

TIMBER/
FOREST.

KETCHI-
KAN

2/18/95



LEGISLATIVE TELECONFERENCE NETWORK SIGN-IN SHEET

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	SIGNATURE	PRINTED NAME / REPRESENTING	MAIL ADDRESS	ZIP	PHONE	BILL	Testify	Observe
1	<i>Peter W. Amundson</i>	A-R Tug & Barge Peter W. Amundson	P.O. Box 5155 Ketchikan, AK	99901	225-6300			X
2	<i>Kim Dohlsrom</i>	Kim Dohlsrom Viking Lumber	P.O. Box 670 Craig, AK	99921	755-8890			
3	<i>Frank D. Asp</i>	Frank D. Asp Pacific Rim Cedar	P.O. Box 1498 Wrangell, AK	99924	874-2772			
4	<i>Eric Muench</i>	ERIC MUENCH ALASKA WOODS SERVICE CO.	PO Box 681 Ketchikan Alaska	99901	225-5372			X
5	<i>Lyle Simpson</i>	LYLE SIMPSON TIMBER & MARINE SUP	2547 TONGASS Ketchikan AK		225-6644			
6	<i>Dennis Williams</i>	Dennis Williams Meyers City of Craig	Box 725 Craig, AK	99921	826-3438			
7	<i>Ben Williams</i>	BEN WILLIAMS CEO President Williams Inc	Box 9235 Ketchikan, AK	99901	225-1279			X
8	<i>Vern Starks</i>	VERN STARKS, Ketchikan Vet. Clinic	97 Eichner Ave Ketchikan, AK	99901	225-6057			
9	<i>Doris J. Belk</i>	M.C. MACHINERY DORIS J. BELK	P.O. Box 7358 Ketchikan AK		225-6111			X
10	<i>Doris J. Belk</i>	BELK'S LOGGING	P.O. Box 9841 - Ketchikan, AK		874-2687 EXT 2355			X
11	<i>John Peterson</i>	John Peterson Ketchikan Chamber of Com.	661 S. Pt. Higgins Ketchikan		225-9401			X
12	<i>Larry A. Musher</i>	U.S. Forest Service	42 Moore Dr Ketchikan, AK	99901	225-3448			X
13	<i>Dave Rittner</i>	Dave Rittner U.S. F.S.	32 Nugget Lane Ketchikan, AK	99901	225-7485			X
14	<i>Paul McInerney</i>	Paul McInerney Forest Service	PO Box 6112, Ketchikan, AK	99901	225-1430			X
15	<i>Chuck Swain</i>	Chuck Swain Pac. Se. North Equipment Co	PO Box 942 Wrangell, AK	99923	247-8201			X
16	<i>Harold L. Damschen</i>	HAROLD L. DAMSCHEN	415 Terminal Ketchikan		225-2550			X
17	<i>Don Fisher</i>	Don Fisher	244 Martin Drive Pt. Barrow, AK	99501	247-2590			X
18	<i>LLOYD BOSSMAN</i>	LLOYD BOSSMAN ALASKA SHIP DRY DOCK	P.O. Box 9238 Ketchikan, AK	99901	225-2585			X



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1	<i>[Signature]</i>	Tim Montgomery / TFS	P.O. Box 6675 KTN	99901	225-9020			X
2	<i>[Signature]</i>	Katie Montgomery	3511 Arnold Ave		225-8112			X
3	<i>[Signature]</i>	Bob Weinstein / ^{CITY OF} Ketchikan	P.O. Box 7801					
4	<i>[Signature]</i>	VENTURA SEALASKA SANTANIEGO TIMBER CORP	2030 Sel. Lewis Dr.		225-4444			X
5	<i>[Signature]</i>	BOB SOUTHWEST BERTC STEVEDORING	Box 8080 KIN AK		225-6157			✓
6	<i>[Signature]</i>	Jim STEALASKA Timber FRICKSON Corp	2619 3rd Ave AK		247-0634			X
7	<i>[Signature]</i>	Johannulaf KAN Gakulaf Pouvaugh	PO Box 8462 KTN		225-5115			X
8	<i>[Signature]</i>	RALPH D LEWIS	3338 1st Street		225-2565			X
9	<i>[Signature]</i>	SHAWN RICHARDSON	2-328 3RD AVE KIN AK	99722	225-2244			
10	<i>[Signature]</i>	MEREDITH MARSHALL	P.O. Box 7418 KTN		225-2134			
11	<i>[Signature]</i>	Wm G Zastrow	176 Pond Rest Road KTN		247-8190			X
12	<i>[Signature]</i>	DE Hasbun	PO Box 3008 KTN		247 8280			✓
13	<i>[Signature]</i>	Mamie Markle Salmon	PO Box 8743, Ktn		225-3416			X
14	<i>[Signature]</i>	Barbara Mehn	469 Forest Park Dr		5-7562			X
15	<i>[Signature]</i>	Ed Mehn	469 Forest Park Dr		225-7562			✓
16	<i>[Signature]</i>	DICK ENGLISH - Log-in-Road Engineering	82 S.P. Higgins Rd. Ketchikan, AK		225-2778			✓
17	<i>[Signature]</i>	WERNER SUNN	2333 Sixth Ave Ketchikan		225-4992			✓
18	<i>[Signature]</i>	ANGEL L. MARTIN	PO Box 6016 KETCHIKAN		225-6821			✓



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1	Jeremy Anderson	Jeremy Anderson SEACC	434 East St Juneau	99801	463-3463			
2	R. David Sallee	DAVE SALLEE. OPERATOR <small>SMALL</small>	P.O. Box 1219 Ward Cove	99928	247-9557			
3	Robert E. Lindenkugel	Robert E. Lindenkugel	419 6 th Street #328		586-6992			
4	Val Pittman	ALASKA CAUISB / AWRTA	Box 7814 Ketchikan		225-3498			
5	Bruce H. Wallace	Bruce Wallace / <small>Fishing</small> COMMERCIAL	P.O. Box 8572 KETCHIKAN AK		225-6547			
6	Fred Athorp	Fred Athorp / <small>Fishing</small> COMMERCIAL	#10 Creek St Ketchikan, AK		225-3452			
7	Cheryll Athorp	Cheryll Athorp / <small>Cherry</small> Fish	#10 Creek St Ktn, AK		225-3452			
8	Lashy Miller	Lashy Miller <small>Miller Tire</small> AWT	P.O. 91002 Ktn AK		225-9280			
9	Rena R Miller	Rena R Miller <small>M.M. Repair</small> AWT	12097 NTG Ktn Ak		247-1451			
10	Bruce Anderson	Bruce Anderson SELF	1472 Skrup Ktn		225-3433			
11	Sandra J Mesko	Sandra J Mesko PWIT	PO Box 1445 Ward Cove AK		205-1060			
12	Ernesta Ballard	ERNESTA BALLARD <small>KTN</small> CHAMBER	705 MAIN ST KTN		247 0846			
13	Daniel A. Smith	Daniel A. Smith <small>USFS</small>	Fed. Building Ktn		228 6304			
14	Frederick Norison	FREDEKRIC NORISON	POB 24628 JUNO		58-8884			
15	Sherrie Slick	SHERRIE SLICK	109 MAIN ST. KTN		225-6880			
16	Chiff Taro	CHIFF TARO	Box 8080 KTN		225-6157			
17	Gene E. Feind	Gene E. Feind	P.O. Box 8693 Ktn		247-8685			
18	Steve Ambrose	Steve Ambrose	Box 32975		780-5269			



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<i>L. H. Shipley</i>	Linn Shipley	PO Box 115 Ketchikan, AK	99901	247-3425			X
<i>K. Arriola</i>	KEN ARRIOLA	POB 3323 KTN AK	99901	225 3323			
<i>C. LaPerriere</i>	CONNIE LA PERRIERE	PO Box 9062 Ketchikan AK	99901	225-4094			X
<i>Margaret Clabbin</i>	Margaret LaPerriere	Box 9062 KTN AK		225-4094			
<i>Margaret Clabbin</i>	Margaret Clabbin	7960 S. Tongardz Ktn AK		225-0800		X	
<i>Arne R. Phil</i>	ARNE R. PHIL	PO Box 8524 Ketchikan AK		225-7511			X
<i>William C. Thomas SA</i>	WILLIAM C THOMAS SA	" " 5146 " "		225-4853		X	
<i>Betsy Prudett</i>	Betsy Prudett	Box 948 KTN		225-8829			X
<i>Bob Elliot</i>	CONSTRUCTION MACHINERY INC	Box 699 Ward Cove AK	99928	247-2228			X
<i>Allyn Hayes</i>	Ketchikan Pulp Co.	P.O. Box 722 Ward Cove AK	99928	225-2151			X
<i>Cene Eide</i>							X
<i>Constance Griffith</i>	CONSTANCE GRIFFITH / self	2509 4 th Ave. Ketchikan AK	99901	225-5069			X
<i>Gordon Nelson</i>		862 JACKSON ST KTN. AK	99901	225-4872			D
<i>Kathleen J. Nelson</i>	KATHLEEN J NELSON	862 JACKSON ST. KTN. AK	99901	225-4872			X
<i>Robert L. Dotson</i>	ROBERT L DOTSON	6015 Dotson Ln SKTN AK	99901	225-2917			X
<i>Trevor F. Dotson</i>	Trevor F. Dotson -	6015 Dotson Ln S. KTN - AK	99901				X
<i>Tom Cashen</i>	Tom Cashen / Comm of Labor	3200 Foster Juneau	99901	465-2700			X
<i>Bob Lonker</i>		PO Box 5291 S. AK		225-9349			



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1	<i>Christopher Westwood</i>	Christopher Westwood ^{ADNR} Forestry	2030 Sealow Dr. #217, KTN, AK	99901	725-3070			✓
2	<i>Chris Nelson</i>	Chris Nelson ^{Metlakatla} Indian Timber	Enterprise P.O. Box 7052 Ketchikan AK	99901	247-7052			✓
3	<i>Alaire Stanton</i>	ALAIRE STANTON ^{Ketchikan}	334 FRONT Ktn	99901				
4	<i>Pat Rowland</i>	PAT ROWLAND ^{SISD}	Box 1811 Coffman Cove	99918	309-2210			
5	<i>Owen Graham</i>	Owen Graham	Box 9023 Ketchikan	99901	225-2151			
6	<i>Chris Gates</i>	Chris Gates	111 Steedman St Ketchikan AK		225-6114			
7	<i>Melvin it. Charles</i>	Melvin it. Charles	RT2 Box 7 KTN AK					
8	<i>K.A. Swiger</i>	K.A. Swiger / STANDUP	P.O. Box 23645, Ktn		225-8621			
9	<i>Don Finney</i>	Don Finney	Box 739 Ward Cove, AK	99920	247-9590			✓
10	<i>Helen Finney</i>	Helen Finney	Box 739 Ward Cove AK	99920	247-8598			✓
11	<i>Caryl Williams</i>	Caryl Williams	306374 - Ketchikan		225-5240			✓
12	<i>Steve Williams</i>	Steve Williams	3828 Evergreen AKE Ketchikan AK	99901	225-1573			✓
13	<i>Mike Sallee</i>	MIKE SALLEE	PO Box 7603 Ktn		11000			
14	<i>Thyes Shaub</i>	Thyes Shaub	217 Seaview St Juneau	99801	463-5118			✓
15	<i>Savers McAlpin</i>	SAVERS McALPIN	P.O. Box 5665, Ketchikan AK	99901	225-2694			
16	<i>Margaret E. Peterson</i>	MARGARET E. PETERSON	P.O. Box 324 Ktn AK	99901	225-0514			
17	<i>Matilda Kushnick</i>	Matilda Kushnick	RT 2 Box 7 Seaman KTN-AL	99901	225-2058			✓
18	<i>Steve Sams</i>	STEVE SAMS	Box 23667 KTN AK	99901	225-3428			✓



Alaska State Legislature

HOUSE RESOURCES COMMITTEE

State Capitol
Juneau, Alaska 99801-1182
(907) 465-3715

SOUTHEAST FOREST PRODUCTS FOCUS

February 16, 1995

Panel Participants

1. Independent Operators Panel

- ✓ Cliff Skillings, Alaska Lumbermen's Association
- ✓ Steve Seley, Seaborne Lumber Company, Ketchikan
- ✓ Frank Age, Pacific Rim Cedar, Wrangell
- Kirk Dahlstrom, Viking Lumber Company, Klawock

2. Long Term Timber Panel

during Q + A only

- Ralph Lewis, KPC President & General Manager
- ✓ Troy Reinhart, KPC Public Affairs Manager
- ~~Owen Graham, KPC Timber Manager~~

3. Grass Roots Community Panel

- ✓ Buck Lindekugel, Conservation Director, SEACC
and other local representatives of TNF user groups
- ✓ K.A. Swiger, Executive Director, Stand UP!
- ✓ Kathy Lietz, President, Alaska Timber Trackers Alliance

Lee, Sellen

4. Community Leadership Panel

- Alaire Stanton, Mayor, Ketchikan
- Dennis Watson, Mayor, Craig
- Duane Gasaway, City Administrator, Wrangell
- Ernesta Ballard, President, Ketchikan Chamber of Commerce

No text yet

5. U.S. Department of Agriculture, Forest Service Panel

- ✓ Phil Janik, Regional Forester, Region 10
- ~~Fred Walk, Director for Timber Management~~
- Fred Norbury, Director for Ecosystem Programming & Budgeting
- ~~Dave Rittenhouse, Forest Supervisor for Ketchikan Area~~

B-11

Introductory Comments Southeast Forest Products Focus

1. Call to order

I call this meeting to order at [announce time]. Here with me this morning are Co-Chairman Green, Vice Chairman Ogan, Rep. Davies, Rep. Phillips, ~~Sen. Taylor~~, Sen. Miller, and Mr. Ayres, Governor Knowles' Chief of Staff.

Joe Ambrose

2. Welcome

First, I want to welcome all of you to this special hearing, and thank you for taking the time on a Saturday morning to come together and help us try to find solutions to the problems facing our communities.

As you know, our focus this morning is on the forest products industry, and particularly on the timber supply problem which has already resulted in the loss of many jobs.

We recognize that there are many different interests and user groups in the Tongass National Forest. But we also know that the timber industry makes up a large part of our economy here in Southeast.

We have invited the various panelists here today to help the committee learn about the problems, and hopefully to hear how we might help to find some solutions. We want to hear ideas from the different points of view that are represented on these panels.

The Chair hopes that, by listening to you, and asking some questions, all of us who have come here to listen may be better able to find solutions to the problems facing our timber-dependent communities in Southeast Alaska.

3. Introduction of panelists

Five different panels will be presenting testimony today. They are the **INDEPENDENT OPERATORS**, coordinated by Cliff Skillings; the **LONG TERM TIMBER CONTRACTOR**, led by KPC President Ralph Lewis; the **GRASS ROOTS COMMUNITY PANEL**, including representatives from SEACC and Stand UP!; the **COMMUNITY LEADERSHIP PANEL**, including representatives from Craig, Wrangell, and Ketchikan along with Ketchikan's Chamber of Commerce; and we are also pleased to have with us Regional Forester, Mr. Phil Janik and some members of his fine staff. As each panel comes forward to give testimony, we will ask the members to identify themselves for the record.

4. Now to begin our meeting this morning, I would first like everyone to view with me an excellent slide presentation which has been put together by the U.S. Forest Service. It provides a good history of land use in the Tongass National Forest.

After slide show:

5. Now before we ask the first panel to come forward, I would like to give our special guests an opportunity to say a few words. I would first like to yield the floor to Speaker of the House, Representative Gail Phillips from Homer. Representative Phillips.

After Rep. Phillips:

Next, I would ask Senator Robin Taylor from Wrangell, to make a few comments. I'm sure he is no stranger to any of you, so Senator Taylor, please proceed.

