaska Lands. The stream survey work has been very helpful. This work has been done through a grant. Getting ahead of the timber harvest operations, identifying fish habitat, making corrections, and adding streams to the anadromous waters catalog has been very helpful when it comes to reviewing detailed plans of operation. It helps us understand the relationship between streams and harvest units in the review phase.

In the Southcentral Region, Anchorage staff reviewed and commented on 5 DPOs for timber harvest on Afognak Native Corporation land and 1 DPO for reforestation on Leisnoi Inc. lands. No inspections were completed because of COVID 19 restrictions. Soldotna staff reviewed 1 DPO for salvage and Palmer staff reviewed 1 DPO for commercial harvest in the Matanuska-Susitna Borough.

The Interior Region reviewed 1 DPO and 1 renewal.

On state land, in Southeast Region, Craig staff conducted 2 inspections and issued a Title 16 permit for a bridge installation for Bay View Timber Sale near Thorne Bay. Craig staff conducted inspection for debris removal from the upper section of catalogued stream #102701740 in the Bay View Timber Sale, which was the result of road failure (landslide) during road construction. The DOF took the initiative to remove that material, which opened up the stream. It was a good project. Craig staff also reviewed the Whale Pass and El Capitan Timber Sale Best Interest Finding.



Douglas staff surveyed 2 streams for anadromous fish on state lands where future timber harvest may occur. Douglas office staff also processed 1 renewal for timber harvest on the Haines Forest, renewed and commented on 1 Best Interest Finding for the Seawolf Timber Sale in Haines. They also reviewed and commented on the Haines State Forest 5-year Forest Management Schedule.

In the Southcentral Region, Soldotna staff reviewed the Mat-Su and Kenai/Kodiak 5-year schedule of timber sales. Palmer staff provided comments on the 5-year schedule of timber sales on state lands.

In Interior Region, Fairbanks staff reviewed and commented on 1 timber harvest variance, 5 forest management plans, 5 Best Interest Findings, 11 personal use firewood permits, conducted a pre-harvest site visit to identify wildlife habitat features, and issued 1 fish habitat permit amendment for an active wildfire suppression operation.

On federal lands, Craig staff reviewed 9 projects under the general concurrence, and issued 2 individual concurrences for culverts on Prince of Wales Island. Issued concurrence for stream restoration on Margaret Creek near Ketchikan, 12-Mile Creek and Shaheen Creek on Prince of Wales. Staff provided comments on the proposed Prince of Wales Landscape Level Analysis 2023-Outyear Plan.

There was no activity on federal lands in the Southcentral or Interior regions.

Under Special Projects/Anadromous Waters, again Douglas staff continued field work to catalog streams on Yakutat Kwaan lands and road system, Tongass National Forest lands and throughout southeast. This work is done under grants from the Alaska Sustainable Salmon Fund. That work has been completed.

Ben talked about the budget and personnel. Fish and Game worked cooperatively with the DOF staff to draft suggested regulatory revisions to clarify stream survey requirements and landowner responsibilities prior to and during the DPO process and to update antiquated map requirements for DPO submissions. We may have a meeting to discuss some of these issues in the future. We will continue to review forest practices operations and DPOs as in prior years and conduct field inspections as necessary when we can.

Alison Arians – We appreciated the work with you on regulatory revisions. As discussed, in the next few months we will look at what needs to change on the DPO form and beyond that for regulation updates. We will have more information for the board at the summer field trip meeting.

Eric Nichols – Can you give us a brief look at where you are going with this change of regulation?

Alison Arians – It is mostly the map requirements and making it clearer where the streams are. Mark can address further.

Mark Minnillo – Yes, that's it. We have had issues with mapping that was not high quality which resulted in extra work. Streams were not identified as they should have been on the map. Even though that was the case, it was determined that the mapping was adequate at the time. That information was sent for review. Then it led to a lot of issues on the ground. We proposed adding something to the mapping requirement so we have better information during DPO review so we have a better idea of what is on the ground.

Pat Palkovic – Part of it is reviewing the form and ensuring it meets what is specified in the regulations. The regs say surface water must be identified, but that was dropped in the current version of the form. Unless you really work with the operator. It is also modernizing. For example, for DPO submittals, we require four copies of unit maps, but most submissions are now electronic. The four maps were

requested because they were typically in color. One went to Forestry, others to Fish and Game and DEC, and then there was the Coastal Management Program., or an extra. In reality, now we only need one unit map.

Eric Nichols – Since DNR has better maps than most of us, you may consider having DNR supply a map with these streams on them. From an operator perspective, sometimes we get contour maps, but we don't have a good quality map with all of the streams and we are trying to put our DPO together with that.

Pat Palkovic – That is an avenue that we are working on – GIS available via the DOF website that the operators could use to create their unit maps.

Eric Nichols – I suggest you take a look at this Avenza. It is an app that is very well used within the industry. The ability to drop your information on the Avenza if you have a geo-rectified map to supply information, rather than pushing information back and forth to maps.

Pat Palkovic – I would say that in the 30-40 years of the Forest Practices Act, operators have submitted pretty good maps, even without modern technology. It is still possible, whether old school or new school. We'll attempt to make the new school version more user-friendly.

#### DNR Division of Forestry, Alison Arians

Pat has gone over many items and Helge mentioned our budget. I will cover a few things that have not yet been mentioned.

We received \$270,000 in 2022 from the legislature to help us hire contractors on work in southern Southeast. This has helped us significantly on timber sales and assisting our recruitment and retention success. We are receiving significant public comment on all of the timber sales in that area. Responding to those 500 comments takes a little while, but we are making headway.

We already provided the compliance monitoring scores. Last year we sold 34 sales at 9.4 million board feet, a decrease from last year. We sold 2,041 cords of personal use firewood, mostly issued through approximately 550 online permits. This was more firewood than we sold last year.

We continue to work on fuels projects with the fire program. We received about \$17 million in CIP funds over the last 3 years. We have added staff to help us plan fuel breaks near communities in Alaska, hire contractors, and create government-to-government contracts with boroughs and cities around the state so we can implement projects.

We continue to work on cooperative efforts with the US Forest Service and Bureau of Land Management (BLM), in terms of forest inventory and analysis work in interior Alaska, the young growth working forest analysis project, and the good neighbor authority projects on Kosciusko and Vallenar.

Pat talked about the forest practices implementation and compliance monitoring. We have not yet had an effectiveness monitoring meeting this year, but plan to in the next few months with our interagency partners.

We need formal training this year. We at least have tailgate meetings during inspections, telephone conversations, and DPO reviews. We are excited to have Pat onboard, and when we have another FRPA Forester we will have more formal training.

Timber sales are listed in the report. We do regeneration surveys and we planted 40,000 seedlings in 2022 in the Fairbanks/Delta area. We are working on the revision of the Tanana Valley State Forest Management Plan, which will be discussed later. As Pat said, we had a bit less of a presence this year than is usual, but we were able to maintain a presence on most operations. We will continue to work on refilling positions and filling new positions, continue good neighbor agreements, forest inventory and analysis work, and train DOF staff on scoring and completing compliance sheets for inspections, and provide FRPA training to other agencies and operators. Questions?

Eric Nichols – Can I take exception on Page 2? You have a comment that you are working with the Forest Service on selling young growth, which is not yet economic to harvest. Someone forgot to tell us that because we have 2 operations: one in Vallenar Bay and one in Kosciusko. There is a lot of misconception. A lot of the economic viability of this has to do with the landowners, the silvicultural prescriptions, and the costs associated with it. There is a market out there every day of the week and it's just a matter of whether you can put it in the market for what the costs are that the landowner is the one in position to dictate those costs.

Alison Arians – Thank you. Noted. I will make that change.

Nathan Lojewski – I have 2 questions/comments: The \$17 million in CIP funding for fuels projects – are you considering any projects in rural communities off of the road system. Last summer in Southwest Alaska we had a lot of fires. Near one community there was an existing fuel break. I am always concerned that since all the majority DOF staff are on the road system, those rural areas get overlooked.

Alison Arians – I do not have all of those projects in front of me, but I will get back to you on that.

Nathan Lojewski – I'll wait on my other question.

Helge Eng – Was your question whether we have done any or if we are planning any?

Nathan Lojewski – Are you planning any or considering any? That's a big infusion of cash the state has never seen. That's an opportunity to do some work and protect some of our villages. The only time they ever get any attention is when there is a fire right outside. Then folks come in and cut a fuel break and do quick burnout. That is not always the best time to do that kind of work.

Alison Arians – I'll reach out to my field staff now, and we will likely have an answer before lunch.

Nathan Lojewski – It would be really nice to see some projects. I know it is harder to pull them off because you need partners, since you do not have staff out there. If you are able to use the EFF crews to implement fuels treatments, we have some new funding tools on the table to do work in areas that may not have been feasible in the past.

Alison Arians – Absolutely.

Helge Eng – That brings us to break an hour ahead of schedule. What is the board preference for schedule?

Nathan Lojewski – Are times on the agenda so people would know when to join? If we move things, would that cause people to miss things?

Alison Arians – We put times on there so presenters would know when to join. We could review the letter to the governor now or do the regional forester updates.

Eric Nichols – I am going to leave early today, so if you want to talk about the summer meeting in Southeast and where to go for the field trip in Southeast, I could assist with that. Finishing early would be my preference.

Helge Eng – We can move up some agenda items, unless there are objections. It may cause someone to miss a topic if they join later in the day. These are estimated times, so I think it is defensible.

Alison Arians – Steve Nichols just responded in the chat. We do have projects in the works in Southwest with MTNT and some work was completed last summer, and more is planned this summer.

Brian Kovol – Is there any reason why we cannot review the letter to the governor now?

Alison Arians – I think that is a great idea. And talk about the field trip.

Brian Kovol – Let's jump into the letter.

Alison Arians – Sorry for the late distribution; I wanted to get it out earlier. Please let me know of any edits, changes, or additions you would like to make.

Brian Kovol – Can you go over changes from last year's letter? Is it the same funding request? When I came in, you mentioned the DEC funding request that had been in past letters. Any other changes?

Alison Arians – The main changes are that last year we had 34 positions in the governor's budget, with 30 on the fire side and 4 on the forestry side. Those positions stand, but there are no new ones. The budget is flat. We do not have anything new for the board to specifically support this year.

Brian Kovol – It sounds like the challenges are with recruitment and filling positions. I know there is a potential bill to change pay scales this year. Is that something we should support as a board?

Alison Arians – Yes, the board could support that. It is not in the governor's bill, but it is fine if you want to say that you support that. Do other board members have thoughts? Tier IV does not have defined benefits. I think they are working on a bill to provide more defined benefits.

Brian Kovol – The need to be able to be more flexible with benefits, to be able to recruit, hire and retain. I see that in the presentations. Maybe there is not a correlation between the drop and compliance and not being able to be out there on site. Maybe there is. Certainly having a presence to work with and educate, along with the inspections, is important. We need to be able to recruit the people that you need.

Nathan Lojewski – Do you think the reason you have open positions is pay and benefits? A lot of people have open positions now. The bipartisan infrastructure bill invested about a billion dollars into fire and fuels. So, every single state, county, and local government across the nation is hiring. They are making new positions and hiring.

Alison Arians – Unfortunately, we are losing a lot of employees to the federal government because their pay and benefits are much better. We are losing foresters and firefighters. The federal government provides insurance for the whole year if you work 6 months and 1 day. We got some increases, but we are having problems. Wages and benefits are a huge problem for the state. Yes, everyone is hiring, but we are having people leave. I would love to add a paragraph if the board supports increased wages for the division to be able to recruit and retain employees.

Brian Kovol – It could be as simple as that statement.

Alison Arians – I will write that up and send it out to everyone again to make sure everyone is ok with it.

Helge Eng – Maybe as a matter of process, we don't need to vote on every suggestion. Maybe just ask for objections.

Eric Nichols – We are in private industry. What happens is you start competing with private industry as wages rise, and then you also push our costs up. The feds have \$15 billion, so they are going to be running around like crazy. It's inflationary. That's one aspect. The other thing is that, given where the timber industry is going, you may soon be in a position where you are over-staffed very soon.

Helge Eng – Good observation. A lot of the positions that Nathan alluded to are fire prevention, fuel reduction, proactive firefighting mitigation. But for the timber sector, your point is well taken.

Alison Arians – I certainly understand your point, but there is still an industry operating in the Interior, and a lot of beetle kill in Southcentral. Not everything is in Southeast.

Helge Eng – Tying it to the governor's interest in the timber industry, and commitment to building the industry, there are a lot of moving parts.

Alison Arians – Plus the carbon offsets.

Eric Nichols – The other thing is I just heard yesterday that the state will waive the requirement for a 4-year degree, attempting to bring more people into the workforce. My issue is can you drop the requirements for the positions, or re-evaluate for a higher starting level? We have pretty good oil now, but in the long term, you start putting pensions against the state budgets. These are long-term costs that we may not be able to meet in the future.

Alison Arians – We have gone through that process. A lot of our fire positions are under forestry. We have more flexible requirements for fire positions. Our forester classifications are long overdue for renovation. These classifications take years. We are so understaffed in classifications. We have been working on getting dispatchers reclassified and that have been in the queue for a year and it has not really started yet. It is really hard when we are so understaffed.

Helge Eng – A lot of what we are hearing right now is due to the fact that the majority of our staff and budget is on the fire protection side. Not to minimize the importance of the forestry side, but a lot of these federal grants, salary and hiring concerns really are fire protection positions. That's something to keep in mind. It is not a discretionary choice to fight a wildfire. Whether you want to call it climate change or warming temperatures, it is real, and it is happening at an unprecedented rate. We have to respond to wildfires. Hiring, recruitment, and salary considerations are very important for us. I wish Norm McDonald was on to speak to this, but there is a very clear hemorrhaging of our staff to the federal agencies.

Alison Arians – Do other board members have comments?

Denise Herzog – On the Southeast timber paragraph on the first page, it says DOF offers all the timber allowable with a small workforce in Southeast Alaska. I could see that being confusing to a reader, whether it is agency or industry workforce, or the timber sales are dependent on that workforce, or if that is allowable by statute.

Alison Arians – Got it. So it's a small DOF workforce, and it's the allowable cut that I refer to there. Thanks for that clarification request.

Eric Nichols – The decision the Forest Service made to stop the harvest of old growth, last year they sold 3.8 million board feet, the lowest in history in Alaska. I would like to see that we highlight that this has been devastating to the industry. When we went through this with the TAC, we knew that we would not have enough young growth available until they got out to year 10 or 15. By changing this in year 5 of their plan, they have a gap. We do not know how long the gap will be, but it is likely another 5-10 years when there will not be enough volume to keep a timber industry alive. We need to highlight this to the state. Maybe the state can put more pressure on the feds for what this decision is costing the state.

Alison Arians – Thanks, Eric.

Helge Eng – Do the rest of the board agree with Eric's suggestion?

Responses – Yes

Nathan Lojewski – For any Native landowner to do any forest management, you have to have industry. If it's gone, you will be in a world of hurt. Is it too early to bring up the local use exemption for the lumber grading?

Alison Arians – We are working with Senator Bjorkman on that. I think it is fine to say that you support that effort.

Nathan Lojewski – I would love to add that.

Alison Arian – These are great suggestions. I will get these back to you early next week, and then we will get the whole package sent to the governor and legislators shortly after that.

Helge Eng – Is there a general statement to support building/revitalizing a timber industry in Alaska, reflecting the governor's priorities? Is this something the board would be interested in adding?

Responses – Yes.

Nathan Lojewski – If there is no timber industry in the state and the governor wants to do carbon credits, which will not work because you will not be able to pass financial feasibility tests.

Alison Arians – I will mention that too.

Helge Eng – If there is nothing else on the letter to the governor, we can move to the field trip schedule.

Nathan Lojewski – I previously mentioned we could do a tour on the Kenai Peninsula for fuel breaks.

Alison Arians – The meeting was scheduled for Southeast. In the past, we had to have meetings in each of the different regions. Now that we can teleconference, location is not as much of an issue.

Nathan Lojewski – There has been a lot of discussion about fire and fuels over the past 5 years, but it goes back to the late 1990s to protect the Sterling/Soldotna/Kenai area. There are roughly 40 miles of fuel breaks or old burn scars to protect this area. Newer treatments were implemented in 2017 and 2019 associated with the Swan Lake Fire. The area is accessible, and easy to view. Per the Kenai Peninsula tax database, there is an estimated \$2 billion in assessed values in the fuels treatment area. However, I do not want to take a field trip away from Southeast or another part of the state.

Eric Nichols – The question is what does the board want to see? In Southeast you can see active harvest operations on Gravina Island, which would be an easy place for the board to access. You have the

fire/climate issue or active timber harvesting, both on state and federal land. Depending on where the board thinks they want the most education.

Denise Herzog – I have not personally seen much active timber harvest. There has also been a lot of talk about the bug infestation in Southeast and Southcentral. It would be interesting to have a basis for comparison.

Bill Morris – I am with Denise. That would be my preference.

Russ Byerly-Haines – I agree with Denise and Bill. I would like to see actual forest harvesting with all the issues they face.

Nathan Lojewski – Would it be possible to see the issues that Eric was mentioning regarding landowner requirements not making sales economically viable? Is that in the Gravina area?

Eric Nichols – We took Senator Murkowski down there and showed her the adjacent harvest on state and federal. It is easy to see the difference in what is being cut, what is being left, and the impact on cost. There is a real stark showing of landowner requirements on cost. One of the questions that came up in that visit is do we need the same water protection in young growth areas as in old growth? The Forest Service said they would look at that, but we have not heard anything yet. There is a stark difference in what the state and feds protect.

SUMMARY – Board generally favored a trip to Southeast. The Kenai trip could be a potential follow-on; it could happen another time. DATE: Summer meeting is traditionally in August or September. What would impact field season the least? Early August. August weather is better than September. Monday, July 31 through first week of August. Travel Monday, meeting/field trip on Tuesday & Wednesday, and travel Thursday.

## **Forest Management**

### *Coastal Regional Forester Update*

#### Steve Connelly, DOF

Hired 4 months ago to DOF from 20 years in timber industry, but still in learning mode from this perspective. We responded to BIF comments on many sales, which can be time-consuming. In Haines we have the Ski Hill Sale. There have been many meetings to support Southeast, including Southeast Strategy, Landowner Meetings, Good Neighbor Authority, Alaska Forest Association. Trying to encourage USFS to get sustained yield going for young-growth timber, which has been a challenge and it taking a long time. We are doing the best we can with our sales.

In the Mat-Su, we are working on fuel breaks and we have our 5-year plan out. Unlike Southeast Alaska, there were no negative comments. Discussions with local operators indicate similar problems as in Southeast, such as market, labor, and loggers – finding skilled people to do the work. The demand for Mat-Su timber is low. We are working with DNR on the Fish Creek Timber Sale, in proximity to the West Susitna Access Road. A timber sale could assist with starting that road project.

In Kenai, we are working with the City of Kenai to handle hazard trees and making trees available to the local community. There is not much industry in Kenai for those trees.

Eric Nichols – Quick comments on Southern Southeast: The ability to get a helicopter up here is going to be nil. Half of that is going to be difficult at best. We are selling equipment to support remote camp operation because we do not see a future in it. It gets increasingly difficult to maintain infrastructure that

is not used. Places like Heceta with small volumes will be difficult. Gravina with helicopters will be difficult, as Columbia no longer has infrastructure to support timber harvest. Once you lose the industry, it is incredibly difficult to bring it back. You see this already on the Kenai, Mat-Su and other places. The landowners have to decide whether or not they want to keep an industry. There is weakness in the 5-year plan as to whether an industry can be supported.

Helge Eng – Is that Heceta Sale in particular?