After Sen. Taylor:

Finally, I would like to introduce Senator Mike Miller of North Pole. Senator Miller served as Chairman of the Senate Resources Committee in the 18th Legislature, and is currently Chairman of the Senate Rules Committee. Senator Miller.

6. Before I ask the first panel to come and give testimony, I would like to set forth some ground rules.

We have very severe time constraints this morning, so I ask that all of you try to give me your cooperation. Each panel has been allotted limited time. My committee aide, Jack Phelps, will be displaying time cards to let each of you know how much time you have left. Please honor the limits and end your testimony quickly when your time is up.

I would also ask my fellow committee members and special guests to write down any questions you might have, and ask them of the panelists during the Question & Answer time at the end. Please allow the panels their full time for testimony.

Finally, I would ask that during the Question & Answer period you direct your questions through the Chair, and please keep your questions brief so that all the committee members have an opportunity to get their questions asked.

Q + A period:

Answers are limited to **2** minute.

B.V.

CLOSING COMMENTS

insert A
→

The Chair would like to thank you all for your participation today. The committee was given a lot of good information today, and hopefully we can put it to good use.

[Other comments you may feel are appropriate based on what was said, and on the general mood of the meeting.]

The Chair will continue to talk to his fellow legislators, to the administration, to our congressional delegation, to Mr. Janik and his people, to all the interested parties so that we can come up with acceptable solutions to the concerns raised here today.

With that, this hearing stands adjourned at [announce time].

v Sept 94 - 90 min
Debbie Smith

Insert A

I want to close by referring ~~my~~ back to some of the opening remarks. Speaker Phillips spoke of the relationship between production, the economy, and civilization.

We have heard today of many, many people willing to risk their own futures to go into ~~the~~ ~~production~~ the forest products business in south east Alaska.

People spoke today of trust
and ~~trust~~ credibility.

From my experience trust
is not possible among
strangers. Today we have
gotten to know each other
much better. Trust may
grow from this session.

Knowledge certainly has.

Thank you for all of your
testimony.



Alaska State Legislature

HOUSE RESOURCES COMMITTEE

State Capitol
Juneau, Alaska 99801-1182
(907) 465-3715

SOUTHEAST FOREST PRODUCTS FOCUS

Ketchikan, Alaska

February 18, 1995

9:00 AM Meeting convenes @ Ted Ferry Civic Center
Welcome, Introduction of panelists
Representative William K. Williams, District 1

Opening Comments:

Representative Gail Phillips, Speaker of the House
Senator Robin Taylor, District A
Senator Mike Miller, District Q

Panel Presentations:

Independent Operators Panel (20 min)
Long Term Timber Panel (20 min)
Crass Roots Community Panel (25 min)
Break (10 min)
Community Leadership Panel (25 min)
U.S.F.S. Panel, Regional Forester Phil Janik (20 min)

Q & A period (30 min)

Buffet lunch @ Cape Fox Lodge

1:30 Tour of Ketchikan Pulp Company mill

2:45 Shipyard tour

Return to Juneau (4:15 pm & 9:10 pm flights available)

TESTIMONY OF
STEVE SELEY, JR. SEABORNE LUMBER COMPANY
FOR THE ALASKA STATE HOUSE OF REPRESENTATIVES
NATURAL RESOURCE COMMITTEE MEETING

WESTMARK CAPE FOX LODGE
KETCHIKAN, ALASKA
FEBRUARY 18, 1995

I WOULD LIKE TO THANK CHAIRMAN WILLIAMS AND GREEN AND THE HOUSE NATURAL RESOURCES FOR HOLDING THIS PUBLIC FORUM AND ALLOWING ME THE OPPORTUNITY TO TESTIFY ON BEHALF OF THE SMALL BUSINESS ADMINISTRATION (SBA) TIMBER OPERATORS ON THE TONGASS.

MY NAME IS STEVE SELEY, JR., OWNER AND PRESIDENT OF SEABORNE LUMBER IN KETCHIKAN, ALASKA. SEABORNE LUMBER CURRENTLY MAINTAINS A SAWMILL OPERATION IN KETCHIKAN.

I HAVE SPENT 40 YEARS OF MY LIFE IN SOUTHEASTERN ALASKA, PRIMARILY THE PRINCE OF WALES ISLAND AND KETCHIKAN COMMUNITIES. I GREW UP ON PRINCE OF WALES ISLAND, IN A TIMBER HARVESTING FAMILY AND IN 1978 ESTABLISHED SELEY INCORPORATED. THIS COMPANY GREW FROM A FOUR MAN "JIPPO" OPERATION TO A MULTI-FACETED TIMBER BUSINESS INVOLVING ROAD CONSTRUCTION, HI-LEAD

LOGGING. MARINE TRANSPORTATION, WHOLE LOG CHIPPING AND SAWMILL OPERATIONS.

IN 1993, WITH THE PROMISE OF A GUARANTEED TIMBER SUPPLY FROM THE FEDERAL GOVERNMENT SBA TIMBER SALE PROGRAM, I BEGAN THE CONSTRUCTION OF THE SAWMILL FACILITY NOW OPERATED AS SEABORNE LUMBER COMPANY.

THE SBA TIMBER SALE PROGRAM WAS DESIGNED IN 1973 TO ENSURE THAT REGIONAL SMALL BUSINESS TIMBER OPERATORS WOULD HAVE A SUPPLY OF TIMBER TO MEET THE DEMAND OF THEIR PROCESSING FACILITIES, ELIMINATING LARGER CORPORATE INTERVENTION. THIS CONCEPT WAS FORMALIZED IN AN AGREEMENT¹ ENTERED INTO ON MARCH 18, 1977 BETWEEN SBA REPRESENTATIVE ART MASON AND THEN-REGIONAL FORESTER JOHN SANDOR AND WAS CALLED THE "AGREEMENT BETWEEN DEPARTMENT OF AGRICULTURE AND THE SMALL BUSINESS ADMINISTRATION FOR THE DEVELOPMENT AND OPERATION OF A SMALL BUSINESS PROGRAM IN THE SALE OF NATIONAL FOREST TIMBER RELATED PRODUCTS". THIS MARKED THE BEGINNING OF THE SBA VERSION OF A LONG TERM TIMBER SALE CONTRACT. THE AGREEMENT STATED THAT "THE FOREST SERVICE AND SMALL BUSINESS ADMINISTRATION HAVE AGREED TO A SET-ASIDE PROGRAM OF APPROXIMATELY 80 MMBF OF SAW TIMBER (AVERAGE ANNUAL TARGET VOLUMES) FOR THE TONGASS".

IN 1986, THIS AGREEMENT WAS AMENDED² TO CAUSE THE FOREST SERVICE TO FOLLOW CLOSER THE TARGET VOLUME OF 80 MMBF, ESPECIALLY SINCE THE ENTIRE INDUSTRY HAD JUST WITNESSED DEPRESSED TIMBER VOLUMES IN THE PREVIOUS 1984 AND 1985 TIMBER SALE YEARS. IT WAS AGAIN AMENDED³ IN 1993 DUE TO TWO SBA MILL

¹Exhibit A Decisional statement of March 18, 1977

²Exhibit B Small Business set-aside program, 10/1/86 - 9/30/90

³Exhibit C Extension of Agreement on Small Business sales.

SHUTDOWNS, MITKOF LUMBER IN HAINES AND KLAWOCK TIMBER IN KLAWOCK AT WHICH POINT THE USFS STATED THAT THEY FELT DEMAND WAS SIGNIFICANTLY LOWER THAN THE TARGET VOLUME OF 80 MMBF. THE NEW AMENDMENT CALLED FOR CYCLICAL SIX MONTH MEETINGS BETWEEN THE USFS AND SBA REPRESENTATIVES TO IDENTIFY MILL CAPACITY AND MEET SBA DEMAND. (TO MY KNOWLEDGE, THESE MEETINGS HAVE NEVER INVOLVED REGIONAL SBA TIMBER OPERATORS AND THE 80 MMBF DEMAND STILL HAS NOT BEEN MET.) WITH THESE AGREEMENTS AND LEGISLATIVE WORDING PLACED IN THE TONGASS TIMBER REFORM ACT OF 1990 TO HELP SUPPORT SBA TIMBER OPERATORS, I PROCEEDED TO BUILD A NEW SAWMILL FACILITY TO PROCESS TIMBER HARVESTED FROM THE TONGASS NATIONAL FOREST.

SEABORNE LUMBER NOW EMPLOYEES 31 LOGGERS AND 54 MILL WORKERS. OUR SISTER COMPANY SEABORNE MARINE SERVICE EMPLOYS AN ADDITIONAL 20 MEN AND WOMEN. OUR SAWMILL PROCESSES RAW TIMBER INTO CANTS, FLITCHES, SQUARES AND PRODUCES CHIPS FROM RESIDUAL SLABS AND LOW QUALITY LOGS.

TODAY, MY PRIMARY CONCERN LIES WITH THE CURRENT SUPPLY OF SBA TIMBER AND THE FACT THAT THE FISCAL YEAR 1995 TIMBER SALE SCHEDULE⁴ FALLS SHORT OF MEETING THE USFS COMMITMENT TO THE SMALL BUSINESS ADMINISTRATION AND THOSE OF US WHO DEPEND ON THAT SUPPLY OF TIMBER.

SEABORNE LUMBER HAS AN ANNUAL SAWLOG DEMAND OF 26 MMBF. IN ADDITION, WE HAVE THE CAPACITY TO CHIP AN ADDITIONAL 11.5 MMBF FOR A TOTAL NEED OF 37.5 MMBF OF TIMBER.

⁴Exhibit D FY 95 SBA sale offering schedule

SEABORNE LUMBER'S OPERATIONS HAVE BEEN SEVERELY AFFECTED OVER THE COURSE OF 1994 DUE TO A LOG SUPPLY SHORTAGE BROUGHT ON AS A RESULT OF EXTREME PRESSURE FROM ENVIRONMENTAL GROUPS STRIVING TO CURTAIL THE HARVEST OF TIMBER ON THE TONGASS. THE FOREST SERVICE'S LACK OF DESIRE OR INABILITY OR LACK OF FUNDING NECESSARY TO COMBAT THIS PRESSURE HAS RESULTED IN A SHORTFALL IN MEETING THE SBA INDUSTRY DEMAND FOR LOGS.

HABITAT CONSERVATION AREAS (HCA'S) HAVE POSED THE BIGGEST THREAT TO THE SBA TIMBER SUPPLY DUE TO THEIR IMPACTS ON THE ENTIRE INDUSTRY. HARVEST AREAS HAVE BEEN DEFERRED EVEN THOUGH THEY HAVE PASSED ALL NEPA GATES, HAVE BEEN FUNDED FOR THE ENTIRE PREPARATION PERIOD OF 2-4 YEARS, AND ARE READY FOR IMMEDIATE ADVERTISEMENT. HCA'S HAVE FURTHER POSED A PROBLEM FOR OUR INDUSTRY IN THE FACT THAT WHEN HARVEST AREAS ARE DEFERRED OR WITHHELD FROM THE LONG TERM CONTRACT HOLDER, THE FOREST SERVICE WILL REMOVE TIMBER SALES FROM THE SBA AND INDEPENDENT TIMBER SALE PIPELINE TO MEET THE LONG TERM SALE CONTRACTUAL OBLIGATION AND NOT REPLACE THE VOLUME. TODAY, THE SBA PIPELINE IS NEARLY EMPTY.

LET ME GIVE YOU AN EXAMPLE OF MY COMPANY'S NEED FOR TIMBER. ON DECEMBER 1ST OF 1994 WE CUT THE LAST LOG IN OUR YARD AND CURTAILED SAWING OPERATIONS. THE BUSHY ISLAND SALVAGE SALE WAS BID ON DECEMBER 28, 1995. WE WERE THE SUCCESSFUL BIDDER OF 6 COMPANIES COMPETING FOR THE SALE CONTAINING APPROXIMATELY 400 MBF. THE SALE WAS AWARDED ONE WEEK AFTER THE BID. TWO DAYS LATER WE HAD CUTTERS ON THE ISLAND. THREE DAYS AFTER THAT WE HAD MOBILIZED A CAMP AND EQUIPMENT TO THE SITE. 31 DAYS FROM THE DATE OF THE BID OPENING, WE HAD HARVESTED THE ENTIRE VOLUME AND ALL EQUIPMENT AND LOGS WERE REMOVED FROM THE SALE AREA AND DELIVERED TO KETCHIKAN.

UNFORTUNATELY, THE TIMBER FROM THIS SALE WILL PROVIDE ONLY 3.7 DAYS OF CUTTING AT OUR MILL.

SEABORNE LUMBER COMPANY INVESTED 1.4 MILLION DOLLARS IN 1994 TO UPGRADE OUR FACILITY ALLOWING US TO EXPAND OUR PRODUCT LINE WITH HIGHER VALUED LUMBER. THESE IMPROVEMENTS INCLUDE THE LATEST TECHNOLOGY IN COMPUTERIZED SET WORKS TO INSURE ACCURATE SIZING, A NEW CARRIAGE AND DRIVE SYSTEM CAPABLE OF OPERATING THREE TIMES FASTER THAN THE EQUIPMENT IT REPLACED HELPING REDUCE MANUFACTURE COSTS AT THAT MACHINE CENTER, AN EDGER WITH BOTH SHIFTING AND GANG SAWS THAT PROVIDE FOR EFFICIENT BREAKDOWN OF CANTS TO A MULTITUDE OF SEMI-FINISHED PRODUCTS, AND A NEW TRIM STATION WITH THE CAPABILITY TO ACCURATELY EVEN END TRIM ALL LUMBER THAT IS PRODUCED. IN ADDITION TO THE SAWMILL EQUIPMENT, WE DESIGNED AND BUILT A DRUM CHIPPING SYSTEM THAT WILL TAKE A DEFECTIVE LOG END OF ANY DIAMETER UP TO 6' IN LENGTH AND CUT IT TO CHIPS ACCEPTABLE FOR SALE TO KETCHIKAN PULP COMPANY, HELPING MEET THEIR FIBER NEEDS.

EACH ADDED MACHINERY CENTER NOT ONLY ADDS TO OUR FLEXIBILITY AND PROFITABILITY, THEY ALSO ADD JOBS TO OUR COMMUNITY.

THE SBA TIMBER INDUSTRY IS NOT RESTRICTED TO CERTAIN SALES AS THE FOREST SERVICE MAY THINK. THEY HAVE STATED THAT THE SBA INDUSTRY DOES NOT HAVE THE CAPABILITIES TO PROCESS THE VOLUME NEEDED TO MEET THE 50% SBA PRIMARY PROCESSING CLAUSE PLACED ON ALL SBA TIMBER SALES. CURRENTLY SEABORNE AND VIKING LUMBER HAVE CHIPPING CAPABILITIES ALONG WITH CUTTING FACILITIES TO INSURE THAT THE 50% PRIMARY PROCESSING CLAUSE CAN BE MET BY SBA OWNED COMPANIES. THE FOREST SERVICE HAS STATED THAT THE SBA OPERATORS CANNOT

LOCATE ADEQUATE FUNDING TO COVER THE COST OF PERFORMANCE BONDS, PRE-ROADING AND HARVEST COSTS FOR LARGER SALES. AS A MATTER OF FACT, REGIONAL FINANCIAL INSTITUTIONS SUCH AS THE NATIONAL BANK OF ALASKA AND FIRST BANK STAND READY TO ASSIST SBA TIMBER OPERATORS WITH THEIR FINANCIAL NEEDS. FINALLY THE FOREST SERVICE HAS STATED THAT THE SMALLER OPERATORS WILL HAVE A HARDER TIME FINDING OR CREATING MARKETS FOR THEIR PRODUCTS. TO ANSWER THESE, I CAN ONLY SAY THAT THE MAJORITY IF NOT ALL REGIONAL SBA MILLS HAVE CONTRACTS WITH ONE OR SEVERAL PURCHASERS FOR THE PRODUCTS THAT THEY PRODUCE.