Eric Nichols – You have adverse comments on several sales, access issues on Heceta, a small volume in a very remote place, helicopter on Gravina. We had a helicopter there last year. We should have had this discussion when we had a helicopter there last year. It is very costly to bring someone up again. It is a note of caution. You have a lot of scattered lands with small volumes. It is very difficult to operate those.

Steve Connelly – I understand. You need a certain volume of timber to amortize your costs. We should all work together to best use the helicopters across several sales. What type of helicopter are you thinking about?

Eric Nichols – If you are in the old growth, back to the Vertol or the 61. We had a smaller one that Viking brought up last year that we used on Gravina while it was here. The small ones limit the volume you can move and they had no experience in helicopter logging. I have talked to Columbia and Erikson about volume on Mental Health lands near Shelter Cove. It's a pretty luke-warm conversation. They want me to supply housing and infrastructure that goes with that. They just want to bring a helicopter as "power by the hour." It is difficult for us to do that.

Brian Kovol – You are getting a lot of comments. Have any of these reached an appeal situation yet?

Alison Arians – Nothing is being appealed yet. We have had requests for reconsideration by the commissioner. When we answer public comments, sometimes we alter the timber sale in response to the new information. We note how comments were addressed, whether through the BIF or the Forest Land Use Plan. So far sales have not been appealed.

Brian Kovol – For those that have historically been appealed, how long does it take for resolution?

Alison Arians – Before Commissioner Boyle came on, some of those would take a year or more.

Brian Kovol – Yes, I have some that are three years, with DNR.

Alison Arians – They have definitely sped up. Our appeal period is much shorter now, and the queue is shorter than it has been. The last one was a few months, much shorter.

Eric Nichols – Steve, do you have an update on when the Whale Pass one will actually go up for sale? Or is it mired in comments?

Greg Staunton – We expect to resolve comments within the month. Once we get past agency input, we are looking at a 30-day advertisement. Essentially, we are looking at the middle of the year.

Eric Nichols – That is assuming no appeal.

Greg Staunton – Correct.

Northern Regional Forester Update  
Steve Connelly for Jeremy Douse, DOF



Jeremy sent some good notes and a summary. The Fairbanks annual auction had 6 spruce saw timber sales and all sold, approximately 2 million board feet. There were 6 fuel wood sales and 4 of those sold. The staff are working to negotiate a 10-year contract with a local operator. Continuing to work in the Southwest Unit this summer for inventory, and cooperative Alaska Forestry Inventory Plots will continue. Fuels work is occurring in Washington Creek to protect the Haystack Mountain Subdivision in northern Fairbanks. Delta River West is a BLM-Authority Good Neighbor Project to protect Delta Junction and nearby communities from fires in the Donnelly Impact Area. Tok staff are working with DMLW to make materials available to the Gateway School District. Materials are coming off of planned subdivisions before any homes are constructed.

They are also short of staff, with key positions in Fairbanks and Tok that are vacant/being advertised. They also are having trouble recruiting. In addition, they are working on an internship program.

Andrew Allaby – I have a short white paper from Kevin Meany, Fairbanks/Delta Area Forester. I am the acting Fairbanks/Delta Resource Forester. There had been concerns raised among industry as well as at the October 2022 Board of Forestry Meeting that there were an insufficient number of timber contracts in the Northern Region.

We have been offering over the counter sales and negotiated sales. Since the October meeting we have been reaching out to loggers to discuss issues and encourage discussion. It has been difficult to characterize concerns. Some of the concerns raised include types of contracts being offered. Some of the requests for 10-year negotiated AS 38.05.123 sales, versus our more typical avenue of competitive bid. Some of the contract durations were difficult for operators; 3-year contracts are standard through the competitive bid process. Some issues were raised about perceived lack of transparency. For example, how road construction costs were appraised in the contracts. There were concerns about communication with the road shut-down in the Tanana Valley State Forest in the peak of fire season in 2022. Getting information out to logging contractors was challenging, from small 1-person operations to large well-capitalized operations.

We are looking at how to use our web page more effectively. For example, developing a Frequently Asked Questions section, fact sheets, terminology/jargon definitions, and more videos, illustrations, and pictures. We are working to find a way to more effectively solicit input from loggers. During COVID the in-person meetings obviously ceased, which may have contributed to the perception of poor communication. We are looking at having an annual survey as part of the annual auction process. Kevin is working on a logger recognition process with an award ceremony. Some of the challenges that arose during COVID highlighted both our strengths and weaknesses. We are working to bridge the gaps.

Eric Nichols – I saw the white paper that you put together on the Tok Request. I had a meeting with the commissioner not long ago. If we are going to keep this industry, we have to look at doing things differently, particularly in areas where you typically get one bidder. Particularly in remote areas, you can't just look at the way things have been done in the past with procurement. Like on Heceta Sale, is there more volume out there? Is there a way to combine that? You have to look at your constitutional volume cut and stretch it out longer. You will have to take a harder look. I was pretty disappointed when I read that. As an operator and owner, the capital requirements are huge. You cannot get capital unless you have timber under contract. If you want to modernize and improve cost effectiveness, you have to work with them better.

Alison Arians – We have offered a negotiated sale to that timber operator. We have changed the response. We are in the process of negotiating that sale.

Eric Nichols – I really appreciate your help, Alison. I have heard your name come up with a couple operators. You get very good kudos. But I really want to thank you for having the meeting with the operators up there. There are a lot of things that you guys put in these contracts that may significantly hurt an operator that does not have big implications for the state. I appreciate you taking the time to meet with them and find a better way to work together.

Alison Arians – Thanks to Kevin and Andrew for putting together this plan. I appreciate the comments from the Board at the last meeting, which really focused our efforts. We have tried to reach out. We had a public meeting in the Mat-Su, but it was during a snowstorm. We had Zoom capability as well. We did not have people attend those meetings, but we have more outreach planned.

Tessa Axelson – I am the Executive Director for the Alaska Forest Association (AFA). We represent members across the state. Previously there was discussion about employing a survey tool to get feedback from operators. AFA has primarily been a member organization representing Southeast, we have recently expanded to include members on the Kenai, Southcentral, and the Northern Region of the state. We have the ability to support a survey, or to ensure you get more robust feedback. Please reach out to us, so we can encourage our membership and ensure you are getting good data.

Helge Eng – Thank you Tessa. We appreciate your input. Point of order. There will be a time for public comment at 1:15. Others that are not on the Board, please be patient. We will get to you as well.

### **10:30 Break**

#### Mental Health Trust update/Jeff Hermanns, TLO

The trust is currently operating on Prince of Wales Island with Viking Lumber on the Naukati old growth sale. We have not shut down this winter; they have been able to operate with low snow cover. Operations are proceeding quickly. That sale is expected to be complete in potentially 3 years.

For those not familiar with Viking Lumber's operation, they run a sawmill in Klawock, the last of its kind in the entire state. The importance of the mill to Prince of Wales Island is that 50% of all hydroelectricity produced by AP&T is used by that mill. If that mill goes down, AP&T may not be able to continue to maintain the electrical infrastructure. Between the mill and the logging operation, approximately 100 people are employed. This does not include subcontractors and parts suppliers. The importance of Viking Lumber to Prince of Wales is paramount.

We have a young-growth sale with Viking Lumber that is just beginning. Layout is occurring and a DPO on the first units has been presented for review. There is a good chance that Viking Lumber will start harvesting second-growth this summer. The naysayers for the economics of second-growth timber can come take a look.

Our other big operation is with Alcan Timber on the Shelter Cove Timber Sale. This is the first year of operations. We started late – in August. We did not get a lot logged, but what was logged was successful. They plan to ramp up operations this year for the next few years. This sale should be complete in 3-4 years. We are finishing the reconstruction project with DOT, replacing 4 bridges this summer. DOT approved the last design. This is important for Ketchikan to access federal and state land, for the Cape Fox operation, and the Mental Health Trust.

We are in the process of planning our timber sale for Hollis. We are hoping to have that contract signed sometime this summer. We have a small operation in Haines that is finishing this winter. We have started a hazardous fuel reduction project with the Tok School that will begin this winter. We requested

DOF to be a partner with that project, funding under the Hazardous Fuel Mitigation Program, but they declined to fund. The trust and the Tok School cannot understand this decision. If we had hand-felled and hand-piled, that would have been funded. But doing it with feller-bunchers and modern equipment, and using that biomass at the Tok School somehow does not warrant funding. The state funded millions of dollars for the biomass system at the Tok School, with the understanding that a large portion of the feedstock for the plant would be from biomass fuel reduction projects in the Tok area. The savings for the Tok School could be put into teachers and counselors. When the school has to spend funds for harvesting, you take away their incentives to do the biomass project and you take away critical funding from counselors and teachers from a struggling rural school that is 100% funded by the state.

I have a number of comments that I can present during the public comment period regarding the timber industry and the Forest Service. It is at a critical juncture; I think we are missing the boat on a number of issues.

Helge Eng – Given that there are at least two sides to every story, before we open for questions, I'd like to give Alison a chance to respond to the Tok Sale presentation.

Alison Arians – I appreciate your request for the fuels mitigation funding. As you may recall at the last board meeting, you said you were going to submit that request. Nathan, for one, expressed concern about using those fuels funds on a roaded community that could sell that timber sale at a profit. Comments made at that BOF meeting were that those funds may be better spent near communities that could not undertake a profitable commercial timber sale operation. I understand that the Mental Health Trust would appreciate the extra funding, and it would be more profitable to your shareholders if it was funded with a fuels project, but I was not quite clear on what you meant when you said if you piled it up and burned it, it would be funded. The reason you did not get funding was not about methods. We have a limited amount of CIP funding for fuels and we have to make hard decisions regarding relative danger. That sale could be a lucrative sale for the trust, and we hope you are able to sell it. As you said in your letter, the timber could be sold for cabin kits and other items. It is also valuable wildfire protection for Tok. We do sell public and charitable timber sales to the school. We continue to do that. As a side note, the amount of funding you can spend for teachers and counselors comes through the Base Student Allocation. I do not think you can actually hire teachers based on fuel savings.

This timber sale did not appear to be the best use of the limited hazardous fuels reduction funds. Nathan, did you want to add anything about the comments you made in the previous meeting?

Nathan Lojewski – You summarized my comments; those funds may be better used elsewhere, where fuels treatment would not otherwise occur without government support. It is not for dislike of the Tok project. It is a shining star in the state. It does not often happen that we can take those fuels and put them into energy projects. Tok is one place that they are being used for public benefit.

Jeff Hermanns – I would like to respond to Alison's comments. The savings from the project, if it were funded as a fuels project, was not going to the trust. That would be realized as savings by the Tok School in the harvest costs. The trust is not doing this for revenue, but for the benefit of treating the land, protecting the community, and working with the Tok School.

#### Good Neighbor Authority Sales: Kosciusko & Vallenar

Greg Staunton, DOF

The DOF has two Good Neighbor Authority Sales in Southeast that we are administering for US Forest Service. They are on federal lands, managed by the Forest Service. We first acquired Kosciusko under

this authority, administered for the first part of the operation by the Mental Health Trust. Due to a retirement, it was moved back under DOF. To date, Alcan Timber has logged 20.9 million board feet out of the timber sale's estimated volume of approximately 29 million board feet.

When the division inherited the sale from the Mental Health Trust, we noted two discrepancies in the maps for the sale, so we audited the file and worked with the purchaser and the Forest Service to rectify the gaps. This occurred over the later part of December, into January. We conveyed what we considered to be the file of record to the Forest Service for confirmation. We have not yet heard back from them, but we understand they are working on it. We did this because we wanted a real-time ability to manage the sale and have the logger communicate to us about any field conditions they encountered. We have met that goal. We will do what is needed. We are estimating that Papac Alaska will be complete in the early part of this year. Eric may have a better estimate.

Vallenar Sale is on both state and federal land. No activity has occurred on the federal side of the project because a road needs to be built to that side. There is plenty of work to do on the state side. The state young-growth has been operated on late last fall and early this year. Based on a staff report, we are currently shut down due to conditions/snow. We expect to see that change as the rain returns.

USFS Update on Forestry Activity  
David Schmid, USFS

Thank you for inviting me; it is good to be with you. I will share a few updates from the Forest Service regarding ongoing timber projects and some of the investments from the bipartisan infrastructure bill as well as the Southeast Alaska Sustainability Strategy (SASS). Currently the projects we have includes the Thorne Bay Integrated Resource Management Project, intended to provide an average of 7-10 million board feet of young-growth over the next 10-15 years, and implement terrestrial and watershed restoration activities. They have completed project scoping and they are working on project alternatives, with a planned National Environmental Policy Act (NEPA) decision in early fiscal year 2024.

The second project, Thomas Bay Young-Growth Timber Sale, is an up-to 20-million board feet project, including terrestrial and aquatic habitat restoration and other improvement activities in or near the project. They are analyzing alternatives at this point. A Draft Environmental Assessment should be coming out for public comment in mid-March, with a planned decision later this fiscal year (2023).

Upper Falls Creek Young-Growth Project decision notice was in July 2022 for about a million board feet in the Falls Creek area on Mitkof. 600,000 of that sale is currently advertised, with a bid opening on March 7. The district is also looking at some of the NEPA adequacy. Evidently there were goshawks in the area, so they are looking to clear another 400,000 board feet of that same project.

On the Chugach National Forest, the Spruce Bark Beetle Strategic Response consists of over 22,000 acres of National Forest lands that were affected on the Kenai Peninsula. We are looking at mechanical and hand treatments to reduce hazardous fuels from spruce mortality. To date approximately 1400 acres have been surveyed, with 600 acres under contract and 90 acres of in-house work. They have completed work on 200 acres, and have produced 2300 cords of firewood for local communities. They are planning to award an additional 750 acres for mechanical thinning in 2023, with a goal of 3300 total acres treated. I can send you these updates.

The bipartisan infrastructure funding bill pass the last time I was here, signed in November 2021. It took a while to get the money through the process to get to the region. We now have funds and we are moving that into projects. We received about \$3 million for commercial thinning treatments. We

received about \$1 million for Good Neighbor Agreements with Tribal partners. We also received \$14.5 million to fund new reconstructed, repaired cabins and operations, with an emphasis on using local wood. We are calling it the Alaska Cabin Project. There is a new agreement we signed with the National Forest Foundation, who will serve as the operational partner. They are also adding \$3.7 to the effort, so there should be over \$18 million for this innovative project, which will allow us to expand our reach in nearby rural communities. Working together with the public regarding demand for public cabins supports workforce development and expands the use of local wood.

The next investment is the Southeast Alaska Sustainability Strategy. I spoke of this last time as well. One of the parts of this strategy is an investment of \$25 million and we were very successful in allocating all of these funds. Over \$2.5 million went to timber industry related projects. About \$1.2 million went to DOF for three projects: wood energy, working forest analysis, and the landowners group for new markets. There was another piece with the young-growth analysis and the landowners group to achieve diverse and stable industry. I think \$200,000 went to the Tongass Transition Collaborative Facilitation, to foster an all-lands approach and to assist in reconvening the Tongass Transition Collaborative.

The next project went to Ketchikan through the Southeast Conference, over \$1 million for the pellet mill to be set up on Gravina Island. The Denali Commission also added funding to this project.

Alaska Forest Association (AFA) was awarded \$275,000 for collaborative work with the Forest Service. To help the agency inform integrated development of the young-growth timber management program and restoration projects, upon which hopefully a future young-growth industry can be built and sustained.

Prince of Wales Tribal Conservation District was awarded a half million dollars for riparian habitat improvement, compost mulch projects, and an emphasis on providing cultural wood to the indigenous communities, as renewable energy research, and some trails.

The National Forest Foundation awarded \$1 million for cooperative development planning and implementing watershed restoration projects on the island. That is out of the SASS.

There is one more piece that we have been calling SASS-FM: the Southeast Alaska Sustainability Strategy Forest Management. This is trying to work forward with many of these projects, in alignment with the strategy, to develop an integrated forest management program that supports a diverse economy, enhances community resilience, conserves natural resources, and maintains climate-resilient forests. This is about to go more public. The integration includes wildlife habitat restoration, sustainable young-growth management, and old growth opportunities for small timber sales and cultural uses. We are looking to work with you and others, looking for external input in this process. We want to work collaboratively, especially in Southeast Alaska to gather input and look at how we might implement that framework from the Tongass Forest Plan. We are looking at how this plan can deliver benefits to the communities as well as ecological systems. To accomplish this, we are looking to incorporate local knowledge from the tribes, partners, forest industry, and communities. I believe the forest is going to launch that effort in the next month or so.

Lastly, we are always interested in the Tongass Forest Plan, as that is coming up here. The forest has been going through the 5-year review and our revision is scheduled to start this fall. That is a lot; I will pause here for questions.

Helge Eng - Thank you. Yes, a summary of the projects would be great. I think I got most of it, but I might have missed a couple.

Eric Nichols – The last meeting that I went to with Frank Sherman, we were asking about the 5-year schedule. He said you could not yet make that public because you first had to go to the Tribal partners. In meetings with Randy Moore, he talked about the industry as your partner also. We are at a very critical juncture about whether or not we make capital investments, and that 5-year plan is going to determine a lot. I would encourage the Forest Service to have that available sooner rather than later.

Another issue we talked about was Western Red Cedar for totem poles, or for cultural issues. If it is commercial, Forest Service cannot supply any. Sealaska is now having carvers call me asking for totem poles, but we cannot supply the demand that is out there. There seems to be an issue. We are very much in tune with the Tribal side of things, unless it is commercially involved. You might want to think about ways to get some of those into carvers' hands, and getting paid for commission basis.

Thirdly, I will be in DC for FFRC meetings in March and we have some key meetings with legislators. My point is the Forest Service decisions have devastated this industry and leave us no choice with any kind of a land base that can operate and maintain this industry. As time goes on, the decisions show more and more what it is going to do with this industry. Having an industry left that is sustainable, whether it is young-growth or not young-growth. We cannot live on a couple million board feet per year. It is the same thing I told the state. You cannot go remote with very small volumes. The Forest Service knows what the industry needs. As time goes on, we are getting to the point where we are having to make very critical decisions and I can tell you I am in the process of liquidating some of our remote operating equipment, especially camps, as I see no reason to have those in the future here.

David Schmid – Eric I appreciate your comments. We have Tribal partners and trust responsibilities and industry partners. That is all happening very soon. It has taken the forest awhile to get realigned with where we are going. We are trying to listen first. It is not “here is what we are going to do, what do you think?” It is here are some efforts we are looking for, but we really want to hear from the communities, industry, the tribes, and folks on what kind of a future forest management program is going to serve Southeast the best. It is an open dialogue. I appreciate your lack of patience on timing; I share some of that as well. It is on the cusp of coming out.

Nathan Lojewski – I am in the ANCSA Corporation seat. Thanks for working with the tribes in Southeast Alaska. If the Native Corporations who own land ever want to sell timber in Southeast Alaska, they need a forest industry. I was looking through your numbers and you have a 10 to 15-year sale that will yield 7-10 million board feet in Thorne Bay. There is maybe 20 million coming, but the NEPA is not finished. There is maybe another 600,000 board feet coming out of another sale and the state is trying to put out 14 million board feet per year. I am not sure how much is coming off of other landownerships but that is not enough to keep an industry in Southeast. If we ever want to manage our land, we have to have industry as a partner. The Forest Service is the biggest landowner down there and you are the ones who have the ability to do something to support a forest industry.

David Schmid – Thank you. The Thorne Bay Sale, and there is a lot more to it when a lot of that volume will become economical and available, is 7 to 10 million board feet annually on that project, which is over the next 10 to 15 years. That is not just one chunk. There are some other small sales. Thomas Bay has been out there for bid, that is 20 million board feet there, as an individual sale. That is what this effort is. We try to get more input on that and find out across Southeast Alaska, these projects on Mitkof

and Prince of Wales is to try to determine where that's at. Those numbers, if there were just individual sales, would certainly not support more than a little bit of local processing.