SO YOU SEE, THERE IS A VIABLE AND STRIVING SBA TIMBER INDUSTRY IN SOUTHEAST ALASKA. OUR INDUSTRY ADDS TO COMMUNITY SOCIO-ECONOMIC LEVELS AND PROVIDES EMPLOYMENT FOR ⁵MANY SOUTHEAST ALASKA RESIDENTS.

THE LEVEL OF TIMBER THE USFS PLANS TO OFFER THE SBA TIMBER OPERATORS OVER THE NEXT TWO YEARS FALLS SHORT OF MEETING THE SBA PROCESSING CAPACITY. THE VOLUMES FOR BOTH YEARS AS CURRENTLY PLANNED⁶, WILL FAIL TO MEET THE 80 MMBF PROMISED THAT WE SO DESPERATELY SEEK.

THE THREE MILLS REPRESENTED AT HIS PANEL , IF OPERATED AT FULL PRODUCTION LEVELS, HAVE THE CAPACITY TO CUT ALL 80 MMBF. HOWEVER, THERE ARE 36 OTHER SMALLER SBA CLASSIFIED PROCESSING FACILITIES IN SOUTHEAST ALASKA WHO ALSO SEEK TO SHARE IN THE FEDERAL SBA TIMBER SALE PROGRAM. IT IS IMPERATIVE THAT THE USFS ADHERE TO AN 80 MMBF YEARLY TARGET VOLUME SO AS TO MAINTAIN THE VIABILITY OF OUR SECTOR OF THE INDUSTRY. WE HAVE DEMONSTRATED THE ABILITY

⁵Exhibit E SBA mills: Employment and production report

⁶Exhibit H Murkowski press release

TO SURVIVE AND AT THE SAME TIME PAY THE HIGHEST AVERAGE STUMPAGE PRICES
AND CONTINUALLY UPGRADE AND IMPROVE OUR MANUFACTURE CAPABILITY TO
MEET THE MARKET DEMAND FOR A VARIETY OF PRODUCTS. COUPLED WITH THIS 80
MMBF DEMAND SHOULD COME TIMELINESS OF SBA TIMBER SALE OFFERINGS, SALES
AREAS LOCATED GEOGRAPHICALLY EQUAL TO THE TOTAL VOLUMES SOLD OFF THE
TONGASS AND TIMBER SALES THAT ARE ECONOMICALLY VIABLE. FOR WITHOUT THESE
DEMANDS MET, THE SBA TIMBER INDUSTRY AND SUPPORTING OPERATORS WILL SURELY
BE ELIMINATED.

THANK YOU FOR THE OPPORTUNITY TO SHARE MY CONCERNS REGARDING THE SMALL
BUSINESS ADMINISTRATION TIMBER SALE PROGRAM WITH YOU THIS MORNING.

⁷Exhibit G Comparison of rates and volumes of Long Term and SBA sales



Ketchikan Pulp Company

A wholly owned subsidiary of Louisiana-Pacific Corporation

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**COMMENTS OF TROY REINHART
EMPLOYEE RELATIONS & PUBLIC AFFAIRS MANAGER
KETCHIKAN PULP COMPANY**

Before The

**ALASKA HOUSE RESOURCES COMMITTEE
BILL WILLIAMS, CO-CHAIR
JOE GREEN, CO-CHAIR**

**OVERSIGHT HEARING
February 18, 1995
Ted Ferry Civic Center**

OPERATING DIVISIONS

**WARD COVE PULP MILL
THORNE BAY LOG**

**KETCHIKAN SAWMILL
TUXEKAN LOG
NAUKATI LOG**

**ANNETTE HEMLOCK SAWMILL
EL CAPITAN LOG**

Mr. Chairman and members of the Committee, good morning and welcome to Ketchikan. I am pleased to be part of this hearing and compliment your attempts to bring out the facts regarding timber supply from the Tongass National Forest.

My name is Troy Reinhart, Employee Relations & Public Affairs Manager of Ketchikan Pulp Company (KPC). KPC has almost 1000 employees, consisting of 5 logging camps, 2 sawmills and 1 pulp mill. We sell our products to 20 countries and generate \$40 million in annual payroll.

One thing that has not changed in those almost 4 decades, is KPC's commitments to the city of Ketchikan, POW Island, and the SE Alaska region. KPC is committed to being a continued part of the social fabric and economic reality of the region.

KPC has a partnership with the U.S. Forest Service - - a partnership that was built on our commitment to SE Alaska, through the creation of continuous year around jobs and the commitment of the Forest Service to provide KPC with 8.25 bbf over 50-years at economical prices. KPC has and will continue to hold-up its part of the partnership. We have built and operated a pulp mill, 2 sawmills, and all the camps and facilities needed to harvest the regions great renewable resource. But our investment in this region, our people and facilities, is not complete.

In the next 3 years KPC will invest between \$60-\$70 million dollars in our facilities. These investments will include an extended marine outfall to Tongass Narrows which will provide for better discharge of treated waste water, process changes to create the world's first chlorine free dissolving pulp process and new pollution prevention measures, to contain any spills which may occur on our properties. All these investments are a commitment to the future and our continued operations of KPC facilities.

However, a partnership is a two-way street. We can not continue to operate our facilities on thin air - - we require a predictable, certain and economically priced supply of timber. For the first 35 years of our partnership with the Forest Service, the partnership was met. But over the last 5 years, the Forest Service has not upheld their part of the agreement. I want to note 3 trends which have occurred over the last 5 years:

- 1) in only 2 years out of the last 6, has the Tongass met the minimum annual contractual timber offering to KPC;

- 2) the amount of timber under contract has decreased significantly over the last 5 years to levels which leave us no flexibility due to weather or markets, and in addition, the amount of road construction to perform harvesting has increased;
- 3) the Forest Service timber offerings to KPC have been moved to the end of the fiscal year, which effectively means timber offerings are not accessible for another 6 to 12 months, due to timing restrictions and road building.

I want to make it very clear that KPC is not asking for any more than is called for by our partnership with the Forest Service. We are not asking for additional volume, but only the timber volume promised and contractually agreed to.

KPC is committed to being part of this region's life style for years to come. But only with your assistance in compelling the Forest Service to meet their commitment in our partnership agreement will that be possible.

With the assistance of the charts I have brought with me, I will outline our contract with the Forest Service's past performance and needs for the future.

On the first chart (Chart #1) you will see 3 very important numbers. The first is 8.25 bbf, the total timber volume which KPC is entitled from the Forest Service per the contract. This number is the controlling number of the contract. It is the bottom-line of what KPC was entitled in exchange for construction of our dissolving pulp mill.

The contract notes a minimum of 960 million board feet must be offered to KPC each 5 year period unless more is requested. On the average this means the Forest Service must provide KPC a minimum of 192.5 million board feet per year.

As I will show you in a few moments, the Forest Service has not achieved this target. Because of these short-falls in offerings, the Forest Service must offer KPC 225 million board feet each year until the year 2004 to meet their 8.25 billion board feet contract volume commitment.

The next chart (Chart #2) shows the accomplishment record of the Forest Service over the last 10 years. As you can see, since 1989 the Forest Service has a poor track record in meeting its obligations. In addition, you can see by these accomplishment records, we have reason to question the future.

The delay in Forest Service offerings has resulted in absolutely no flexibility in which to plan our operations. This has resulted in layoffs, downtime and increased costs. This is due to a reduction in what we call the timber pipeline and late timber offerings. Simply put, the "timber pipeline" is a 2-3 year supply of timber from which we operate and build roads ahead of schedule. It also allows for flexibility in bad weather, road construction or other unknowns. The timber pipeline is no different than having an extra supply of food at home. You always have a surplus just in case the next shipment is delayed (especially true in the bush). Currently KPC has less than 9 months of timber under contract, rather than 2 or 3 years.

Over the last 10 years, the timber pipeline has declined dramatically. In addition, it takes longer to access timber. This is clearly shown on the next chart (Chart #3). This has resulted in the need to go after timber offerings regardless of weather or condition. In terms of our analogy, we are down to the last pound of beans on the shelf - - just hoping the next meal arrives in time.

In addition to an almost empty timber sale pipeline, the timing of timber offerings is also a problem. In the last two years the timing of Forest Service releases has been later and later. In fact, they have become so late that logging on most offerings is delayed for 8-12 months.

This next chart (Chart #4) shows offerings to KPC over the last 6 years. As you can see, while the Forest Service has offered us an average of 176 million board feet each year, only a portion of that could be roaded or operated that year. That volume noted on this graph, was delayed for a minimum of 6 months.

Timing restrictions for everything from the bald eagle nesting to wolf denning has reduced our operating window. These timing restrictions have put even more pressure on the need for a full timber pipeline and early offerings.

The next chart (Chart #5) graphically displays the problems associated with timing and the timber pipeline. Some of our most recent offerings have one or all of these timing restrictions. This chart shows the time period in which road building and harvesting are not possible or restricted. As you can plainly see, the window for operations is so short, considerable time is needed to get timber to the mill, a fact which calls for a full, not an empty timber pipeline.

The bottom-line to the community is simple. Because of a lack of timber offerings by the Forest Service, their timing, and an empty timber pipeline:

- 1) People are out of jobs. Currently, approximately 100 jobs are curtailed at KSM and 50 jobs at AHM, due to lack of logs.
- 2) Over 400 pulp mill jobs are threatened if a short-term wood supply for April is not found.
- 3) Our loggers and road builders are forced to work in less than optimum conditions. Many times we find ourselves in the dilemma of shutting down operations because of unsafe weather conditions, while our mills shut down due to lack of wood.

KPC is doing everything possible to find enough volume beyond our contract with the Forest Service, and keep all our operations running. While it is difficult, we are making every attempt.

In 1993 KPC's pulp mill shut down for 100-plus days due to a lack of timber supply. In 1994 a shut down did not occur - but only because we were able to purchase chips from the Wrangell Sawmill and pulp logs from the Sitka pulp mill. Now that the Alaska Pulp Corporation (APC) contract has been cancelled by the Forest Service, this source of fiber supply has vanished. Unless the Forest Service speeds offerings and begins to meet their commitments to KPC, more temporary closures may occur in the future.

The bottom-line is the Forest Service has not met their commitments to KPC and the people of SE Alaska.

The leadership of the Forest Service is now taking steps to limit timber supply through Habitat Conservation Areas (HCA's). While no final decision has been made on HCA implementation being done through a process, they are being illegally implemented. In addition to bad process, we have bad science. I would like to give you some particulars.

- I. HCA's and the science upon which they were developed have numerous flaws:
 - A) The viable population committee (VPOP) established size, composition and spacing of large and medium HCA's on perceived needs of goshawks and marten (VPOP Report. May '93, pp. 26-28). VPOP went on to say that HCA's are also important for brown bears and wolves (VPOP Report. May '93, pp. 33-35) but say nothing about specific size. Composition, or spacing

of HCA's was not noted as being absolutely needed for viability of bears or wolves. Rather, they suggest that human access to the animals is the major concern. Hence, the HCA strategy is really about goshawks and marten.

- B) The current goshawk assessment being done by the Forest Service is showing that almost all of the telemetry points gathered by ADF&G over the last several years, shows that goshawks are NOT in interior productive old growth. Rather, as you would expect, they are predominately found at the edge of openings which is exactly what you would anticipate considering the prey species they seek. Further, note that the Draft Plan Amendment EA map for HCA's shows that only 3 percent of located goshawk nests fall within the mapped large and medium HCA's. Do goshawks need large tracts of old growth? I would say that all indications are NO.
 - C) Marten are an introduced species to most of the islands of SE AK. Hence, there is no legal obligation for the Forest Service to manage for them. The National Forest Management Act implementing regulations (36 CFR 219.19) call for ensuring habitat to have viable populations of native and "desired" non-native species. Further, there are numerous natives in SE AK that suggest that marten have essentially wiped out the ptarmigan and grouse populations; species that some natives consider subsistence resources and some natives suggest that they would much prefer over marten. Therefore, a) should the Forest Service be managing for marten on the islands? b) does the data indicate that marten need large tracts of old growth on specific spacings to ensure viability? I suggest the answer is NO.
 - D) Bottom Line - The so-called "science" supporting an HCA strategy to ensure viable wildlife populations is crumbling and perhaps never existed in the first place. It is merely a hypothesis that is, over time, being shown to be false. Therefore, there is no evidence to suggest that an additional 21 percent of the Tongass LUD III/IV timber base needs to be removed from timber harvest consideration in order to have HCA's.
- II. However HCA's are not the only problem, the Goshawk Guidelines are also of concern.

- A) The Plan Amendment draft EA for HCA's called for 8.4 mile and 2 mile no timber harvest zones around found nests, and no harvest within 95 percent of the harmonic mean of telemetered areas.
- B) The October '94 Goshawk Workshop that the Forest Service held concluded that 2.9 mile radiuses of no timber harvest around goshawk nests as an interim measure was more appropriate.
- C) The current goshawk assessment underway by the Forest Service is showing that few telemetry points reside in interior old growth, rather the goshawks are found in edge habitats searching for stellar jays and other species. Hence, there is no data to support 2.9 mile radiuses. For example there has been active nests in second growth documented on Douglas Island near downtown Douglas.
- D) Bottom Line - there is no concluding scientific evidence that large tracks of land should be set aside from timber harvest (4-12 percent of the LUD III/IV timber base) in the interim to protect goshawks.

III. Decision on the Plan Amendment EA

The only logical choice for Regional Forester Janik, is to select the NO ACTION alternative in regards to implementing HCA's, and make available all the timber that the Forest Service put on the shelf over the last year to stay away from HCA's and goshawk areas. Currently over 400 mmbf of NEPA approved timber has been taken from the timber industry (on timber which the Forest Service was funded to produce) as funded by our Congress.

Even if the Forest Service agreed there is no supporting science for HCA's and goshawk guidelines, they would point the finger at "conserving biodiversity". They would also point the finger at the Peer Review of the VPOP Report that was done a year ago as evidence that we need to do more for viable populations and biodiversity. Note that the Peer Review was done by a small cartel of interest biologists who have never visited SE AK. Their lack of background lead them to discuss SE AK Caribou and tundra.

IV. Common sense needs to be brought into the process.

- A) Much of the "agenda-science" we have heard from the VPOP and the Peer Review scientists is based on the President's Plan in the Pacific Northwest, a plan which slashes forest management and locks up more timber.

Note that in the current Tongass Plan, as amended by TTRA:

- 1) the 1979 Tongass Plan, as amended by TTRA, has:
 - a) 38 percent of the productive old growth in Congressional withdrawals (Tongass Plan Revision SDEIS, pp. 3-165-166)
 - b) Of the 3.14 million acres of productive old growth outside of Congressional withdrawals, only 1.94 million is suitable to consider for timber harvest; hence the difference (1.2 million acres) will not be harvested.
 - c) Hence, about 63 percent of the productive old growth on the Tongass National Forest will never be logged.

2) I suggest that based on "common sense", protecting 63 percent of the old growth on the Tongass National Forest is ample to meet the implementing regulations of the National Forest Management Act, for habitat to ensure wildlife viable populations and biodiversity, and the Endangered Species Act. This is balance. I would suggest that the American Public voted out last November the nonsense we've been listening to over the last 3 or more years.

In conclusion, what we need is certainty. Certainty of our contract volumes and there timing. We need an agency which will create community stability rather than stop it. Much of this will require legislative changes to break the grid lock of our over-lapping environmental laws and frivolous preservationist lawsuits.

Thank you for your time today. I hope you have found this useful and insightful. Ketchikan and KPC appreciate your effort. I look forward to any questions you may have.

THANK YOU

Tongass Sportfishing Assoc.

My name is Jack Lee, I'm the Past Chairman of the Tongass Sportfishing Association, Chapter 573 of Trout Unlimited. Like our national organization, we actively promote fisheries conservation and enhancement and address issues that impact fisheries habitat and the recreation opportunities they offer. Unlike many fishing organization, we have a fairly diverse membership and our Board of Directors has seats for sportfishers, charter operators, lodge and related businesses and agency representatives from ADF&G and the Forest Service.

We view the value of the fisheries resource in terms of the \$83 million spent on sportfishing statewide, with \$61 million of that spent in Southeast. This translates into over 1100 full-time jobs, 950 of which are in Southeast. These are 1988 figures and have grown with the rapidly growing tourism industry that sportfishing is an important element of.

For those of us not among the "privileged" who make a living by fishing, the value of this resource is as our favorite form of recreation and a source of high quality food for our families. 40,000 sport licenses were sold to residents of Southeast, that's over half the population. Fishing is one of the main reasons many of us live here.

Sportfishers, like loggers and others, are being impacted by legislation such as the Endangered Species Act. We may soon see major cut backs in King Salmon harvest limits because of the problems with returns down south. Do we like it? Is it fair? Should we do away with the Endangered Species Act and similar environmental laws? No, to all points. It would be far better for us all to learn from the mistakes of others and avoid the problems that made this legislation necessary. Wise resource management and habitat protection will assure a more prosperous future for everyone, regardless of their chosen profession.

We are currently concerned with a local situation that illustrates this point. Returns of wild Steelhead have been alarmingly low for the past several years. Sportfishers are limited to a virtual catch and release only situation with retention of only two "trophy" fish over 36" allowed per year. The recent proposal by Senator Murkowski to allow the Landless Native Tribes to select land in LUD II areas could drastically increase the problems with Steelhead returns. The LUD II areas were given their protected status for their high recreation and high habitat value. Many of these areas support major runs of wild Steelhead and logging them could push Steelhead populations a step closer to threatened status. I doubt that anyone here wants that. Having to deal with the problem in this way hurts everyone, sportfishers, commercial fishers and the timber industry.

The point we want to make here is that it is time to take off the blinders and deal with the impacts of logging before they become a problem. If we can't learn from watching the fiasco that has been going on with the timber industry in the Northwest, there isn't much hope for us. The Tongass Timber Reform Act and the establishment of LUD II areas was a good first step. The establishment of Habitat Conservation Areas will also help avoid future problems. The timber industry must learn to coexist with fishing and tourism and their needs. To do this, they must learn to operate within the guidelines of recent reforms. Lets stop the finger pointing and name calling and work on realistic solutions. In the past, the timber industry has received assistance which helped them stay profitable. If we begin viewing habitat maintenance and a clean environment as part of the cost of doing business, perhaps we can come up with some solutions we can all live with.

TESTIMONY BY

K.A. Swiger, Executive Director, Stand UP!

BEFORE

Alaska State House Resources Committee

Ketchikan, Alaska

February 18, 1995

My name is K.A. Swiger. I am Executive Director of Stand UP!, a grass roots community oriented group advocating economic stability and natural resource development. Thank you Chairmen Williams and Green, and Members of the Committee for this opportunity to comment on the importance of timber supply to Southeast.

I am a Southeast Alaskan, born and raised. Through the pioneering spirit of my family who set their Alaskan roots nearly 50 years ago, I was raised to believe this great land is a land of opportunity. Where one can make a respectable living and enjoy the natural beauty and bountiful resources. The Tongass is HOME to those of us who have CHOSEN to continue this pioneer spirit.

Our home, the largest National Forest in America, is 17 million acres of more than 1000 islands, and 11,000 miles of shoreline. Our accomplishments in this unique area are exemplary. Our visitor industry grows at a rate of 6.4% annually, over 400,000 in Southeast last year. These visitors are astounded by the abundance and variety of animals in our forest and waters. NONE of our over 400 animal species are endangered or threatened. We have one of the most restrictive conservation management programs in the country. 1/3rd of our land is designated Wilderness, and 80% of our old growth forest is forever designated to wildlife. Our forest provides a sustainable yield of wood products on less than 1 tenth of its land base. We add value to this otherwise over ripe commodity in the manufacture of pulp, cants, flitches, lumber, shakes, shingles, guitar backs, piano sounding boards, and artistic renderings.

The Tongass is site to numerous fisheries enhancement projects, and are often the result of cooperative efforts between Federal, State, private timber and fishing interests. We have enjoyed record catches for many years culminating last year in an all around record of 74 million fish in Southeast. Two thirds of that catch comes from southern southeast, an area of concentrated timber harvest.

Our forest has enormous potential as a source of hardrock minerals. Mining has enjoyed renewed interest this last decade. Greens Creek Mine on Admiralty Island is a model of successful development within a sensitive area, and we have one of the largest known molybdenum deposits in the world.

We have developed roads, transportation corridors, and service infrastructure to support our base industries and our communities which serve them.

We are fortunate and proud to be part of such a richly unique region. Show me other communities nestled in a National Forest with virtually no private land from which to develop a tax base...show me other communities whose seasonal and year round economies are so interrelated ... show me other communities developing the natural wealth of the region in accordance with humans and animals sharing the land. Show me other communities who must continually battle for existence with seemingly deaf cared forces 3000 miles away.

We are the people of the Tongass, we are proud of where we live. We have demonstrated our commitment to the land by investing our livelihoods here. The continued abundance of our resources demonstrates our successful management. We know what is best for our region. We know the forest can sustain a 450 million board foot yearly harvest, and that 320 million board feet is not enough to sustain our current industry. We know our wildlife, and where they roam. We know that 90% of the Tongass National Forest is more than enough for their comfortable existence. As our mills close and our families are put out of work, it is hard to find credibility in a federal agency promising wood supply without adequate funding, and a State administration changing its policy contrary to affected populus leadership.

Stand UP! has been forced into existence because of our desire to continue to live and work while using a small percent of the resources of the Tongass National Forest. Specifically we ask for your help in getting the forest service to:

1. change their opinion that HCA withdrawals are "insignificant" to our region , to roll back the HCA implementations of June 30, 94. and
2. provide an adequate and reliable amount of timber to meet the needs of southeast Alaska's forest products industry.

THANK YOU

TESTIMONY BY

Kathi Lietz, President, Alaska Timber Trackers Alliance of Thorne Bay

BEFORE

Alaska State House Resources Committee

Ketchikan, Alaska

February 18, 1995

Gentlemen, it is both an honor and a pleasure to be here. I am Kathi Lietz, President of Alaska Timber Trackers in Thorne Bay. I would like to start by telling you a little about myself. I came to Prince of Wales Island eight years ago to earn college money. Immediately, I fell in love with all that Alaska had to offer and never went back to school. I met and married my husband on Prince of Wales Island. Together, we have three beautiful children, all of whom were born in Ketchikan. We would love to be here forever. However, we are slowly realizing that the Alaskan Dream that we have for our family is but a grim reality.

Since 1990, I have been employed by Black Bear Cedar Products, a cedar shingle mill in Thorne Bay. I handle all aspects of the office from answering the phones to paying the bills. Black Bear has seen some rough times. We have weathered two fires and gone from three partners to one owner. In the five years I have been at Black Bear Cedar Products, I have seen the business go from 12 employees and gross annual sales of nearly \$1 million dollars to the all time low in 1994, of four employees and gross sales of \$300,000. Where we used to depend on Ketchikan Pulp Corporation for at least 90% of our wood, we now are searching and scraping for every log we can find. Ketchikan Pulp only provided 40% of our wood last year.

It doesn't get anymore value added than this. We take only cull cedar logs that would otherwise be burned or dumped and turn them into a quality finished product. I worry each and every day if my job will be there when I get to work. Black Bear Cedar Products works very closely with the other small mills in our area. We share business tips, wood information and provide statistical support as much as possible. All of these businesses employ people who have families and live in communities in Southeast. Many Spouses of timber industry employees are themselves employed in the timber industry or its support industries. Timber dollars touch every human life in the Tongass on a daily basis.

These people whose very livelihoods depend on the forest are being held hostage. Their futures are at the mercy of an over-zealous green movement and a lockup mentality that is all the rage in places like New York, DC, and L.A. Are Sitka and Wrangell an ominous sign of what is yet to come in the remaining communities of Southeast? Not if my friends, co-workers families and I have anything to say about it! As always the pleas of the people of the Tongass are being drowned out by the big money voices of the Sierra Club, Wilderness Society and their cohorts. Mark my words, the tide is turning and we will not be silenced anymore.

2

What I would really like to know is, where does the proverbial buck stop? When will families, jobs, communities and economic stability factor in? Will a human being ever be worth as much as a wolf or a goshawk? I believe with every beat of my heart that my job, family and community are in more danger of extinction than any other species of life within the Tongass National Forest. Where will my family and thousands of others like it go from here? Perhaps I'll go into "eco-tourism". I can advertise in upscale magazines and entice the socially and economically elite to "get back to nature" in the wilds of Alaska. They can rough it in a log cabin with no running water or electricity and only selectively harvested skink cabbage leaves to wipe their privileged tushes with. I guess we could also sign up for welfare. We'd have good medical coverage, subsidized housing and ample food stamps to feed us while we enjoy our hard earned unemployment!

I find it truly lubricious that our Governor feigns concern for the people of the timber industry, yet he openly supports the proposed Habitat Conservation Areas (aka Wilderness Areas). I and thousands of other Alaskan citizens feel that the HCA concept is rash, reactionary and scientifically unfounded. Not nearly enough time or facts were put into a decision that has such obvious significant impact on so many lives. The US Forest Service owes it to the taxpayers they serve to do a full and proper study before implementing the HCA's. It is their job to be stewards of the lands, not gatekeepers.

While I find it honorable of Mr. Janik to promise 320 million board feet of available timber in fiscal year 1995, I can't help but wonder if it can truly be done. The fiscal year is already one third over. Time coupled with budgetary restraints and reinvention plans will make the 320 million board feet goal virtually impossible to meet. The saddest part of all is that 320 million board feet is not nearly enough to operate those mills which are still in operation now, much less reopen the Sitka or Wrangell mills.

Let us not forget that trees are a renewable resource. While I readily agree that an old growth stand is beautiful, so is a properly managed second growth stand. I ask each of you to remember that there are literally thousands of people who depend on the forest for their livelihoods. They are counting on the US Forest Service and you as our governmental leaders to consider their well being when listening to the outside pressures of the environmental movement. Most especially the people of the Tongass are counting on you to make wise decisions about the future of the timber industry in Southeast. We are not faceless beings, but people, like you. I urge you today to help us win the battle for the Tongass, which is a significant part of the War on the West.

THANK YOU

STATEMENT OF PHIL JANIK
REGIONAL FORESTER, ALASKA REGION
FOREST SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

Before the
Resource Committee
Alaska House of Representatives
Alaska State Legislature

February 18, 1995
Ketchikan, Alaska

Mr. Chairman & Committee members:

I appreciate the opportunity to appear before this Committee and provide information regarding the management and the use of natural resources on the Tongass National Forest, the largest Forest in the National Forest System. With me here today are Fred Walk, Timber Director; Fred Norbury, Ecosystem Planning and Budget Director; and Dave Rittenhouse, Forest Supervisor of the Ketchikan Area of the Tongass.

The Committee specifically asked me to address the timber program on the Tongass. I will do so, but it is important that it be done in the context of the entire Tongass and in conjunction with the other related resources and programs.

The Tongass National Forest offers the Southeast Alaska panhandle beauty, value, and opportunities for people. Its value to people is diverse including economic, cultural, social, ecological, and spiritual. The Forest is a complex of land, water, and living resources that represents a splendor unparalleled anywhere else in the world. It is a special place of intense local, national, and international interest and value. People come from everywhere to see its beauty

and live the exceptional experiences the Tongass and all of Southeast Alaska offer. The Tongass is a major contributor to subsistence use and lifestyles of rural residents and is extremely important to the cultural heritage of Alaska natives.

The Tongass is also a working forest, rich in resources and opportunities having significant economic values, such as minerals, timber, fisheries, and tourism. Such resources and use opportunities contribute significantly to domestic and foreign economies and are of particular importance to the residents of Southeast Alaska and dependent communities.

Here are but a few highlights from the Tongass:

- * About 80% of all salmon harvested in Southeast Alaska are produced in the streams and lakes of the Tongass providing the major source of salmon to the sport, commercial, and subsistence fishers.
- * Timber harvesting on the Tongass represents about 50% of that harvested in Southeast Alaska annually.
- * The Tongass has some of the richest mineral deposits and largest operations of its kind anywhere in the national forest system.
- * The tourism industry and recreation use now draw over 500,000 visitors a year to Southeast Alaska. This use has doubled in the past 15 years. The Inside Passage is the most visited attraction in the state, much of this due to the beauty of the Tongass. In addition to simply "Tongass watching" from a cruise ship or marine ferry, the Tongass offers 149 cabins for recreation and emergency use, 505 miles of hiking trails, numerous opportunities for canoeing or kayaking, helicopter tours, flight seeing, fishing, and other adventure sports and wildland experiences. The explosion of tourism in Southeast Alaska has exceeded all expectations of economic benefits to communities, while also challenging agency and communities in managing the increased use.

Given these exceptional opportunities on the Tongass, it is no wonder that the Tongass is often an area of intensive debate over what ought to be the appropriate combination of uses.

The Forest Service is bound by many laws which require that management of all forest resources be accomplished in a sustainable manner. The National Forest Management Act (and companion regulations), Alaska National Interest Lands Conservation Act, Tongass Timber Reform Act, Multiple Use Sustained Yield Act, and the Endangered Species Act are examples of laws that directly or indirectly document the legal expectation of sustainability of all renewable resources.

Sustainability of all resources over the short and long term is fundamental to the multiple use mission of the Forest Service and the national forests we have been entrusted to manage. Sustainability involves both land stewardship and land uses, not one or the other. Land stewardship, however, is a precursor to sustained land uses.

Sustainability is achieved through the analysis and deliberation that occurs in examining and responding to the values, needs, and wants of people within applicable environmental laws. Sustainability is also the key to long-term economic stability and predictability for natural resource industries and dependent communities.

It is the job of the Forest Service, with the help of all interests, and the State and other federal agencies to deliberate and assist in resolving resource issues. Ideally, the forum for resolution should be open, inclusive, and constructive, with the participants helping shape the outcome in full appreciation of the governing laws, associated principles, values, needs, and wants of people and the applicable science. An assessment of risks is also part of meeting the sustainability test.

The timber management program of the Tongass National Forest is based on the Amended Tongass Land Management Plan, which establishes an Allowable Sale Quantity (ASQ) of 4,500 million board feet of timber per decade. Under the National Forest Management Act, the ASQ is the maximum amount that can be offered and sold each decade. The amounts actually offered each year depend upon many factors such as the level of appropriations, the time required to prepare timber sales after appropriations are received, success in obtaining permits and rights of way, objectives for other resources, and the issues raised by administrative appeals and legal challenges.

In addition, we are also required by the Tongass Timber Reform Act to seek to provide timber from the Tongass National Forest. Section 101 of the Act reads:

"Subject to appropriations, other applicable laws, and the requirements of the National Forest Management Act of 1976, except as provided in subsection (d) of this section, the Secretary shall, to the extent consistent with providing for the multiple use and sustained yield of all renewable forest resources, seek to provide a supply of timber from the Tongass National Forest which (1) meets the annual market demand for timber from such forest and (2) meets the market demand from such forest for each planning cycle."

The Forest Service is required to provide a sustainable flow of timber from the Tongass National Forest within the limits of the law and regulations. We are not only required to do so, we are also committed to do so. That commitment includes our contract obligation to Ketchikan Pulp Corporation and timber for the independent program. It is part of our job and an important part of our multiple use mission.

The actions we have taken on the Tongass are for the purpose of ensuring we meet the comprehensive sustainability test and do not contribute to taking any resource below the sustainable level. The actions are responsive to new information that suggests if precautionary measures are taken now, more severe and adverse effects can be avoided in the future. Our approach is one of prevention rather than costly correction. We have an opportunity to learn from the lessons in the Lower 48 and address concerns and symptoms earlier on so they don't develop into events over which we may lose control.