Helge Eng – Dave, I had a question about the Thorne Bay Basin Sale. What is the status of the NEPA and do feel that you have a clear path for fiscal year 2024?

David Schmid – Yes, it is currently out for public scoping. We have some interest. Folks are from very supportive to generally supportive. They have taken scoping information and are developing project alternatives. The final decision is expected in early fiscal year 2024, or later this fall.

Helge Eng – Thank you, Dave, for a complete and comprehensive report.

David Schmid – I will send my notes to you to share as you see fit. Thanks for the opportunity.

### Long-term Timber Supply Need

Helge Eng, DOF

This topic was spurred by discussion at the last board meeting by Eric about the topic Nathan and Eric have covered a few times at this meeting. Where is the stable, predictable, non-declining raw material flow going to come from to keep an industry alive? We now have a commitment and backing from the governor to look at the timber industry comprehensively and to look at new solutions. What is it going to take? I looked at a timber supply analysis from the University of Montana School of Business, which happens to be an authoritative source. They do a lot of these throughout the western states. They have done one here; the last was in 2015.

It seems like this would be a prime opportunity for another look at the industry, what is the supply, what is the demand, what are the opportunities, and where? They are reasonably inexpensive is my recollection. I am throwing it out there and trying to get a feel for the level of interest from this board about doing another study like that and what might be some of the parameters and sideboards for a new timber supply analysis. It is an open question, I realize. You can think about it and provide input now or later.

Eric Nichols – Helge, I get something every year from those guys, on what we produced for the following year. I quit giving them any information. The Forest Service knows what we produce, especially off of federal lands. These guys get paid to do this. I don't know how much of that information is available raw. I'd be a little bit concerned. Industry has really quit supplying a lot of what we do because it is tied in so heavily with the Forest Service.

I think the biggest problem that we have today is that we have the majority of the land owned by the US government. This administration changed the forest plan unilaterally. There had been a lot of collaboration effort put into that. What is the trust going forward? If you are going to make capital investments for this industry, what is to stop the Forest Service from going to zero cut? Right now, the big issue is they have the old growth out of the Tongass. Now they are talking about mature; anything over 80 years old is going to be off the table for timber harvest very shortly. Until we can get stability in the federal program, I just don't see how this is going to work. I just told the Tongass Transition people the same thing. I am not going to work on this stuff on future markets and all this stuff until we have an honest discussion about supply and the landowners' responsibility for that supply.

Whatever the state can do, whatever this board can do to try to understand, or try to get the Forest Service to understand that they have got to take the Tongass out of the political back and forth every time we have a new administration. They are the big dogs on the street. They have the age that is going

to support a young-growth industry. They are in a problem right now. Basically, they went against what the TAC recommended, against their 2016 plan, and there was not enough young-growth of age yet.

This Thorne Bay plan – a lot of that timber is still immature. That is why it is over such a long period of time. We did a lot of work on the TAC to try to decide how much volume we could produce, how much old growth was needed to get us into the position where we could supply young-growth on a consistent basis. There has been a lot of work that has been done on that side. The biggest issue is policy issues and how do we get the federal government to do what they say they are going to do? This unilaterally changing the forest plan was a real game changer. It absolutely devastated the industry after all the work that we put into that process.

Helge Eng – Thanks for that feedback on the University of Montana. I can follow up to see what kind of reports you have been getting. I think I know what you are talking about. A couple of observations – I was thinking more along the lines of an all-encompassing state-wide (including the Interior) timber supply analysis and opportunities for expansion. This fits in well with the governor's mandate that he recently gave us. I am certainly open to other outfits that may be able to do the same thing. Outside of Southeast, I think there are clearly opportunities and it is part of the division's responsibility to do some of the fact-finding. I appreciate your feedback, Eric. That is useful information about that particular outfit. I am also interested to hear from other board members about this concept and what kinds of things we should look at, and specifics of such a study. I can leave it at that. Feedback now or later is appreciated.

Eric Nichols – Can I give you one more thought? If you look at the history of the Tongass and you look at the history of how this industry got started here, they ended up having to put up a 50-year plan. Whatever you guys are going to do, whatever the government wants, you have to look at this thing in a much broader scope than what has been done so far. Without that 50-year contract, the pulp mill never would have been built. Thorne Bay, POW Island would not look like it looks today. If you are going to attract industry, there has to be something that attracts them here. There are a lot of places in this world where we can grow timber a lot easier and a lot cheaper than we can in Alaska. There has got to be a long-term commitment for any kind of major capital infusion in this industry.

Helge Eng – Once again we are ahead of schedule. That is not necessarily bad. Are we able to move up some of the afternoon items?

Alison Arians – I can do Rosie Creek. I want to make sure Bill Morris is on because he requested this one. Yes, he is on.

### *Rosie Creek Forestry & Recreation Partnership: Lessons Learned*

Alison Arians, DOF

Bill requested that I do more explanation with what happened with the Rosie Creek Forestry and Recreation Partnership. Those who have been on the board for a couple years probably remember many of Chris Beck's presentations (former Recreation Chair) about different forestry and recreation partnerships that were occurring around the world, not only in the lower 48, but also in New Zealand and elsewhere.

The idea was that we would engage in a pilot project partnership between forestry and recreation that would enhance recreational use of the forestry roads that were there already and also educate the public about our working forests. Many people use state forest lands for hunting and recreation, but do not actually know that it is a working forest. Jeremy Douse, the Fairbanks/Delta Area Forester at the time,



worked to find a place for a pilot project – someplace that had already been harvested and would not experience much harvest for the next 25 years.

We identified the Rosie Creek Road network near Fairbanks. We had a public meeting in October 2019. Our original idea is that we would have interpretive signs that would talk about different things that had happened in the Rosie Creek network, like the fires and the different non-native species plantations, and forestry. But people just wanted road maintenance and signs to be able to navigate the network of forestry roads. They were not interested in interpretive panels, particularly due to potential shooting damage. The focus was road maintenance since gullying and erosion is bad in that area. Since there is not much timber harvest planned for the next 25 years, there was not a plan for additional maintenance. Those roads are made on loess and erode badly in the spring breakup. DOF applied for and received a \$100,000 through the State Parks Recreational Trails Program Grant in 2019. We paid a \$20,000 match. We also funded Interior Alaska Trails and Parks Foundation to manage that grant for us.

The work was done in 2020 and 2021. We cleared brush, regraded, and resurfaced 18 miles of Rosie Creek forestry roads. This reduced ruts and erosion, put in rolling grade dips on the highly eroded sections of the road, regraded a portion of a materials site at Mile 342.7 on the Parks Highway to provide trailhead parking, and removed junk cars and a bunch of other junk people shot at in that pull-out/material site.

With State Parks, we designed, constructed, and installed a map kiosk near the trailhead – not in the trailhead, but a little way down onto the road to deter shooting. The map details the forest road system, explains the land ownership and the timber management on the working forest. It explained the plantations and the wildfires that had happened. It was an abbreviated version of the interpretive panels that we originally anticipated.

We installed signs to indicate directions to stay on the maintained route, so people would not go off to the winter only roads and get their ATVs stuck. There are a lot of “you are here” signs that show a map of the whole trail system. There is also a downloadable GPS map at [trailforks.com](http://trailforks.com).

We did that work, but later in 2021, we realized with the board that it maybe was not a good idea to exclude timber harvest for 25 years. People would not be seeing active timber harvest, and that might be problematic when we eventually did want to resume timber harvest. So, we thought it would be a good idea to offer a timber sale in that area.

Mr. Zachel purchased the sale and unfortunately was not able to access the sale due to the rolling grade dips which had been installed thinking that no harvest would occur for 25 years. (The rolling grade dips were installed on the most eroded sections of road and were intended to reduce erosion during that time.) The dips were not able to accommodate logging trucks. We were not able to regrade the road until breakup. As soon as we were able to, we did so. We offered Mr. Zachel replacement timber elsewhere. It was an unintentional effect of this pilot project. We have learned a lot from it.

At the time Mr. Zachel believed that creating those drainage features compromised the road. We looked at the road before and after the repairs were done. Area Forester, Kevin Meany and Heavy Equipment Operator Egil Fjellheim went with me on the site visits. Where we put those rolling grade dips in, the road had been eroded very badly. The road was in terrible shape before we put those in; I don't think it damaged the road surface by putting those in. What really needs to happen is to install culverts in those places and that is something that we will be working on in the upcoming months.

It had an unfortunate effect on Mr. Zachel. It was not intentional. We have learned a lot from the project. We do not have a recreation budget to manage these trails, so we will just focus on the forestry roads for now. We do have a lot of uses under 11AAC 96.020 and as part of those generally allowed uses, you can use hand tools to make access improvements as follows: “brushing or cutting a trail less than 5 feet wide using only handheld tools such as a chainsaw. Making a trail does not create a property right or interest in the trail.”

There is a lot of trail making that has happened within the Tanana Valley State Forest and it continues to happen for dogsled trails, skiing trails, and that kind of thing, especially in this Rosie Creek area around Fairbanks. People get out and they cut the trails and they maintain them with snowmachines and groomers and things like that. Rather than the DOF applying for grants to put in trails, at this point we are just going to let people, as generally allowed uses, go out and make the trails and maintain them. We will continue to allow that. Recreation is certainly an important but secondary use of the State Forest.

That brings up the Alaska Long Trail Project. The idea is that a trail would be continuous from Seward to Fairbanks. There was a time when we were more active in trying to get grants to do a continuous trail through the Tanana Valley State Forest. At this point, we are stepping back from that, but allowing these generally allowed use trails to be built. We are not focusing on grants to continue that long trail project. It may change in the future, but for now it is not a big focus of the division.

Bill, does that cover what you wanted me to address? Are there questions from you or other board members?