Concerns regarding some wildlife species on the Tongass were raised by an interagency committee convened by the Forest Service. The committee was convened to assess the condition and trend of old-growth habitats and associated wildlife species on the Tongass. The committee recommended habitat conservation areas, or HCA strategy, as the best way to provide for old growth habitat requirements. Their evaluation and recommendations were peer reviewed by a separate group of scientists through agreement between then Regional Forester Mike Barton and Pacific Northwest Research Station Director Charlie Philpot. The peer reviewers endorsed the committee's work and also concluded that immediate management actions were considered necessary to preserve options while additional information was gathered and evaluated. The committee's assessment focused on all species associated with old-growth habitat and did not just examine the goshawk and wolf habitat issues.

More recently, the United States Fish & Wildlife Service received petitions for listing the Alexander Archipelago wolf and the Queen Charlotte goshawk under the provisions of the Endangered Species Act (ESA). As shown by their decision to accept the petitions, the Fish & Wildlife Service indicated they were giving serious consideration to the points raised in the petitions. While the

Forest Service was already evaluating the overall recommendations for old-growth habitats, the petitions for listing of the wolf and the goshawk added to the significance of that evaluation. Additional recommendations were received from a group of scientists regarding goshawk habitat. The petitions also led the Forest Service to recognize that interim measures could help prevent listing of these sub-species and thus avoid additional complications to the timber program that a listing could create.

I am pleased to say that in December, the Forest Service, Fish & Wildlife Service, and the Alaska Department of Fish & Game entered into a formal agreement that should help prevent listings. We pledged to work together cooperatively on habitat and species management concerns, including the examination of available scientific information and its interpretation. I want to thank the Fish & Wildlife Service and the Alaska Department of Fish & Game for their hard work and willingness to work closely with us as partners.

The decision this week by the Fish & Wildlife Service not to list the wolf as a threatened species is a success story coming from this commitment to work together. We believe their decision is correct and credible. Together, we can address conservation issues in a manner that reduces effects to industries and dependent communities and avoid the costly efforts to recover listed species.

The Forest Service is pursuing a three- step approach that emphasizes "prevention" rather than "correction." The three steps are:

- 1) Rescheduling of the 1994 and 1995 timber sales to preserve options for addressing scientific recommendations and wildlife concerns that have emerged.
- 2) Preparing an amendment to the existing Tongass Plan with interim measures to guide project-level activities until the Tongass Plan revision is completed.
- 3) Completing the Tongass Plan revision to directly address the resource concerns that have been raised and to address the socio-economic implications.

With respect to the first part of the strategy, the Forest Service deferred offering part of the timber sale volume that had been prepared. The deferrals will help maintain our planning options for consideration in the TLMP revision. The habitat approach adopted in the Plan amendment or the Plan revision may not allow all of these sale areas to be offered in the future.

In June of 1994, we projected a 281 MMBF timber program for fiscal year 1994. By the end of the fiscal year, we actually delivered 307 MMBF of new offers and, with re-offers, put 337 MMBF on the market. We anticipate the fiscal year 1995 timber program to be at the 320 MMBF level to supply timber to the KPC long-term contract and to the independent timber sale operators.

We exercised considerable flexibility preparing the FY 94 and FY 95 timber offering projections by carefully and thoughtfully identifying where HCAs and timber sale adjustments were permissible so as to preserve planning options while delivering as much timber volume as possible. Examples of timber sales where such changes were incorporated include the Saginaw and Bohemia sales on the Stikine Area; the Shelter Cove sale here in the Ketchikan Area and the NW Baranof, Neka-Humpback, and the Hanus sales on the Chatham Area.

We will continue to exercise flexibility where possible. Our field people, of all disciplines, have worked side by side in meeting these challenges. They have spent many long days and weekends trying to be responsive to both our land stewardship and land use obligations. I am very proud of their efforts and personal sacrifices to get that job done. The most recent example is re-evaluation of the Luck Lake units on Prince of Wales Island.

We also recognize that policies such as approval of export of cedar and other tree species must be reviewed in the context of the domestic timber supply. We are currently conducting such a review.

The Plan amendment process, part two of the strategy, is underway. A draft environmental assessment was circulated for public comment on September 30, 1994. We received comments from over 2,500 individuals, groups, and agencies. We are still evaluating those comments. Many of the comments are opposed to our proposal. However, comments from the U.S. Fish and Wildlife Service and the State of Alaska are generally supportive of the Forest Service's proposal, but the U.S. Fish and Wildlife Service urges consideration of additional habitat management measures for both the wolf and goshawk. The State of Alaska also emphasizes the importance of these issues to the timber industry of Southeast Alaska. We remain convinced that some form of interim direction is needed to maintain our management options, minimize the risk to the timber industry, and prevent more serious impacts in the future.

Plan revision, the third part of the strategy, is also underway. We plan to finish the revision as soon as possible, with a target date of June 1996. We are in agreement with the many respondents to our environmental assessment that the Tongass plan revision effort is the appropriate vehicle to address these complex resource and socio-economic issues. We have restructured the planning process to involve the Forest Service Pacific Northwest Research Station as a

full partner in the revision. We have also incorporated personnel from the U.S. Fish and Wildlife Service, the National Marine Fisheries Service, and the Environmental Protection Agency in the full range of planning activities. The intent is to ensure that our decisions, with respect to the wildlife and fish issues, benefit from a broader interpretation of available scientific information. The viewpoints of the federal agencies that have statutory and regulatory responsibilities with respect to wildlife, fish, and the environment are considered as part of the scientific information. Involvement by the State is also expected, essential, and welcome. Informational open houses will soon commence and be conducted throughout Southeast Alaska.

Although the relationship between the wildlife issues and timber production on the Tongass have received the most attention, other issues are also being assessed in the revision. These issues include use of alternative timber harvest and silvicultural systems to accomplish forest management objectives and provide additional flexibility in issue resolution. Other examples are protection and sustainability of anadromous fish habitats, protection of the karst/cave resources on the forest, and wild and scenic river considerations.

I understand Sitka's and Wrangell's financial difficulties resulting from the closure of the Alaska Pulp Corporation mills and we will continue to assist these Southeast communities within our authority and funding capabilities. In 1994, \$118,000 was made available through Forest Service funding to timber-dependent communities in the form of grants to help diversify their economies and to help them through a transition phase. We hope in 1995 to significantly increase Forest Service funding to these communities.

The Forest Service cannot do this job alone. We intend to actively engage the other federal and state agencies, tribal governments, and interested publics. How the Tongass is managed should be determined through a collaborative process, and we are committed to that kind of interaction. In addition to the open house information and listening sessions we will conduct throughout Southeast Alaska, we welcome other interactive forums that might be suggested or arranged. Such sessions must be open to all interests so that we meet the requirements of the Federal Advisory Committee Act. From such sessions could emerge a better mutual understanding of people's expectations regarding timber supply, the demand for timber, wildlife conservation, and the feasibility of meeting those expectations.

I have been told that during the deliberations associated with the Tongass Timber Reform Act legislation, the Southeast Conference played an instrumental role in bringing people together to interact, which helped lead to the resolutions achieved in that effort. Perhaps a similar forum could be used to assist us with the revision.

We are very encouraged by the cooperative spirit demonstrated by the federal and state agencies and by the partnership approach being emphasized by Governor Knowles in how government entities interact with each other and with the public they serve. We are eager to participate in that kind of partnership.

During the meeting of December 8, 1994, that Representative Williams arranged here in Ketchikan, I personally agreed to meeting quarterly with representative interests and members of the public in Southeast Alaska. The Forest Supervisors of the Tongass and I reaffirm our commitment to participate in such regular sessions along with key members of our Regional Office and Forests.

Mr. Co-chairman, this concludes my testimony. In your letter of invitation for this hearing you said the Resource Committee hopes this hearing will lead to a better understanding of how the State, the federal government, affected communities, and the timber industry can work together to solve problems facing timber-dependent communities in the region. The Forest Service is committed to such a collaborative approach. We would be pleased to respond to any questions members of the committee may have.

STATEMENT OF
CLIFF SKILLINGS, ALASKA LUMBERMEN'S ASSOCIATION
FOR THE ALASKA STATE HOUSE OF REPRESENTATIVES
NATURAL RESOURCE COMMITTEE MEETING

at the
WESTMARK CAPE FOX LODGE
KETCHIKAN, ALASKA
FEBRUARY 20, 1995

Good Morning. I would like to take this opportunity to thank the House Natural Resources Committee, Chairman Williams and Chairman Green, and distinguished guests for allowing me a moment to express to you the concerns of the Small Business Administration (SBA) timber industry and its respectful Federal timber sale program.

To begin, though, I could not help but notice the fine wood products that were used to support picket signs this morning. I am pleased to know that this form of sign support will not melt in the rain!

My name is Cliff Skillings, general manager of the Alaska Lumbermen's Association. The Alaska Lumbermen's Association is an organization of Small Business Administration timber operators and Southeast Alaskan businesses and individuals who wish to see a productive and viable SBA Federal timber sale program on the Tongass.

I have with me this morning Steve Seley, owner and President of Seaborne Lumber Company in Ketchikan; Frank Age, owner and President of Pacific Rim Cedar in Wrangell; and Kirk Dahlstrom, owner and President of Viking Lumber, which currently owns and operates the Klawock Sawmill.

I would ask, that while you listen to their testimony, you remember just two aspects about our industry and respectful timber sale program.

(1) The 80 mmbf demand that you will hear this morning is a REAL demand by the SBA timber industry. 80 mmbf is an attainable target volume to subsidize this industry, agreed upon by both SBA and Forest Service two decades ago; it is a volume that is processable by our regional SBA mills; and it represents an integral part of the entire Southeast Alaska timber industry as a whole.

(2) HCA legislation is a regulatory action which has a devastating trickle down effect upon the SBA timber operators on the Tongass. HCA's first deplete the timber harvest base from both the Long term contract holder and the SBA independent timber operators. HCA's are causing a significant impact to the timber industry by deferring and canceling timber sales in both sale programs. In so removing certain sales from both programs, the SBA timber industry is affected the hardest when the Forest Service must remove prepared timber sales from our sale program and release them to the long term contract holder to meet contractual obligations. This is simply not fair especially when the sales removed are in the Ketchikan and Prince of Wales vicinity and any replacement volume is located in the Northern Chatham region.

With these points in mind, I would like to introduce Steve Seley, Jr., owner and President of Seaborne Lumber Company.

TESTIMONY OF
KIRK DAHLSTROM, VIKING LUMBER
FOR THE ALASKA STATE HOUSE OF REPRESENTATIVES
NATURAL RESOURCE COMMITTEE MEETING

AT THE WESTMARK CAPE FOX LODGE

KETCHIKAN, ALASKA

FEBRUARY 18, 1995

I would like to thank Chairmen Williams and Green and the House Natural Resources Committee for allowing me the opportunity to present concerns of the Small Business Administration (SBA) timber operators regarding the current timber crisis that surrounds the SBA Federal timber sale program on the Tongass.

My name is Kirk Dahlstrom, owner and Secretary of Viking Lumber which currently owns and operates a sawmill facility outside the town of Klawock, Alaska. Viking Lumber purchased the Klawock Sawmill in June 1994.

My partners and I saw the potential for a thriving processing facility putting people to work from surrounding communities and raising community economic levels. This whole idea was contingent upon a supply of timber that I presumed would be available due to prior SBA and Forest Service agreements and wording added to the TTRA language which directed the Forest Service to provide a supply of timber that would meet SBA market demand and mill capacity. A supply of 80 mmbf.

I should have known better. My partners and I have had an old growth hemlock sawmill on the Olympic peninsula of Washington State for 17 years, buying, logging, and processing Forest Service timber for the first 13 years. That mill is still running because we have learned to survive on scraps and junk for the past four years. Because of the lies of the enviros and the attitude and gutlessness of the Forest Service, the cut on the Olympic National Forest has gone from 239 mmbf per year to 10 mmbf of scraps and junk. This loss of available timber has devastated the community where I was born and raised, forcing me to either become depressed and despondent or move to Alaska, risking everything I own and try again. The small logging communities in Alaska have no idea what will happen to them if the Forest Service does the same thing in Alaska, that they did to the Pacific Northwest using the lies about the Spotted Owls and Marbled Murrelets.

After purchasing the mill, spending \$800,000 and six months on reconstruction, Viking began operation of the sawmill two months ago in December. Our whole log chipping operation will start operating in April with an investment of over two million dollars. These two operations will need 50 - 70 million board feet (mmbf) of timber to run at full production. Our sawmill produces lumber that is truly for value added products. Every million board foot we produce will put 20 people, yearly, to work in manufacturing plants, making doors, windows, and moldings.

The SBA timber sale program was designed to alleviate the apparent one sidedness that larger timber firms had on the timber industry in the mid-1970's. It was devised by both the SBA and Forest Service that 80 mmbf was an extremely workable and agreeable figure for a timber sale program target for the SBA timber operators. In the process of agreeing that 80 mmbf would be target volume, the SBA representative and Regional Forester engaged in a written agreement which ensured that the Forest Service would seek to meet 80 mmbf for SBA preferential bid. Amendments to this agreement were made in 1986 and 1993 which parallel industry trends to accommodate the industry. A problem has always existed in the Forest Service's ability to meet this target volume.

A timber crisis was felt extremely hard in 1994 when the Forest Service became incompetent in meeting any SBA timber operator demand. Multiple sales from the Prince of Wales area were canceled, deferred, or removed and offered for contractual obligations to the long term contract holder.

Habitat Conservation Areas (HCA's) are both unwarranted and unnecessary. LUD II's and Wilderness land set asides preserve massive habitat acres with the intent being to defer timber harvest in those areas. This further action is blatant preservation actions designed to protect to species which are currently not threatened or endangered. Furthermore, this HCA action is being implemented even though it has (1) not been signed into action by the Regional Forester, (2) not preceded through any formal TLMP amendment process, (3) and regarded by the Forest Service as non-detrimental to current timber harvest. I guess that when there is no current timber harvest, a Federal regulatory agency can say that their actions are non-detrimental to timber harvest.

As an active SBA timber operator and the largest processing facility on Prince of Wales Island, I feel that I can safely state the meager demands of the SBA timber population for that area. We ask that the Forest Service create a well supplied timber sale pipeline designed specifically for SBA preferential bid, advertise these sales in a timely and concrete fashion, offer sales that lean more toward southern Southeast Alaska geographic areas due to the high density of SBA timber operators in this region, and maintain an obligation to make 80 mmbf of economically viable timber available to SBA timber operators every year.

Without this SBA timber sale program of 80 mmbf, the Small Business Administration timber industry and operators will most assuredly disappear.

TESTIMONY OF
FRANK AGE PACIFIC RIM CEDAR
FOR THE ALASKA STATE HOUSE OF REPRESENTATIVES
NATURAL RESOURCE COMMITTEE MEETING

WESTMARK CAPE FOX LODGE

KETCHIKAN, ALASKA

FEBRUARY 18, 1995

I would like to thank the House Natural Resources Committee Chairman Williams and Green and other invited panel members for this opportunity to present the concerns that surround our Small Business Administration (SBA) timber sale program on the Tongass National Forest.

My name is Frank Age. I am owner and President of Pacific Rim Cedar which owns and operates a sawmill facility in Wrangell, Alaska.

I came to Alaska in 1991 after my Oregon mill was forced to shut down following extensive timber reduction due to spotted owl legislation. I started Age Cedar Products in Wrangell, Alaska, with a small mill processing Cedar shakes and shingles. I started with 5 employees and operated profitably until the high delivered cost of my logs created an uneconomical situation for my mill. In 1993, after reviewing market trends and Congressional oversight to provide for an economical supply of timber to regional SBA timber operators, I created Pacific Rim Cedar with the purpose of manufacturing logs from the Tongass into marketable wood products. My employment base has grown since 1991 from 5 employees to 14 employees encompassing milling, log transportation and sort yard operations. Currently Pacific Rim Cedar is the only operating sawmill in the township of Wrangell.