Bill Morris – Thanks, Alison. That is exactly what I wanted to hear about. I appreciate it.

Helge Eng – I think we have Jason Moan available with a presentation on insects and disease in Southeast Alaska.

#### *Insect & Disease in Southeast Alaska*

##### Jason Moan, DOF

I am the Forest Health Program Manager with the DOF. I last talked with the board almost exactly one year ago. That was all spruce beetle. This is not going to be. I understand there was a request for information on the defoliator outbreak occurring in Southeast.

A lot of the information I present will be based on these different tactics we used to monitor forest health and almost all of the information that we collect in a given year for forest health is a cooperative effort between the USDA Forest Service Forest Health Protection and the Alaska DOF Forest Health Program. The main way we do that is through aerial surveys. Ideally surveys occur each July and we cover 25-32 million acres annually. More recently we have covered approximately half of the usual acreage, approximately 15 million acres, due to a variety of factors. Our core areas with ongoing outbreaks are continuing to be surveyed. We are not getting to the western part of the state at this time.

We also do ground-based surveys, especially when it comes to items like this defoliator outbreak. From ground surveys we can get information on when bark beetles fly in the spring, how long they fly, and hosts that are being affected. All the information we collect ends up in a Forest Health Conditions Report. If you would like a copy, please let me know and we can add you to the mailing list. I also get a lot of requests for the data. 2022 data is publicly available if you would like to do any kind of analysis with it.

The defoliation in Southeast is largely driven by the Western Blackheaded Budworm and the Hemlock Sawfly. These are the two major defoliators that occur in Southeast. The blackheaded budworm is currently occurring, which was immediately preceded by a sawfly outbreak. The last blackheaded budworm outbreak was in the early to mid-1990s, but it pales in comparison to the current outbreak. However, the scale of this outbreak is not without precedent. In the late 1940s to mid-1950s, there was a blackheaded budworm outbreak across much of Southeast Alaska that may well have been larger than the outbreak we are seeing now. That outbreak also co-occurred with a Hemlock Sawfly outbreak. I will get into a little more of why that is a concern.

Within Southeast, a defoliator event like this occurs about every 30 to 40 years. Outbreaks usually last 2 to 4 years before crashing, and that is typical of most defoliating moth outbreaks. Much of the time, healthy forests are able to recover from a defoliation event, but it may take several years. Trees may not look the same, especially if they have had top-kill. There are control options for Western Blackheaded Budworm, but none that are feasible for an outbreak as extensive as this one, on a landscape scale.

Hemlock is the primary host for the blackheaded budworm, but Sitka spruce and mountain hemlock are also hosts. The insect prefers the new needles. This outbreak began around 2021.

For the sawfly, we have the same host group, but this insect prefers the older needles. This outbreak began around 2018 and subsided around 2020.

The branch tips brown, which is quite noticeable from the air or the ground. The sawfly goes after the older needles and the budworm goes after the newer needles. Where this becomes more damaging is when you have both insects on the same tree (an outbreak of each of them at the same time), or one occurring right after the other. This is the case we have in several locations, where the sawfly outbreak had impacted stands and then the budworm activity is in the same stands.

I should note that while the Hemlock Sawfly can affect Sitka spruce, during that outbreak there was little to no activity in Sitka spruce. That was positive for the Western Blackheaded Budworm outbreak because those trees really weren't affected by the sawfly outbreak. The damage should be much more limited.

One of the main ways we can get at which of the defoliators are more dominant in the forest at a given time, and relative populations in a given area, is through ground surveys. These surveys in 2019, 2021, and prior surveys were conducted by the US Forest Service, Forest Health Protection staff, Tongass National Forest staff. In 2019 the dominant defoliator was Hemlock Sawfly, but in 2021, in Juneau Mitkof, and Wrangell, a complete shift to the Western Blackheaded Budworm in those areas. The budworm outbreak was mapped at 520,000 acres across Southeast. Mitkof and Kupreanof were pretty heavily impacted. They were also able to map some mortality associated with the Hemlock Sawfly outbreak as well as top-kill.

If we move to 2022, the budworm outbreak is at 684,800 acres of defoliation. Very extensive across most of Southeast. Hemlock mortality mapped at about 73,550 acres across the region, but there was very little Hemlock Sawfly, which is good to see. The place where we are between outbreaks, from the air it is difficult to tell which of the two insects was the cause of this hemlock mortality, or whether it was the combination of them both in the same area. Maps are available for each of the state forests and some general state lands.

In the Haines State Forest, we had about 9,250 acres of budworm-caused defoliation. There was still some sawfly activity around Chilkoot Lake and some hemlock mortality there. Of the budworm activity, about 450 acres was in Sitka spruce, with the remainder in western hemlock.

In the Southeast State Forest, approximately 5,150 acres of budworm damage with 140 acres of hemlock mortality. Within there, budworm defoliation covered 550 acres in Sitka spruce.

On general state land, in the northern part of Southeast, we had about 38,000 acres of budworm damage, about 600 acres of Hemlock Sawfly and 2,000 acres of hemlock mortality. Most of the hemlock mortality was around Petersburg and the southern part of Southeast.

In 2022, Forest Health Protection put together a very extensive ground survey effort, using nearly every person that works for Forest Health Protection in the State of Alaska, plus me. We were scattered in teams of two across Southeast to do these ground surveys over the course of a week. We use beat sheets under the trees, hitting the tree with a stick and catching what falls out. The results of that effort indicated the budworm populations were much higher proportion than sawfly across all areas.

When we are dealing with defoliator outbreaks, there are a lot of things that can cause the populations to decline, one of which is diseases or viruses that affect those caterpillars. The fact that we are seeing increasing numbers of diseased budworms in some of these areas is a promising sign.

With some of the egg surveys that were done in the spring, the increasing number of dead or diseased budworms we found on the ground surveys, as well as less moths in the fall and not flying for as long a duration, the data suggest that the outbreak may have peaked. That doesn't mean we won't continue to see defoliation from these insects this season; I expect we will continue to see some. We may be seeing some of these higher level impacts this season that were not apparent last season, such as top-kill or additional mortality.

Alison Arians – You didn't talk about the tiny wasps?

Jason Moan – I didn't because they are specific to Southcentral.

Brian Kovol – Interesting. Are these defoliators mainly getting mature old growth, young, or it doesn't matter.

Jason Moan – It doesn't matter. They are not specific to any size class.

Eric Nichols – I have been seeing them a lot in some 15 to 20 year old stands. What is this going to do to future growth, especially as we look at growth models and try to understand what the future has in those young-growth stands:

Jason Moan – Was that in hemlock or spruce or both?

Eric Nichols – Both. But I see it in the hemlock a lot.

Jason Moan – I think it is going to be variable, depending on whether those stands have been impacted by both insects, or just one or the other. The severity of the defoliation, even if it is just budworm, the higher the severity the higher the probability of die-back. In most instances, it is going to stress the tree and slow growth, but I am not able to predict beyond that.

Eric Nichols – When you see these things with the tops dead, is that tree going to have a spike knot and put another top out?

Jason Moan – I suppose it could. I don't really know.

Eric Nichols – It severely impacts the quality of that lumber in the future, if you have a dead top and a new one comes around, we are going to get a big spike knot there. We have seen it in other stands with ice damage at pretty even levels across the whole stand. It can be a real problem.

The other thing is the Forest Service put up some Hemlock Sawfly sales on Heceta 15 to 20 years ago. We also harvested some sawfly damaged areas on university lands on Kosciusko and I can tell you that it was totally gone. Even if it was standing dead, it was mush by the time it hit the ground. It made them unmerchantable to harvest.

Nathan Lojewski – A number of years ago where we threw out monitoring traps with lures for these guys in Southcentral Alaska, and the idea was that – this was with John Lundquist, when he was with the Forest Service – that with warming temperatures, these guys might move north, and potentially be seen in areas that we haven't seen them. Are you monitoring Prince William Sound or other areas farther north for this insect, or do you think it is contained pretty well to Southeast Alaska?

Jason Moan – I don't have any new information on range expansion. With our program, we have not had the capacity to mount any kind of effort to look at that. It could be worth looking at.

Nathan Lojewski – But you have flown over those parts of the state in the aerial survey this last summer?

Jason Moan – We did not make it over Prince William Sound. We do typically try to get to Prince William Sound, but with some of the complications we were having, we were not able to cover that area. There is a chance we will this year.

Helge Eng – That takes us to lunch hour. We will be back here at 1:15 for public comments.

### **Public Comment**

The Board came back on the record at 1:15 pm. Chair Eng limited public comment to a maximum of 3 min per commenter.

Joe Young – I would like to thank the governor for his support for the timber industry. The carbon bill will be a boost to the timber industry. I think the DOF briefing paper regarding Young's Timber, Inc. and negotiated timber sales contains misinformation to the Board of Forestry. For example, it notes there are 6 local operators in the Tok area, but one operator was named twice and another died about 5 years ago. I did not have a chance to defend myself on that.

I was happy to hear the Northern Region is starting an outreach program to the timber operators. I think that will go a long way to helping to stop the misinformation.

I also wanted to discuss the Mental Health Trust Lands near the Tok School. The Tok School is the central safety area for the whole area. If there is a fire, everyone will retreat to the Tok School. There is no high value timber there. There is maybe a sawlog here and there. The DOF should reconsider their option to help. The money is not going to the shareholders of the Mental Health Trust. They are not charging anything for the timber. It is to be available for safety and to help the school with energy costs.

I am really happy to see the DOF moving forward with the value-added grading system. I think that will be another key thing to help the timber industry.

Jeff Hermanns – I appreciate the DOF engaging with the operators of the interior. I would encourage them to sit down with the Tok School, which is one of the foremost operators in the interior and I did not hear that was one of the industries they went to sit down with.