Over the course of 1994, Pacific Rim Cedar has made numerous upgrades in an attempt to produce a better product for a lower manufactured cost. These upgrades to facility and heavy equipment have cost in excess of \$450,000. With these improvements, Pacific Rim Cedar was able to increase productivity approximately 15%.

Pacific Rim Cedars milling operation relies heavily on the USFS obligation to provide an economically viable timber supply of 80 MMBF for regional SBA timber operations use. Pacific Rim Cedar has a sawlog volume capacity of 10-12 MMBF per year annually. We are currently cutting spruce and hemlock but would prefer to be processing Western Red and Alaska Yellow Cedar should there be a shift in USFS policy surrounding cedar export provisions. This shift in policy would need to require primary processing of all cedar in regional sawmills; essential the same provisions as are found with hemlock and spruce. I think that we are all acutely aware of the timber supply problems facing all sawmills in SE Alaska. Our mill can flourish cutting only cedar which would leave the spruce and hemlock we are now cutting for other sawmills in the region. However, it is economically unfeasible to process these cedar logs and compete to sell the sawn product produced while cedar logs in their round form of similar quality are allowed to be exported. We must stop the export of Cedar in the round and keep these logs at home for manufacture in regional facilities.

Over the last 10 years industry has exported 430 MMBF of cedar¹ or an average of 43 MMBF per year. An average mill can process approximately 3.2 MBF of lumber per man per day. This represents 13,437 man days of employment exported to other areas each year. Converted to payroll, our SE Alaska communities lost \$2,526,000 in payroll last year alone and if we continue this process for the next 10 years, the region can expect to lose another \$25,000,000.

¹Exhibit I Cedar volume exported from Federal land

Pacific Rim stands able and willing to assist the USFS in any way possible to meet the 80 MMBF that is required by SBA timber operators and facilities in the Tongass National Forest.

Thank you for this opportunity to present my concerns regarding the Small Business Administration timber industry with you this morning.

TESTIMONY OF
THE ALASKA LUMBERMEN'S ASSOCIATION
FOR THE ALASKA STATE HOUSE OF REPRESENTATIVES
NATURAL RESOURCE COMMITTEE MEETING

AT THE WESTMARK CAPE FOX LODGE

KETCHIKAN, ALASKA

FEBRUARY 18, 1995

We would like to take this opportunity to express our gratitude to the House Natural Resources Committee, Chairman Williams, Chairman Greer, and distinguished guests for allowing us the opportunity to speak on behalf of the Small Business Administration (SBA) timber operators and respected industry concerning the current timber situation on the Tongass National Forest.

In Southeast Alaska's Tongass National Forest, there exists four federally supplied and funded timber sale programs in which regional timber processors supply their facilities with fiber. These various programs consist of the long term contract currently held by Ketchikan Pulp Company, the SBA timber sale program, the independent timber sale program, and the Small Salvage Timber Sale (SSTS) program.

The long term timber sale contract was created in 1954 for the purpose of guaranteeing a supply of timber to the region's largest timber processing operations. The contracts were let to encourage large timber businesses to move into Southeast Alaska, build up social and economic levels, and aid in establishing a year round industry. Originally, the Federal Government released five long term contracts in Southeast Alaska. For the past two decades, there have been two active long term contract timber processing corporations on the Tongass; Ketchikan

Pulp Company in the Southern region and the Alaska Pulp Corporation in the northern region. In the last two years, Alaska Pulp Corporation was forced to cancel operations at its pulp manufacturing facility in Sitka and lumber processing facility in Wrangell due to cancellation of its long term contract. KPC remains the only long term contract holder in Southeast Alaska.

Not under any form of formal contract with the Federal Government, the Small Business Administration (SBA) timber sale program was created to administer 80 million board feet (mmbf) of timber sales for the preferential bid of SBA classified timber operators on the Tongass. To qualify for SBA bid on Tongass timber, these firms must have no more than 500 employees in their operation and be recognized as a small business operation by the SBA. Further restrictions on this sale program state that 50% of the volume from each SBA timber sale must obtain primary processing by one of the regional SBA facilities on the Tongass, thus guaranteeing SBA timber processing facilities at least 40 mmbf of timber to supply their operations. Consistent with Federal timber export regulations, cedar is the only species classified as surplus and thus exportable to both domestic and international markets.

The independent timber sale program on the Tongass was the original parallel timber sale program to the long term contracts in which every timber operator on the Tongass could bid. This included bids from the largest facilities such as Ketchikan Pulp Company down to the smallest one man operation. In past years, this sale program has been identified by the industry as a "buffer" between the long term contract holder and all SBA timber operators. Once volume sufficient to supply the contractual obligations and market demands of both previously listed timber sale programs has been met, any additional sale volumes should be made available for all operators on the Tongass. Independent timber sales have no bidding restrictions but still require primary processing of timber, save cedar, to be completed in Southeast Alaska.

As an offshoot of the SBA timber sale program, the Special Salvage Timber Sale (SSTS) timber sale program can be divided into three headings: Ranger sales, Stringer sales, and salvage

sales. These are usually very small sales which range from 10 thousand board feet (mbf) up to 5 mmbf. The highest grossing sales, as maintained by the Federal Government, are the Ranger sales which can be up to 5 mmbf. These primarily consist of blowdown, slide caused, or bridge stringer sales. The only difference in restrictions on small salvage timber sales in comparison to the larger SBA timber sale program is that bidding can only occur by firms with twenty five employees or less.

Of particular concern is the current timber supply crisis that faces the SBA timber operators and the Federal timber sale program which they rely on to supply their mills.

Originally, there existed the long term timber sale contracts and a parallel independent timber sale program. The independent timber sale program was designed to offset the volume distributed by the long term contract and supply the 8 large exporting sawmills which were primary in Southeast Alaska at the time. It was not until the late 1970's that the SBA timber operator's demand of 80 mmbf was recognized by Congress and a Federal timber sale program was designed to help meet that demand. The reasoning behind this decision for an SBA timber sale program was to (1) build a previously non-existent timber sale program which would encourage SBA timber business and growth on the Tongass and (2) also act as a form of check and balance system for the long term contract holders. As currently stands, SBA timber sale receipts are used to define an average yearly appraisal cost on regional timber sales which in turn is used to adjust yearly appraisal costs of the long term contract holder.

The first formal agreement between the SBA timber operators and USDA Forest Service occurred in 1977 (see attached) when then-SBA representative Art Mason and then-Regional Forester John Sandor signed a joint agreement that 80 mmbf would be the target volume set for the SBA timber sale program by the Forest Service. The Small Business Administration felt this was a necessary agreement to ensure that a supply of timber would be achieved for the SBA timber operators on the Tongass while at the same time honoring the long term contract holders.

With the changing timber trends followed further amendments to this agreement. In 1987, SBA representative Joe Holder and then-Regional Forester Mike Barton further wrote that at the time, any sales that were over \$10,000 while the yearly volume was less than 80 mmbf would be offered for SBA bid only. This decision was determined beneficial due to depressed timber volume and offerings in the 1984 and 1985 timber harvest years.

In 1990, through the ratification of the Tongass Timber Reform Act (TTRA), Congress amended ANILCA so that the SBA timber sale program would gain more significance and be recognized as a solid foundation in the Tongass wide timber industry. TTRA achieved this by amending Section 705 (a) to read:

“.. the Secretary shall... seek to provide a supply of timber from the Tongass National Forest which (1) meets the annual market demand for timber from such forest and (2) meets the market demand from such forest for each planning cycle.”

And amended Section 705 (f) to read:

“Subject to appropriations, the provisions of this Act and other applicable law (including but not limited to the requirements of the National Forest Management Act of 1976) and in order to assure the continuation of the Small Business Administration timber sale program, the Secretary shall, in consultation with the extent consistent with providing for the multiple use and sustained yield of all renewable forest resources, seek to provide a supply of timber from the Tongass National Forest to those purchasers qualifying as ‘small business concerns’ under the Small Business Act as amended (15 U.S.C. 631 et seq)”.

In the process of determining that the Tongass National Forest Annual Sale Quantity (ASQ) was 420 mmbf, Congress made the conclusion that coupled with the two long term contracts requiring 340 mmbf, the SBA timber operators had a market demand of 80 mmbf. Which, when reviewing the capacity of the operational SBA mills in Southeast Alaska, one will note that the market demand for the regional SBA processing facilities in 1994 is at least the Congressionally mandated 80 mmbf/year.

TTRA also stated the need for the SBA timber sale program to act as a check and balance for the long term timber sale program by further modifying the long term contracts to read:

"...(8) assure that the price of timber offered under the contracts shall be adjusted to be comparable with that of independent national forest timber sales, with stumpage rates and profitability criteria comparable to those of independent purchasers in competitive sales..."

It wasn't until 1993 that the Forest Service and Small Business Administration amended their target volume agreement of 1987. In a new agreement, both parties acknowledged that the SBA timber sale program would be analyzed every six months to determine true demand by the SBA timber operators until the agreement termination date of September 30, 1995. The reason behind the need to analyze SBA demand was that at the time, two major SBA timber processing facilities were shut down and timber demand for that year had not reached previous levels. If the Forest Service had been consistently analyzing this sale program on a six month cyclical pattern, they would understand that SBA processing facilities have required the minimum 80 mmbf/year over the last two years. Yet the 1994-1995 timber sale schedule gives no confirmation of this "recognized" demand.

DEPLETION OF THE SBA TIMBER SALE PROGRAM

Over the last 3 years, the independent and SBA timber sale programs have had subsequent volumes depleted by the Forest Service to the point that there is no SBA or independent timber sale pipeline volume. This depletion has occurred by action of the USDA Forest Service through both incompetence in meeting long term contractual obligations and extensive preservation management which depletes further timber harvest acreage.

The primary depletion of volume has occurred when the Forest Service fails to meet its contractual obligation to KPC. Rather than face any form of breach or default due to lack of prepared long term sale volume, the Forest Service will remove prepared independent and SBA sales and delegate them to the long term timber sale volume. The Forest Service has made no effort to replace the volume taken from the SBA timber sale base, thus creating a depressed timber sale program for SBA timber operators and facilities.

Regulatory land management provisions, despite recurring statements by the Forest Service citing no detrimental effects to the current timber sale program, were also a major cause of the depressed 1994 and 1995 SBA timber sale program. Four SBA and independent timber sales, fully prepared and ready for advertisement, were canceled and multiple acres of harvest potential lands were deferred from any form of timber harvest. Aside from the 15.2 million acres currently set-aside for non-harvest means on the 16.9 million acre Tongass, the Forest Service is proposing to remove an additional 600,000 acres from the timber harvest base. This removal will come in the form of Habitat Conservation Areas (HCA) designed to protect goshawks and wolves. Further land set asides inhibiting timber harvest production are goshawk telemetry zones which are above and beyond the protectionary HCA's. Recent studies conducted by the Alaska Department of Fish and Game state that protectionary measures for both the wolf and goshawk are unwarranted.

This form of Forest Service land management will only lead to one conclusion; elimination of the SBA timber industry on the Tongass. The Forest Service will honor long term contractual commitments before supplying timber to the remaining SBA and independent timber sale programs.

RECENT STATUS OF THE SBA TIMBER SALE PROGRAM

Following the 2nd quarter of FY 1994, the Forest Service canceled the APC long term timber sale contract and began the early implementation of Habitat Conservation Areas throughout the Tongass. SBA sales that were slated for FY 1994 were deferred due to HCA's and the APC volume, which was supposed to be reoffered as independent and SBA timber sales, was cut in half with some sales being deferred or canceled. The revised timber sale program, implemented June 30, 1994, showed no SBA or independent timber sales scheduled for advertisement until the middle of September. The Forest Service had successfully delayed sales long enough (5 months) that the volumes offered and sold in the latter part of 4th quarter FY 1994 could not be utilized by regional SBA mills until Spring of 1995. This is the reason behind SBA mill closures during the winter months from December 1994 through March 1995.

What does 1995 have to offer the SBA timber sale program? Regional Forester Phil Janik has stated that the Forest Service plans a sale program of 320 mmbf for 1995 barring appeals and further lawsuits. This will place 220 mmbf of timber into the long term timber sale contract, 67 mmbf in open independent sales, and 46 mmbf into the SBA timber sale program. An SBA timber sale program of 46 mmbf is not sufficient volume for SBA preferential bid to meet regional operator and processing facility demands.

FUTURE OF SBA TIMBER SALE PROGRAM

The timber trends of the Federal Government appear to be shifting toward decreased timber sale programs on the Tongass. The Forest Service has had the funding since TTRA ratification to prepare and sell 420 mmbf region wide yet they have consistently failed to meet that quota. The 1995 SBA and Independent timber sale schedule (see attached) has enough prepared sales to make 80 mmbf available to the SBA timber operators. This represents a perfect example in which the independent timber sale program should be used as a buffer between the long term contract and SBA timber operators rather than impair one program's potential; once the volumes are met for SBA and long term usage, remaining volume should be offered for open independent bid.

The following year, 1996, has been rumored to be more volatile than any previous years with the President's budget projecting a Tongass wide timber harvest of 252 mmbf (see attached). Should a region wide sale program resume as projected, the Forest Service will meet the KPC contractual obligation of 220 mmbf while the SBA and independent timber sale programs will divide a total of 32 mmbf. Gradual elimination of the SBA timber operators on the Tongass will most assuredly occur should a sale program of 252 mmbf be implemented. Furthermore, the Forest Service has no projected or proposed timber sale pipeline volume available to supply the SBA timber operators and facilities with their 80 mmbf market demand

SBA TIMBER OPERATORS DEMAND

The Southeast Alaska SBA timber operators ask that the Federal Government advertise and sell 80 mmbf of timber for their preferential bid in addition to both the long term contract holder and a buffer of open independent timber sale volume. It is absolutely possible for the Forest Service to meet this demand without hindering the long term contract holder and without causing irreparable harm to the Tongass National Forest. With the processing facilities that currently exist on the Tongass, there is still a volume demand in excess of 400 mmbf including KPC facilities, SBA facilities, and the potential of the Wrangell Sawmill.

The Forest Service must build an SBA timber pipeline of both standing green and salvage sales that will be able to deliver a consistent yearly timber volume of 80 mmbf to the SBA timber industry throughout 1995 and into the future. Without the stability of a timber pipeline to supply timber, the SBA timber industry and its operators on the Tongass will disappear in 5-10 years rather than maintain prosperous and productive growth.

Thank you for this opportunity to share with you this morning the Alaska Lumbermen's Association concerns regarding the SBA timber sale program on the Tongass National Forest.

TESTIMONY OF
THE ALASKA LUMBERMEN'S ASSOCIATION
FOR THE ALASKA STATE HOUSE OF REPRESENTATIVES
NATURAL RESOURCE COMMITTEE MEETING

AT THE WESTMARK CAPE FOX LODGE

KETCHIKAN, ALASKA

FEBRUARY 18, 1995

We would like to take this opportunity to express our gratitude to the House Natural Resources Committee, Chairman Williams, Chairman Greene, and distinguished guests for allowing us the opportunity to speak on behalf of the Small Business Administration (SBA) timber operators and respected industry concerning the current timber situation on the Tongass National Forest.

In Southeast Alaska's Tongass National Forest, there exists four federally supplied and funded timber sale programs in which regional timber processors supply their facilities with fiber. These various programs consist of the long term contract currently held by Ketchikan Pulp Company, the SBA timber sale program, the independent timber sale program, and the Small Salvage Timber Sale (SSTS) program.

The long term timber sale contract was created in 1954 for the purpose of guaranteeing a supply of timber to the region's largest timber processing operations. The contracts were let to encourage large timber businesses to move into Southeast Alaska, build up social and economic levels, and aide in establishing a year round industry. Originally, the Federal Government released five long term contracts in Southeast Alaska. For the past two decades, there have been two active long term contract timber processing corporations on the Tongass; Ketchikan

Pulp Company in the Southern region and the Alaska Pulp Corporation in the northern region. In the last two years, Alaska Pulp Corporation was forced to cancel operations at its pulp manufacturing facility in Sitka and lumber processing facility in Wrangell due to cancellation of its long term contract. KPC remains the only long term contract holder in Southeast Alaska.

Not under any form of formal contract with the Federal Government, the Small Business Administration (SBA) timber sale program was created to administer 80 million board feet (mmbf) of timber sales for the preferential bid of SBA classified timber operators on the Tongass. To qualify for SBA bid on Tongass timber, these firms must have no more than 500 employees in their operation and be recognized as a small business operation by the SBA. Further restrictions on this sale program state that 50% of the volume from each SBA timber sale must obtain primary processing by one of the regional SBA facilities on the Tongass, thus guaranteeing SBA timber processing facilities at least 40 mmbf of timber to supply their operations. Consistent with Federal timber export regulations, cedar is the only species classified as surplus and thus exportable to both domestic and international markets.

The independent timber sale program on the Tongass was the original parallel timber sale program to the long term contracts in which every timber operator on the Tongass could bid. This included bids from the largest facilities such as Ketchikan Pulp Company down to the smallest one man operation. In past years, this sale program has been identified by the industry as a "buffer" between the long term contract holder and all SBA timber operators. Once volume sufficient to supply the contractual obligations and market demands of both previously listed timber sale programs has been met, any additional sale volumes should be made available for all operators on the Tongass. Independent timber sales have no bidding restrictions but still require primary processing of timber, save cedar, to be completed in Southeast Alaska.

As an offshoot of the SBA timber sale program, the Special Salvage Timber Sale (SSTS) timber sale program can be divided into three headings: Ranger sales, Stringer sales, and salvage

sales. These are usually very small sales which range from 10 thousand board feet (mbf) up to 5 mmbf. The highest grossing sales, as maintained by the Federal Government, are the Ranger sales which can be up to 5 mmbf. These primarily consist of blowdown, slide caused, or bridge stringer sales. The only difference in restrictions on small salvage timber sales in comparison to the larger SBA timber sale program is that bidding can only occur by firms with twenty five employees or less.

Of particular concern is the current timber supply crisis that faces the SBA timber operators and the Federal timber sale program which they rely on to supply their mills.

Originally, there existed the long term timber sale contracts and a parallel independent timber sale program. The independent timber sale program was designed to offset the volume distributed by the long term contract and supply the 8 large exporting sawmills which were primary in Southeast Alaska at the time. It was not until the late 1970's that the SBA timber operator's demand of 80 mmbf was recognized by Congress and a Federal timber sale program was designed to help meet that demand. The reasoning behind this decision for an SBA timber sale program was to (1) build a previously non-existent timber sale program which would encourage SBA timber business and growth on the Tongass and (2) also act as a form of check and balance system for the long term contract holders. As currently stands, SBA timber sale receipts are used to define an average yearly appraisal cost on regional timber sales which in turn is used to adjust yearly appraisal costs of the long term contract holder.

The first formal agreement between the SBA timber operators and USDA Forest Service occurred in 1977 (see attached) when then-SBA representative Art Mason and then-Regional Forester John Sandor signed a joint agreement that 80 mmbf would be the target volume set for the SBA timber sale program by the Forest Service. The Small Business Administration felt this was a necessary agreement to ensure that a supply of timber would be achieved for the SBA timber operators on the Tongass while at the same time honoring the long term contract holders.

With the changing timber trends followed further amendments to this agreement. In 1987, SBA representative Joe Holder and the Regional Forester Mike Barton further wrote that at the time, any sales that were over \$10,000 while the yearly volume was less than 80 mmbf would be offered for SBA bid only. This decision was determined beneficial due to depressed timber volume and offerings in the 1984 and 1985 timber harvest years.

In 1990, through the ratification of the Tongass Timber Reform Act (TTRA), Congress amended ANILCA so that the SBA timber sale program would gain more significance and be recognized as a solid foundation in the Tongass wide timber industry. TTRA achieved this by amending Section 705 (a) to read:

“.. the Secretary shall... seek to provide a supply of timber from the Tongass National Forest which (1) meets the annual market demand for timber from such forest and (2) meets the market demand from such forest for each planning cycle.”

And amended Section 705 (f) to read:

subject to appropriations, the provisions of this Act and other applicable law (including but not limited to the requirements of the National Forest Management Act of 1976) and in order to assure the continuation of the Small Business Administration timber sale program, the Secretary shall, in consultation with the extent consistent with providing for the multiple use and sustained yield of all renewable forest resources, seek to provide a supply of timber from the Tongass National Forest to those purchasers qualifying as 'small business concerns' under the Small Business Act as amended (15 U.S.C. 631 et seq)”.

In the process of determining that the Tongass National Forest Annual Sale Quantity (ASQ) was 420 mmbf, Congress made the conclusion that coupled with the two long term contracts requiring 340 mmbf, the SBA timber operators had a market demand of 80 mmbf. Which, when reviewing the capacity of the operational SBA mills in Southeast Alaska, one will note that the market demand for the regional SBA processing facilities in 1991 was at the level of 80 mmbf. Which, mandated 80 mmbf/year.

TTRA also stated the need for the SBA timber sale program to act as a check and balance for the long term timber sale program by further modifying the long term contracts to read:

“...(8) assure that the price of timber offered under the contracts shall be adjusted to be comparable with that of independent national forest timber sales, with stumpage rates and profitability criteria comparable to those of independent purchasers in competitive sales...”

It wasn't until 1993 that the Forest Service and Small Business Administration amended their target volume agreement of 1987. In a new agreement, both parties acknowledged that the SBA timber sale program would be analyzed every six months to determine true demand by the SBA timber operators until the agreement termination date of September 30, 1995. The reason behind the need to analyze SBA demand was that at the time, two major SBA timber processing facilities were shut down and timber demand for that year had not reached previous levels. If the Forest Service had been consistently analyzing this sale program on a six month cyclical pattern, they would understand that SBA processing facilities have required the minimum 80 mmbf/year over the last two years. Yet the 1994-1995 timber sale schedule gives no confirmation of this “recognized” demand.

DEPLETION OF THE SBA TIMBER SALE PROGRAM

Over the last 3 years, the independent and SBA timber sale programs have had subsequent volumes depleted by the Forest Service to the point that there is no SBA or independent timber sale pipeline volume. This depletion has occurred by action of the USDA Forest Service through both incompetence in meeting long term contractual obligations and extensive preservation management which depletes further timber harvest acreage.

The primary depletion of volume has occurred when the Forest Service fails to meet its contractual obligation to KPC. Rather than face any form of breach or default due to lack of prepared long term sale volume, the Forest Service will remove prepared independent and SBA sales and delegate them to the long term timber sale volume. The Forest Service has made no effort to replace the volume taken from the SBA timber sale base, thus creating a depressed timber sale program for SBA timber operators and facilities.

Regulatory land management provisions, despite recurring statements by the Forest Service citing no detrimental effects to the current timber sale program, were also a major cause of the depressed 1994 and 1995 SBA timber sale program. Four SBA and independent timber sales, fully prepared and ready for advertisement, were canceled and multiple acres of harvest potential lands were deferred from any form of timber harvest. Aside from the 15.2 million acres currently set-aside for non-harvest means on the 16.9 million acre Tongass, the Forest Service is proposing to remove an additional 600,000 acres from the timber harvest base. This removal will come in the form of Habitat Conservation Areas (HCA) designed to protect goshawks and wolves. Further land set asides inhibiting timber harvest production are goshawk telemetry zones which are above and beyond the protectionary HCA's. Recent studies conducted by the Alaska Department of Fish and Game state that protectionary measures for both the wolf and goshawk are unwarranted.

This form of Forest Service land management will only lead to one conclusion; elimination of the SBA timber industry on the Tongass. The Forest Service will honor long term contractual commitments before supplying timber to the remaining SBA and independent timber sale programs.

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The Forest Service must build an SBA timber pipeline of both standing green and salvage sales that will be able to deliver a consistent yearly timber volume of 80 mmbf to the SBA timber industry throughout 1995 and into the future. Without the stability of a timber pipeline to supply timber, the SBA timber industry and its operators on the Tongass will disappear in 5-10 years rather than maintain prosperous and productive growth.

Thank you for this opportunity to share with you this morning the Alaska Lumbermen's Association concerns regarding the SBA timber sale program on the Tongass National Forest.

Testimony of David Sallee
To the House Resource Committee
February 18, 1995

Members of the Panel and interested participants:

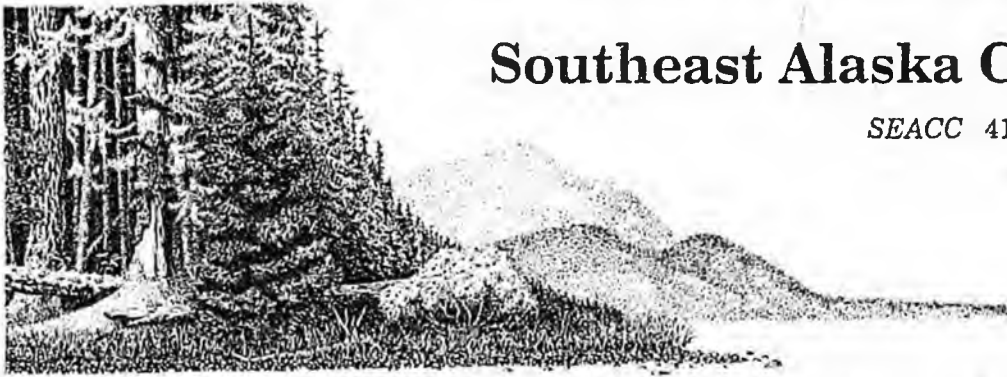
Since my time is short here, I've tried to get as much meat as possible into this and dispense with what can be deleted.

I am Dave Sallee, an ex-logger and small portable mill co-owner with my brother Mike. I was born here in 1941 and am a life-long resident of Alaska. I logged in the area continuously for about 35 years which included a period of owning an A-Frame/cold deck logging operation in the 60s and early 70s. I have held virtuously all logging jobs so I'm no neophyte at the trade. A point I want to stress here. I love the woods! It was and is my preferred lifestyle. I've cut, yarded and handled millions of feet of timber, watching the methods evolve allowing greater volumes of timber to be harvested. Even as a logger I'm not comfortable with that term 'harvested'. It isn't the appropriate term.

At the point I am not active in the industry. There's too much contention. I am old school in my logging philosophy. You don't just rip out everything and stand looking at nothing when you're done. That is how it is done today and I could get my ear filled with plenty of industry's 'good' reasons why this is the way it's done.

Insofar as to the scope and purpose of this gathering, I am firmly convinced that the timber industry has historically followed what I call the 'Great Alaska Takeout'. From the time the white man trickled into the country to trade baubles and beads for valuable furs right down through the gold rushes, the fish exploitation, mineral development, oil development, and timber, now tourism, our resource has been wrested from the land and removed with as little preparation as possible in this 'God Forsaken Place' to be sold, used, and developed in other states, other lands, other countries. 'Take the goodies and run'; the theme is the same today as it was in the beginning.

Where are the sash and door plants, cabinet shops, millwork plants, plywood plants, select wood outlets, OSB plants, presto-log plants, music wood plants, and specialty wood products we have to now import from other states? It is absolutely astounding to me that living in a wooden country, we see so little of our own wood product potential being realized, being snared by many, as many as possible, mini-industries, specialists in manufacturing our wood! Turning it into finished or near-finished products and selling them! But what have we got? Raw material leaving the place of origin made into a basic product by large companies based out of Alaska for overseas remanufacturing and we trade off priceless resources for cars, TVs, computers and other junk trinkets that don't last. They're expensive and are obsolete almost before they're on the market. We're becoming just like the Natives of old who traded their resource for a handful of trinket garbage. Well some of them did get axes and knives.



Southeast Alaska Conservation Council

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**Statement of Robert E. Lindekugel, on
Tongass Timber Supply
House Resource Committee
Alaska State Legislature
Remote Site Meeting in Ketchikan, Alaska
February 18, 1995**

Mr. Chairman, members of the House Resources Committee, and honored guests, my name is Robert E. Lindekugel and I am the Conservation Director for the Southeast Alaska Conservation Council (SEACC). Thank you for the opportunity to participate on one of the panels testifying before you today and I respectfully request that my written testimony and accompanying materials be entered into the official record of this Committee hearing.

The Southeast Alaska Conservation Council (SEACC)

Founded in 1970, SEACC is a coalition of fifteen local community, volunteer conservation groups in twelve Southeast Alaska communities, from Ketchikan to Yakutat. SEACC's 1200 individual members include commercial fishermen, Native Alaskans, value-added wood manufacturers, tourism and recreation business owners, hunters and guides, and Alaskan conservationists from all walks of life.

Personally, my interest in Southeast Alaska began during my work as a commercial salmon fisherman. I have also worked on Alaska Panhandle conservation issues since 1989. My professional background is in natural resources law.

SEACC is dedicated to preserving the integrity of Southeast Alaska's unsurpassed natural environment while providing for balanced, sustainable use of our region's resources. Southeast Alaska contains magnificent old-growth forests, outstanding fish and wildlife habitat, important "customary and traditional" or subsistence use areas, excellent water and air quality, unsurpassed outdoor recreation opportunities, and world class scenery.

SEACC's Comments on Present Tongass Timber Supply

We understand the purpose behind this hearing is to consider what can be done to solve what the timber industry and its supporters call a "timber supply problem." We believe, however, that the focus and format of this hearing precludes the House Resource

Committee from fully understanding the complexity of Tongass resource issues because the timber industry is not the only industry that is dependent on the Tongass National Forest, provides jobs in Southeast Alaska communities, or is concerned about the sustainability and stability of the resource base.

Although the Tongass is the nation's largest national forest, at 17 million acres, the critical, productive areas that we all depend on represent a much smaller area. Only 15 percent of the Tongass National Forest contains the medium-to-large trees that fish, wildlife, the timber industry and all other forest users depend on. The reason we have conflict is that we all need the same trees.

Because so much of the "Forest" is actually glacier, mountain, bog, or other areas where there are no trees, claims that "90 percent of the forest is off limits to logging" are extremely misleading. The vast majority of that area either doesn't have any trees or the trees are not worth cutting.

The Tongass is managed for multiple use. But historically, logging has concentrated in the highest-volume stands making up just 3-4 percent of the forest's acres. Unfortunately, these acres are also the most important for deer and other wildlife and some estimates show that over half of these acres--the biological heart of the forest--have been cut since 1900, most of that in the last 40 years. Because of the unsustainable rate of logging that has occurred, logging practices must change in order to sustain logging jobs, as well as all the other jobs that depend on a healthy forest.

In addition, since 1980, most logging in Southeast Alaska has occurred on private, Native Corporation lands. So much clearcutting has taken place that in 15 short years, many Native village corporations are reaching the end of their loggable timber. Nearly 5 billion board feet--an amount equal to the original Alaska Pulp Corporation 50-year timber contract--has been cut from Native corporation lands in just 15 years.

The most endangered species on the Tongass are the workers and families who depend on a healthy ecosystem for their jobs and way of life. Commercial and sport fishing, commercial guiding, subsistence and personal use hunting, tourism businesses, and local family recreation all depend on a healthy forest--as does the timber industry. The forest economy of Southeast Alaska is diverse. You cannot consider timber policy on the Tongass without considering all the other users of the forest.

For this reason, SEACC has invited representatives from the tourism, commercial and sport fishing, and small timber operators to share our panel with us. In addition, we have asked the Chairman of the Southeast Federal Subsistence Advisory Council to

make a presentation as to the importance of customary and traditional uses of fish and game to rural Southeast Alaskans and the significant role such uses have in the non-cash economy in Southeast Alaska. Any "solution" to the Southeast timber industry's alleged timber supply problem must take into account the impacts on other forest-dependent industries and users.