The listing of the wolf in Southeast Alaska as endangered – I hear all kinds of stories on the radio and talk, but I do not hear anything about the State of Alaska is doing to prepare for a potential challenge for the listing of the wolf as endangered. This is a critical issue that we should be forward leaning on. Dr. Matt Cronin, who sat on the BOF for a decade, is the foremost authority on that and has previously assisted with prior efforts to snuff out past efforts to list as endangered. We need to have a strategy and be very aggressive to prepare for this, not sit back and wait. I suggest the State/Governor's Office hire Matt Cronin to prepare for this.

Regarding second growth, I am on the SASS Committee with the Forest Service. Yesterday I sat in on a committee and Trout Unlimited says they only see a small cottage industry for the second growth. The state needs to step up and have a prominent leadership with the Forest Service on this. There are many points for the Forest Service to be successful. One is their lack of understanding that a second growth program must be economical. The way they are proposing it now with no clearcutting, it will never be economical. Never. You will not have a viable second growth industry unless they get over the hump of clearcuts in second growth. They did not invite ADFG; that was not a mistake. ADFG has experts with habitat, with wildlife and fisheries, which could show 40-acre clearcuts could be very beneficial to the deer and to everything. That is a critical thing that the state has to be in full leadership with the Forest Service. I see potential years that the Forest Service will not have volume out of there. The Mental Health Trust has second growth that we will harvest now, but we will have a gap of years where we will not have merchantable second growth. If the industry goes away, when our second growth becomes available in the future, there will not be an industry available to harvest it.

Brad Cox is getting multiple calls per week requesting log cabin kits that he is not able to fill, due to personnel issues like everyone else. It shows there is a clear housing crisis in Alaska and the timber industry could be critical in filling that need for housing as well as energy for rural Alaska with the cost of fuel oil. I am glad the Forest Service is making money available for log cabins in Southeast. Hopefully that will be an impetus to get an industry going there, but we need a broader/fuller plan on growing the industry to fill critical needs in Alaska.

Helge Eng – Public comment period closed with no further comments. The next agenda item is a follow-up to a discussion item from our last board meeting.

#### *How State Land Use Classifications are Assigned and Changed*

Monica Alvarez, DMLW

We classify land according to statutory requirements and land use plans to provide for maximum use of state land, consistent with public interest. While we have statutory requirements, it also just makes sense to plan for our lands. It provides efficient use of resources, clarity and predictability for decision making, and it provides opportunity for the public to participate in the resource and land use decision making process at the policy level.

She covered the process overview, including scoping to identify issues, gathering information, and preparing/evaluating alternatives. We prepare a draft plan that first goes through a review process to ensure agency agreement for management intent. The public review period invites public comments and community engagement in meetings. Based on comments, a final plan is prepared and presented to the

commissioner for approval and implementation. It is an intense process that involves many resources across divisions. Plan processes typically span 3 to 5 years.

The plans identify lands to be retained in state ownership and provide guidance for uses and resources by assigning classifications and management intent. Lands can only be classified through a land use plan. Plans also provide guidance on buffers, setbacks, and easements along water bodies. Ultimately, these plans inform everyone how state lands will be managed in the long-term. They are done on a regional basis, usually by drainage. All decisions that departments make rely on these land use plans for guidance.

Classification is the designation of land according to its primary use, and in a manner that will provide maximum benefit to the people of Alaska. We are always trying to identify the highest and best use for resources and we do that by assigning classifications. We have many classifications. All classifications are intended to be multiple use, even though they identify a primary use.

She shared classification definitions from regulation for forest land, resource management land, and wildlife habitat land.

Plans can be modified through an amendment process. A change in land classification is considered a permanent change, which is considered a plan revision. Portions of plans can be revised if conditions have changed. This is the most common reason for plan modifications. An amendment would not take 3 to 5 years, but we are required to follow the statutory regulatory processes for a plan. It looks at a fraction of the plan so it would not take as long, but it is still a process that requires public notice and involvement through comment periods. We need to demonstrate that there is a change in conditions originally identified as a classification or management intent to modify a plan. It requires the commissioner to adopt any change to a plan, so it could be up for appeal.

Helge Eng – I had a question about the forest land classification. Are there criteria for establishing forest land?

Monica Alvarez – Typically we will look at vegetative cover and staff from Forestry would typically be on the planning team. They may identify an important area for a potential future timber sale, they can identify criteria for forest management. In general, it should have trees and potential for applying forest management practices. That should be a primary focus for a piece of land, but other resource values may also be present. We can apply up to three classifications on a piece of land. Wildlife land and public recreation are a common co-classification. We are recognizing habitat value as well as values for recreation.

Alison Arians – Can you discuss the typical land classifications where we do timber harvest?

Monica Alvarez – Yes, it is forest land and resource management land. You probably also do some on settlement land, which is a classification where we can convey land out of state ownership. Often Forestry works with the Land Sales Section to pioneer roads and clear lots for potential land offerings.

Eric Nichols – When Southeast plans were put together, we had a 50-year contract that tied up most of the Forest Service lands around here. Now we have the Roadless Rule back in place and timber harvest is allowed on just over 1% of the Forest Service land base. Who requests these changes, who can? Since we have seen such a dramatic change in the use of federal ownership, when would the state step in and revisit their land classifications in Southeast Alaska?

Monica Alvarez – We get this question on when it is appropriate to revise a plan. It is not usually just the age of the plan. We have a lot of very old plans out there that are still useful, with good tools, and conditions have not changed dramatically enough to merit a full plan revision. The Southeast plans are kind of creeping up higher on the plan revision list, particularly the Prince of Wales Island Plan. It is something we will start to look at. We also have a provision in regulation where any person can request classification or re-classification. Then we make a determination whether or not to proceed with an amendment.

Anyone can request an amendment via an application, with a fee. We do an analysis to determine whether or not it is appropriate to change the classification.

Eric Nichols – DMLW is not, on their own, going to look at things. We have seen so much change on the federal side, which has put pressure to use state lands since we have 17 million acre wilderness adjacent to state lands.

Monica Alvarez – The thing that sways when it is time to revise a plan is when it is seeing a lot of amendments. That is a good clue that the information is outdated and not serving the department. Our area plans are not DMLW plans, they are for the entire department. When we weigh which plans we should revise next, we reach out to everyone to see where their need is. It is definitely driven by resource development and conveying land to municipalities as part of the land sale program. Those are all factors that are considered. It is usually a culmination of resource values that need attention. The next plan on our list is the Copper River Basin Area Plan and there are a lot of resource resources in that planning boundary. The next after that one will be Prince William Sound, which was from the 80s, very old, compared to the Southeast plans. After that, likely the Southeast plans would be up next.

Eric Nichols – What about specific parcels, versus an entire plan?

Monica Alvarez – That may be right for an amendment. If there is a discrete parcel where things have changed and you want it to potentially be able to be considered for a timber sale, that may be able to be done through an amendment or revision. She will share the link to request a revision/amendment.

Sometimes a division, such as DOF, will identify a plan that is in need of amendment, maybe at the same time you are working on a decision document for a potential timber sale. The decision could be predicated on the amendment being approved. That is common in our land sale areas. They often make amendments to tweak buffers or setbacks that may not be practical on the ground.

Brian Kovol – Did you say it takes 3 to 5 years?

Monica Alvarez – For a full plan revision it would; an amendment would be a shorter process. You have to make sure you do it as a 2-step revision, where you provide an opportunity for the public to participate.

Helge Eng – It sounds like the parameters or criteria for updating a plan are largely focused on the information becoming outdated or no longer relevant. You also mentioned resource development or finding more land?

Monica Alvarez – Conditions changing. It could be the resource itself changes, or economic/social conditions change. One plan revision we did was predicated on the fact that a municipality had outstanding entitlement and there was not enough land in the planning area that was appropriately classified for potential conveyance. So we did a plan revision to look for lands that would be suitable for



conveyance for their municipal entitlement. It is a combination of factors – not just natural resources. Conditions. We are also required to consider social and economic conditions.

Helge Eng – If social and economic conditions are considered, might that include what happens on federal lands? As Eric mentioned, if the federal government changes timber management or forestry practices to dramatically decrease timber supply in Southeast, might that qualify as a social change that would warrant a plan amendment on the state side?

Monica Alvarez – Absolutely.

Brian Kovol – You said the amendment process could be initiated by an individual or group, but it could also happen internally by one of the departments requesting the process?

Monica Alvarez – Yes, anyone can petition the department for a change, and then the department makes a determination whether they will accept the petition. Internally, the process can be initiated too. When we are looking at what is next in the revision queue, we reach out to the departments for input.

Alison Arians – The obvious question you are leading up to is whether the board would suggest that the division ask DMLW to make a change to the areas Eric was referring to. I don't think that is something that we can really do at this meeting. But are there suggestions we would like to make to the planning section, perhaps at the next meeting if there are specific areas we would like to have considered for a plan amendment.

Brian Kovol – Yes, I would be looking for an example of something that is classified now with a land use that is not forestry or timber use. What is an example of that for state land in Southeast? What great area down there is not classified for forest use? What is it classified as and why?

Eric Nichols – I'll give you a couple areas, Brian. We have 600 acres outside of a piece of property that we own that was classified for municipal watershed and they moved the water intake out of that watershed entirely and it is no longer used as a watershed. We have another parcel that is surrounded by Mental Health Trust Lands and a little state land that is classified as wildlife. Around those parcels is a million acres of federal forest. Some of that may not still be applicable, given what protections are already available on the nearby federal lands.

Brian Kovol – Those are great examples. Thank you.

Alison Arians – I know that habitat one is at Shelter Cove. Can you tell me where the municipal watershed parcel is?

Eric Nichols – It is above Roosevelt Drive, just south of Ketchikan. We bought the university property underneath it years ago and put a subdivision in there.

Monica Alvarez – I looked into the Shelter Cove parcel recently, and I know the area plan has it sandwiched between parcels that were classified as forest land. Additionally, the plan had a recommendation that it become a critical habitat area. Plans can recommend that something be legislatively designated, based on their values. I do not know if conditions have changed.

Brian Kovol – I am not saying that is something that I would support changing, but if there is something that someone can identify that is obvious.