Times are changing and we believe the Tongass is at an important crossroads. We can continue to base our management decisions on the interests of a single industry, or we can begin the transition towards a sustainable and stable future for all segments of the Southeast Alaska economy. In the 1950's and early 60s, when the Ketchikan and Sitka pulp mills came on line, large-scale logging and pulp manufacturing became a dominant economic force in the region. According to the most recent data available from the Alaska Department of Labor, in 1994 employment in lumber, wood products manufacturing, and pulp mills accounted for 2200 workers, or 6% of the total wage and salary employment in Southeast Alaska. The Department of Labor also found that 48 percent of those employed in seasonal logging and lumber manufacturing were not residents of the State of Alaska; 19 percent of the pulp mill employees were also nonresident. For the benefit of the Committee, we are submitting a copy of a recent report prepared for the Alaska Rainforest Campaign by ECO Northwest, an economic and financial consulting firm from Portland, Oregon, entitled, The Potential Economic Consequences of a Reduction in Timber Supply from the Tongass National Forest. SEACC is a member of the Alaska Rainforest Campaign, a coalition of 8 Alaskan and national conservation groups who are working cooperatively to protect the Alaska rainforest ecosystem that stretches along the rugged Alaskan coastline from Ketchikan to Kodiak. Copies of the title page and executive summary of the report are included in the packet handed out to members of the Committee earlier.

Like other Southeast Alaskans, SEACC wants very much to minimize the job dislocation and economic disruptions that will occur as the era of industrial scale logging begins to change. In a time of competing demands for increasingly limited resources, and the shrinking federal budget, Southeast Alaskans need to work together to make a transition to a timber industry that pays its own way by adding value (and jobs) to each stick of timber logged on the Tongass. SEACC has already begun its efforts to facilitate information sharing and informed discussions by raising money and helping to conceive and plan the Small Business Opportunities for Forest Enterprises Conference, March 6-7, 1995 in Sitka.

Another example of SEACC's efforts to protect important habitat and contribute to the development of a diverse, sustainable economy on Prince of Wales Island is our collaboration with local independent loggers, craftsmen of value-added wood products,

subsistence users, business people and conservationists to develop a reasonable and feasible alternative to the proposed Control Lake timber sale on Prince of Wales Island. The Control Lake Citizen's Coalition has proposed an alternative for this project that helps begin the necessary transition from the current industrial-scale logging and export of timber of Prince of Wales Island, to an economically sustainable resource use by:

1. Recognizing the contribution of a diversity of forest resources, including recreation, tourism, subsistence, wildlife and fisheries, as well as a sustainable, independent, value-added timber industry to the economy of and way of life on Prince of Wales Island;
2. Protecting important cultural and subsistence use areas;
3. Conserving sufficient habitat to provide for healthy populations of wildlife, including harvestable populations of subsistence species like deer and salmon;
4. Conserving the Honker Divide, one of the last and most important largely unroaded old-growth habitat blocks remaining on Prince of Wales, as well as an exceptional recreational area.

Southeast Alaska's economy is diverse. In the 1950s and early 60s, when the Ketchikan and Sitka pulp mills came on line, large-scale logging and pulp manufacture became a dominant economic force in the region. However, by 1993, before the recent APC mill closures, timber industry jobs had shrunk to just 7 percent of all Southeast Alaska jobs and roughly 11 percent of the region's total earnings. Between 1990 and 1994, timber industry jobs declined by 36 percent at the same time the Southeast job total *expanded* by 3.5 percent. Notwithstanding significant volatility in timber employment over the last decade and a marked decline in the timber industry in recent years (36% between 1990 and 1994), the economy of Southeast Alaska has grown and diversified. Clearly, other aspects of the Southeast economy are experiencing strong growth. Please note, these changes in the timber industry were a product of economic market forces and business decisions; there were no timber supply disruptions or lawsuits to blame.

Ketchikan's economy is also diverse. In 1992, timber industry jobs accounted for 14 percent of the total wage and salary employment--without counting commercial fishing or self-employed individuals. Ketchikan Pulp Company's employees accounted for 8 percent of the total jobs, and 12 percent of the total Ketchikan real earnings--again, without considering commercial fishing or self-employment. By contrast, when Alaska Pulp Corporation closed the doors to its Sitka mill, the mill accounted for 10

percent of Sitka's total jobs and 17 percent of total wages and salaries.

Basic economic diversity contributed greatly to the city of Sitka's ability to adjust after the Alaska Pulp Corporation closed the Sitka pulp mill on September 30, 1993. Six months later, when APC failed to submit a solid plan to reopen or convert the mill, the running of which was APC's primary obligation under its 50-year timber contract, the Forest Service canceled that contract. With transitional funding from the Forest Service and other sources, proactive planning, and by actively promoting alternative economic development, Sitka has so far not experienced the drastic extent of economic dislocation that some had predicted for that community. While job loss is always extremely difficult for the families and communities experiencing it, the housing market remains strong, property values haven't gone down, a year later the unemployment rate was nearly identical to the rate statewide, and segments of the community that had formerly battled each other are now working together towards a sustainable future for the community. No one should sell Sitka short.

The timber industry has an adequate timber supply. Recent mill closures were business decisions and were not related to supply shortages caused by conservationist actions. Alaska Pulp Corporation recently shut the doors to its Wrangell sawmill. The closure of the Sitka and Wrangell mills were corporate business decisions that were in no way related to conservationist actions immediately affecting APC's timber supply--nor did APC claim they were. Rather, APC cited low market prices for its product, dissolving pulp, as a major reason for the closure. Interestingly, at the same time APC's timber operations were losing money, the company's investment subsidiary made profitable investments and the Alaska Pulp's president and board chairman received a \$20.7 million bonus when this subsidiary was liquidated in 1993. The company's recent shutdown of its Wrangell sawmill came after APC elected not to bid on over 90 million board feet of available National Forest timber--roughly a year's supply at APC's normal cutting rates. APC claimed the timber wasn't worth bidding on, but that timber sold on the open market for over 35 times the cash price that APC paid for the timber it obtained in 1994 under the close-out of its 50-year contract. This suggests that while APC was willing to cut this timber when it only had to pay \$1.42 in cash (after deducting roadbuilding credits) per thousand board feet, it refused to participate in a competitive bidding process and pay fair market value for the timber, which sold for an average cash price of \$50 per thousand board feet.

Although it closed its mills, APC still has 11 million board feet of standing timber which we believe it will begin logging soon.

We believe this timber will be sold to the Ketchikan Pulp Company.

We believe that Ketchikan Pulp Company also has an adequate timber supply. Despite the company's extravagant claims regarding the amount of timber it must have to keep going, the truth is that over the last 15 years, the company cut an average of 160 million board feet a year from the National Forest. From 1991 to the end of 1994, the Forest Service released 739 million board feet to KPC; KPC cut 613 million board feet. In FY 1994, the Forest Service released 194 million board feet and KPC logged only 136 million board feet. KPC finished the year with 252 million board feet released to them by the Forest Service but still uncut. According to news reports they also purchased 35 mmbf from APC.

If timber supply is the issue, the Committee should know that over the last five years KPC exported or sold for export approximately 150 million board feet of cedar in the round from Prince of Wales Island. To add insult to injury, between 1984 and 1992, the Forest Service gave KPC an average of 2.6 million board feet of "utility" cedar a year free of charge, while small-scale loggers and processors have to pay hard-earned money for the same quality of wood.

If Ketchikan area independent processors are having a hard time getting wood, it is in part because since 1993, the Forest Service redirected at least 5 timber sales, originally designated for the independent timber sale program, to the Ketchikan Pulp Company's 50-year monopoly contract. These five sales--Frosty Bay, Starfish, Shelter Cove, Twelvemile, and Santa Cruz--amounted to over 100 mmbf. The Forest Service is likely to continue to give priority to the Ketchikan Pulp Company, at the expense of independent timber operators, in putting up timber sales.

Habitat Conservation Areas are a step in the right direction. Southeast Alaskans rely on healthy and harvestable populations of deer, bear, marten, and salmon for jobs, food, and money. Maintaining minimum viable wildlife populations on the Tongass is a critical objective of the Forest Service. In 1989 and 1990, the Forest Service under President George Bush asked a committee of wildlife biologists from the Forest Service, the Alaska Department of Fish and Game and the US Fish and Wildlife Service to design a plan that would assure that Tongass wildlife remained viable and well distributed over the long term, in the face of an aggressive timber program, as required by the National Forest Management Act. This interagency scientific team evaluated threats to wildlife. They found that current wildlife management measures would have a "low" likelihood of protecting viable wildlife populations, and they produced the Habitat Conservation Area (HCA) strategy.

HCA's are not about the wolf and the goshawk. They are about conserving the deer, bear, and marten that Southeast Alaskans depend on for jobs, food and money.

The Forest Service can provide an adequate supply of timber while protecting wildlife with HCA's. Forest Service evaluations indicate that the implementation of HCA's would still permit an annual total cut of 356-368 million board feet. However, we do not agree that this level is a sustainable cut level because it does not incorporate "falldown," the discrepancy between acres of timber projected in agency computer inventories and what is actually available on the ground. In 1991, the Forest Supervisor's estimated that the attainable Allowable Sale Quantity was only 273 million board feet. Over the last 15 years, the average annual cut on the National Forest was 348 million board feet of timber--while Sitka's pulp mill was running. Last year, after the shut down of the Sitka pulp mill, the cut was 276 million board feet.

In recent weeks, the timber industry has been stating that HCA's would reduce the timber base by one-third. This is incorrect, because nearly 240,000 of the approximately 600,000 acres of HCA's and additional goshawk areas are not included in the scheduled timber base. Thus implementation of the proposed HCA strategy would only reduce the current timber base by one-fifth.

We support the implementation of HCA's and encourage the Forest Service to consider wildlife corridors and alternatives to clearcutting as well. A recent blue-ribbon peer review of the HCA strategy said it was a good start but needed to go further to ensure protection for Tongass wildlife. We agree that further steps are needed to assure healthy, harvestable populations of deer, bear, marten and other wildlife species are maintained to support the entire Tongass economy.

Finally, we wish to strongly oppose the "Landless Native Land Allocation Act," introduced by Senator Murkowski at the end of the last session. The bill--S.2539-- would undermine over 20 years of legislative compromise, from the 1971 Alaska Native Claims Settlement Act (ANSCA) to the 1990 Tongass Timber Reform Act. The bill is expected to be reintroduced early this year. The bill would jeopardize long-term community economic stability, sacrifice historical subsistence uses, destroy some of the richest wildlife habitat areas and commercial fishing watersheds, and ruin important community recreation areas dear to the hearts of Southeast Alaskans.

The Tongass Timber Reform Act passed the Senate by a vote of 99-0 and the House of Representatives by a vote of 356-60. Senators Stevens and Murkowski both voted for it. Permanent protection of key areas as legislated LUD II roadless areas was widely supported by Southeast Alaskans, including the Governor of

Alaska; Sealaska Corporation (the regional Native corporation); the Alaska Native Brotherhood; the Southeast Conference (a regional business and civic coalition); and many Southeast Alaska communities. Now, Murkowski's bill would cut those areas, gutting the Act and the balanced solution it represented.

We know people will attack the Tongass Timber Reform Act today. However, we think you need to know that the Reform Act was the product of tough compromise and was intended to bring a better balanced to management of all Tongass renewable resources.

Here's what people had to say about the final compromise:

Senator Bennett Johnston, architect of the final TTRA compromise agreement said, The conference agreement is a fair and reasonable compromise, which carefully balances the many resources of the Tongass National Forest....I further believe that this agreement will allow Alaskans the certainty they need and deserve by resolving this issue once and for all. (Congressional Record October 24, 1990.)

Senator Murkowski of Alaska said, This legislation [TTRA] should lay to rest the long and divisive debate over land use and management on the Tongass. (Congressional Record October 24, 1990.)

Senator Murkowski said further, It is fair to say that while all Members of Congress and all special interest groups have not obtained 100 percent of their objectives in this legislation, this compromise represents the final solution for those who have worked diligently over the subject of Tongass reform....I call on all Alaskans to put their differences aside with the passage of this legislation and to work in harmony to produce a diversified and healthy economy in Southeast Alaska. " (Congressional Record October 24, 1990)(emphasis added).

In his floor speech Senator Stevens read from a handwritten note sent to him by Southeast Alaska Conservation Council (SEACC) executive director Bart Koehler: Alaskans are ready and willing to put this issue to rest. Senator Stevens said that he was willing to accept this request for peace. Concluding his floor statement, Stevens read and agreed with the final line from Koehlers note: Lets finally resolve this. (Congressional Record October 24, 1990.)

Rep. George Miller, former Chairman of the House Natural Resources Committee and a key player in garnering the final compromise said, Its been a long and tortuous trip. We believe we have put together a compromise that brings some finality to this issue, and that is based upon the fact that this is a good-faith compromise between members of this committee, the minority members of this committee, the Members of the Senate and all the

entities involved in this debate over the last 5, 6, 7 years. (Congressional Record October 26, 1990.)

Governor Steve Cowper of Alaska said, Southeast Alaskans who are directly affected can finally breathe a sigh of relief that this issue is behind us after so many years. (The Bill is) a compromise....But overall I think Alaskas timber industry can remain healthy while the environment, and other uses of the forest can be protected. (As recorded in the Congressional Record per Senator Stevens request: Congressional Record October 24, 1990.)

Bart Koehler, Executive Director of the Southeast Alaska Conservation Council, Its bittersweet. Senator Johnstons compromise protects many, but not all, important fish and wildlife areas and it brings about a balanced and fair resolution of this hard-fought battle. (As recorded in the Congressional Record per Senator Stevens request: Congressional Record October 24, 1990.)

Rollo Pool, spokesman for Alaska Pulp Corporation: "We certainly will not be donning our party hats and cheering. But we will have to find ways to live with it." Mr. Pool further said his mill will continue to operate.

Ketchikan Pulp Corporation: "Hopefully this bill will bring an element of peace to the Tongass so planning can be more organized for the continuous timber program."

Senator Murkowski's bill is not aimed at bringing justice to Alaska Natives. It is really a raid on public lands. In fact, it is an assault on our national forest legacy established by Teddy Roosevelt and a grave injustice to all concerned.

If a fair examination of this issue shows that redress is needed, it should be done in public, with a solution that involves all of the people of Southeast Alaska and respects all the users of the forest. Any valid Native claims should be addressed in a manner that maintains the integrity of the Tongass National Forest and all it stands for: multiple use and sustained yield; hunting and sport fishing; commercial fishing, recreation, tourism and subsistence.

The bill proposed by Senator Murkowski last session would:

Create five new Native village corporations in the towns of Ketchikan, Wrangell, Petersburg, Haines, and Tenakee;

Give the new corporations the right to select a total of around 645,000 acres from the Tongass National Forest--nearly doubling the current private corporation holdings;

Give each new corporation three to seven times the amount of land allocated to each Southeast village corporation under ANSCA;

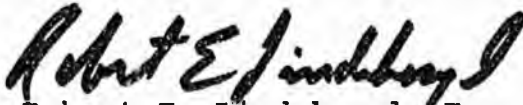
Limit land selections to areas of the Tongass currently managed as off-limits to logging by the Forest Service--including those "roadless" areas permanently set aside by Congress for their wildlife habitat, commercial fisheries, subsistence fishing and hunting values in the Tongass Timber Reform Act;

Allow the new Native corporations from one end of the Tongass to select lands on the other end of the Tongass--including areas traditionally belonging to another Native group.

If history is any guide, selected lands will be closed to public hunting, fishing, recreation, and subsistence, and extensively clearcut within 20 years. This will create another boom and bust timber cycle while at the same time devastating those areas most important to Southeast Alaskans--both Native and non-Native--for wildlife, fish, recreation, tourism, and subsistence hunting and fishing.

Please oppose any bill that uses Native claims to further clearcutting of the most important areas in the Tongass National Forest. Please insist upon full public consideration of this matter by all Alaskans.

Thank you for the opportunity to testify today.



Robert E. Lindekugel, Esq.
Conservation Director