Monica Alvarez – Just because it is wildlife habitat, it does not mean it would have those same values today. One of the places I point to here in town is Business Park Wetlands. It was set aside to protect the

wetlands, but it is in Midtown, off of 36<sup>th</sup>, sandwiched between all of these buildings. There are no functional wetlands there anymore; we would never classify it as wetland habitat today. Things do change with surrounding land uses and wetlands getting cut off, or other factors. That is a great example for the need to revisit things.

Eric Nichols – As you know, they put a state highway right through the middle of the parcel at Shelter Cove. It's changed considerably. The state put subdivisions in there. We have Cape Fox putting shareholder lots up in that area. It is becoming a very highly used area. I have to wonder whether that designation is still applicable there.

Alison Arians – We have these two noted. If there are others that board members identify in the next few months, we can discuss whether we want to put those forward from the division or from the board at the next meeting.

Monica Alvarez – A word of caution. Forest land is one of the classifications that municipalities can select. That is what happens in Southeast, honestly, with most of our land that can be conveyed out of state ownership. There is a lot of outstanding entitlement and it gets snatched up by the municipalities. Every municipality gets a certain entitlement. Recently the Southeast communities have received increased entitlement, such as Petersburg and Haines. We do not have a lot of state land in Southeast, so it becomes a big land grab. Almost every parcel of land that is appropriately classified is going to go out the door somehow. Communities may preferentially select land classified as forest lands for potential revenue. Communities cannot select habitat land; it is retained in state ownership. That should not drive our classification decisions, but it is a factor in availability of lands.

Eric Nichols – A piece of property we harvested adjacent to it went to a municipality and I got a phone call asking the value of the remaining timber. It is a revenue generator.

Greg Staunton – I wanted to make a clarification between state forest land and forested land. Generally in Southeast, the legislatively designated forest land is different than what you are referring to as forested land. Most of our forested land in the Prince of Wales Island Plan is pertaining to general use lands. Does that make sense to you, Monica?

Monica Alvarez – Yes, it would have the resource management classification. There is a difference between legislatively designated lands and our general lands that have that classification. Municipalities cannot select land within a state forest.

#### Tanana Valley State Forest Management Plan Update

Ashley List, DOF

The Tanana Valley State Forest Management Plan is under revision at this time. This is not an area plan; it is a management plan, but it has the same public notice requirements as area plans. All the land we are looking at is legislatively designated as forest lands, it is classified as forest and it will stay that way.

When we are doing this plan revision, some of the key decision points have to do with things like incompatible uses, where to disallow uses on state forests that would be allowed on other state lands.

We have not identified incompatible uses for this plan. This plan is 20 years old. While there is no shelf life for the plan, we evaluated whether it is worth the effort to revise or retain the old plan and made the decision to revise. Last winter we opened a scoping period and received 5 comments from the general public, which were mostly about recreational use and wildlife habitat. There do not appear to be any large controversies.

We worked on developing the first draft last spring. Last summer the Fairbanks Area Forester left for other opportunities, which put the plan on hold while the position was vacant. Kevin Meany was selected as the Area Forester; he has been involved in the planning process since its beginning. We are working on revising and editing to release the document for public review. This spring I expect to work with the interagency planning team on the revisions. I have not had many inquiries from the public, other than encouraging us not to rush, to carefully consider the issues.

Brian Kovol – What are some of the major changes you are making to the plan?

Ashley List – We are not really making major changes, it is mostly updates. For example, under agriculture or related activities, it provides contact information/forms, and those forms have not existed since 2005. Road system maps are new. Really, it is continuing management without major changes. When you open the plan, we want it to appear to be a current, professional document with current standards in 2023, rather than an outdated document that is losing relevance. We are modernizing information, as we use the internet now, and things like that.

Alison Arians – One of the things we will consider is adding language about carbon offsets. If the bill passes, each of our state forest plans will have to be modified to allow carbon offset projects. We will see what happens during the session on the carbon offset bill.

Ashley List – That could affect the timing of when we go out for public review. If the leadership is anticipating changes, it would be nice to include all of them at once.

Nathan Lojewski – I cannot speak to all of the carbon offset protocols, but some require carbon projects on public lands to go through a public process. If that can be addressed in the plan ahead of time, it is already covered.

Ashley List – When we started this process, prior to carbon offsets, our goal was to have text explanatory but not necessarily management direction. At a minimum, we would like to have content acknowledging the forest value for carbon storage and future opportunities, in a general sense.

## **Wrap-up**

### **Agenda Items**

Helge Eng – We have a potential list of candidates for classification for the next board meeting agenda. What else?

Denise Herzog – Have you heard if there has been any movement on filling our fisheries seat? It is in the letter to the governor. Has anything come up?

Trevor – It has been at least a month, but I didn't get the impression that it was something that was being actively considered or pursued.

Alison Arians – We have made suggestions of several people to the Boards and Commissions Office, which has a new director. Let's follow up again; we will keep making suggestions. If you have recommendations for that post, please let us know.

Helge Eng – Is the letter something we want to hold until the next meeting?

Alison Arians – No. We want to submit as soon as we can, while it is still during the session. We will aim to get it out to the board next week to approve, along with changes to the annual report.

Nathan Lojewski – Is there some process that needs to happen? When we had that NRCS issue a few years ago, when we made a comment on it we kind of got in trouble because we had not publicly noticed it.

Alison Arians – At this meeting, we agreed to the changes. As long as we do not make any big changes to it after this meeting, I think we are fine. Unless someone has a problem with one of the changes that were mentioned, I think we are ok. Trevor will make the revisions, we will send out for verification, and then we will send the final out. As long as the letter is the same as what we have agreed to today, we do not need another meeting to approve it. It would have been nice to have this done earlier, sending the draft to you in December.

#### Board Comments

Bill Morris – Thank you again for another informative meeting. Thanks to the presenters. I am looking forward to the first in-person meeting; it will be a great opportunity for all of us. [Broken transmission] If there is a department staff visit or inspection to the Rosie Creek Trail, I would like to go along on that. I am not requesting something additional; I can also go there on my own.

Alison Arians – Since there are several of you in Fairbanks, it would be easy to put a little field trip together.

Helge Eng – I also look forward to the first in-person Board of Forestry meeting during my tenure as State Forester.

Denise Herzog – Same – looking forward to seeing everyone again and meeting the new faces. I also would be interested in tagging along with Bill Morris since I have not seen how one of these inventories go. But it is not critical. Thanks to all for putting together a good meeting.

Russ Byerly-Haines – Thank you to the presenters; it was definitely educational. I was encouraged by the possibility to reclassify land, based on the stalemate with the federal land. I hope the in-person meeting can be at an actual forestry practices setting.

Mike Post – Thanks to all of the presenters and I also look forward to the in-person meeting. I am not sure if this falls under this board's direction, but I would like to learn more about the biomass projects that are active in the state, and how we might have helpful insight for those projects, or if it is economically feasible to talk about more of those.

Helge Eng – Are you suggesting that as an agenda item for the next meeting?

Mike Post – If that is something that would benefit the state for the board to speak on, I will leave that up to you.

Alison Arians – We can have a presentation on that next time.

Eric Nichols – For me, the biggest thing is, think about what you want to see when you come here in August. We will have a lot of operations going on. I recommend we take a look at how it was done the first time around, how it came back, the resiliency of this timber and how it grows back. There are different ways we can go: we have a sort yard, we have harvesting going on, we may have road building going on at the same time too. There is a lot to see and do with different ownerships. The state put in that highway with state funding, and we have economic activity with that highway in place. There is probably more to see than we have time for. Consider putting together a priority list.

Nathan Lojewski – Thanks for organizing the meeting and all of the interesting presentations and the public comment. I do not want the state to use my opinion about the Tok fuels project as a reason to not give a grant for hazard fuels reduction treatment. My point during the last meeting was that if that project was going to happen already, then we could get an extra number of acres treated elsewhere, then the state should consider that. If that project needs help to get off the ground and running, I would totally support the state granting money for a fuels reduction project in Tok. There is no question that it is an important treatment to do.

Most of these carbon protocols do require a public process for public lands to be enrolled in those programs. If you want to consider carbon credits on state-owned lands, you probably need to include that in your management planning, or some sort of public process.

I am not recommending that the state go out and develop a bunch of carbon credits, but as a land manager, I like to have all of the options available in the tool box. Carbon credits is one of those these days and I am not sure how long it will be on the table. My understanding is that it is sort of a temporary fix for emitters of carbon to emit carbon responsibly into the atmosphere. If you believe in the carbon offset rules, before those businesses can re-tool to low carbon businesses. If this is something the state wants to do, it may not be an option 50 years from now. It may be a short window of time for these sorts of things.

Brian Kovol – Very informative today. I appreciate all of the presentations and the subject experts. I learned a lot today. There seems to be a lot of energy regarding the carbon offsets in the legislature. I think we will be hearing more about that as we get together this summer. I am also very excited to meet the rest of the board members that I have not yet met. I am getting more settled here and it will be great to see the operations in Southeast.

Helge Eng – I share Brian's interest in the carbon offsets and how that will develop. I think one of the most heartening experiences for me was going into the governor's office half-thinking I was going to get fired and finding out he really wanted to talk about carbon offsets, how we could think outside the box and develop the timber industry. It is really invigorating for me as a forester to discover that the governor is interested in rebuilding and standing up the timber industry in Alaska, essentially looking 100 years ahead and re-tooling for a sustainable resource economy, in addition to oil and gas. I think that is a huge development for the industry and something that the division and the board can look forward to participating in. With that, meeting adjourned.

## **Adjourn**

Meeting was adjourned at 2:22 p.m.

## **Handouts**

- Agenda
- Public notice
- Draft minutes from October 20, 2023 meeting
- Compliance Monitoring
- Annual agency FRPA report to the Board
  - o DEC Division of Water
  - o ADFG Division of Habitat
  - o DNR Division of Forestry & Fire Protection
- FY2022 Timber Cut & Sold Report

- DRAFT 2022 BOF letter to the Governor