

HJR

32

FISCAL NOTE

STATE OF ALASKA
77 LEGISLATIVE SESSION

BILL NO. HJR32

Title: "An Act relating to continued Congressional oversight of the Tongass Land Management Plan"
 Sponsor: House Resources Committee
 Author: House Resources Committee

Dept. Affected: Legislative Affairs Agency
 BRU: ALL
 Components: ALL
 Serial #: _____

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities, Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FINANCING: (THOUSANDS OF DOLLARS)

General Fund	0.0	0.0	0.0	0.0	0.0	0.0
Special Fund	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

Full-Time	0	0	0	0	0	0
Part-Time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

See attached analysis

Prepared by: House Resources Committee
Co-Chair Bill Hudson

Date: 25 March, 1997
 Phone: 465-6820
 Phone: _____

Alaska State Legislature

REPRESENTATIVE BILL HUDSON

COMMITTEES

CO-CHAIR
Resources Committee

MEMBER
Transportation Committee
Labor & Commerce Committee



State Capitol
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MEMORANDUM

TO: Representative Pete Kott, Chairman
House Rules Committee

FROM: Representative Bill Hudson *Bill*

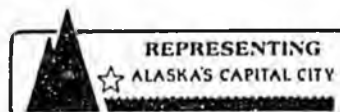
DATE: April 4, 1997

SUBJECT: House Joint Resolution 32

Please schedule at your earliest convenience House Joint Resolution 32.

The purpose of HJR32 is two-fold. First, it encourages the US Forest Service to bring the decade-long Tongass Land Management Plan (TLMP) to a conclusion so the people and communities of Southeast Alaska can move forward with their economic and personal lives with some degree of certainty.

Secondly, it puts the Alaska State Legislature on record supporting a level of timber harvest from the Tongass National Forest sufficient to prevent further loss of jobs in this important segment of the Southeast Alaska economy.



Alaska State Legislature

House Resources Committee

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Co-Chair Bill Hudson
(907) 465-6820
FAX (907) 465-2273
Committee Meetings
T/Th 1 - 4 p.m.

Vice Chair: Beverly Masek,
Representatives Ramona Barnes, Fred Dyson, Joe Green, Reggie Joule, Irene Nicholia, William Williams

HJR32

Tongass Land Management Plan

The purpose of HJR32 is two-fold. First, it encourages the US Forest Service to bring the decade-long Tongass Land Management Plan (TLMP) to a conclusion so the people and communities of Southeast Alaska can move forward with their economic and personal lives with some degree of certainty. Secondly, it puts the Alaska State Legislature on record supporting a level of timber harvest from the Tongass National Forest sufficient to prevent further loss of jobs in this important segment of the Southeast Alaska economy.

After a decade of false starts, intervening Federal legislation, court decisions and several public review drafts, the US Forest Service appears to be poised to make their decision on how the Tongass National Forest will be managed for the next ten to fifteen years.

The Southeast economy has lost \$60 million in forest products payroll since 1990 and half its timber jobs since the original TLMP. Available timber supply continues its steady and inexorable decline despite the fact that analysis of the scientific data does not establish any decline in species after nearly half a century of logging on the Tongass.

On December 20, 1996, Governor Knowles' Southeast Regional Timber Task Force passed a resolution urging the Federal government to finalize the plan for timber harvest from the Tongass National Forest. The Task Force called for a minimum annual harvest level of 300 million board feet (MMBF) from the Tongass in order to reestablish a viable, integrated timber industry. 300 MMBF is the volume selected by the Forest Supervisors as the preferred alternative in the draft TLMP.

The federal government must not delay finalization of the Tongass Land Management Plan. This resolution supports a minimum harvest level of 300 MMBF and the expedited completion of the TLMP process.

HOUSE JOINT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE RESOURCES COMMITTEE

Introduced:

Referred:

A RESOLUTION

1 **Relating to the Tongass Land Management Plan and to continued Congressional**
2 **oversight of that plan.**

3 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 **WHEREAS** employment and economic prosperity in Southeast Alaska are inextricably
5 linked to the resources of the Tongass National Forest and are dependent on the management
6 of those resources; and

7 **WHEREAS** jobs in the forest products industry are an important element of the
8 economic diversity of Southeast Alaska and should provide an opportunity in the region for
9 communities to maintain healthy economies; and

10 **WHEREAS** approximately 60 percent of timber industry jobs have been lost since
11 passage of the Tongass Timber Reform Act of 1990; and

12 **WHEREAS** the establishment of a value-added forest products industry in Southeast
13 Alaska can occur only as a segment of a fully integrated forest products industry capable of
14 the harvesting, transporting, and primary processing of raw forest products into a form usable
15 by the value-added sector of the industry; and

16 **WHEREAS** the Alaska Congressional delegation has consistently supported the

1 historic sustainable harvest levels from the Tongass National Forest that are of vital
2 importance to all Southeast Alaska communities and continues to work for the restoration of
3 the socioeconomic vitality of communities devastated by the failure of the federal government
4 to meet contractual and Tongass Land Management Plan (TLMP) commitments; and

5 **WHEREAS** the Governor's Timber Task Force has determined that an annual harvest
6 of 300 MMBF is the minimum level necessary to sustain an integrated timber industry in
7 Southeast Alaska; and

8 **WHEREAS** the draft TLMP Environmental Impact Statement indicates no viability
9 problem for any species of wildlife or fish on the Tongass National Forest under any of the
10 proposed plan alternatives for at least the next 10 - 15 year planning cycle; and

11 **WHEREAS** the United States Forest Service testified before oversight hearings held
12 by Senator Murkowski last summer that the draft TLMP was based on the best science
13 available and indicated no current viability problem for any species of fish or wildlife on the
14 Tongass National Forest; and

15 **WHEREAS** the United States Forest Service's wildlife conservation model is based
16 on inadequate data and science extrapolated from models developed for use with South Seas
17 Islands species; and

18 **WHEREAS** the lack of any near-term viability crisis for any species of fish or wildlife
19 on the Tongass National Forest provides the opportunity for maintaining a steady course while
20 the necessary Tongass-based science on which to base a long-term conservation strategy is
21 developed; and

22 **WHEREAS**, after 10 years of data gathering, analysis, and planning by the United
23 States Forest Service, the people of Southeast Alaska are still burdened by the uncertainty of
24 a stable, reliable timber supply; and

25 **WHEREAS** adoption of a final TLMP alternative incapable of providing for a
26 minimum 300 MMBF harvest level will almost certainly cause substantial additional job loss
27 and economic dislocation in the communities of Southeast Alaska that are dependent on a
28 stable supply of timber for all or part of their economic well-being;

29 **BE IT RESOLVED** that the Alaska State Legislature supports the efforts of the
30 Alaska Congressional delegation, in its oversight responsibilities, to ensure that the Tongass
31 National Forest restores and continues to provide for the socioeconomic vitality of the

1 communities of Southeast Alaska; and be it

2 **FURTHER RESOLVED** that the Alaska State Legislature supports, at a minimum,
3 the recommendation of the Governor's Timber Task Force that a harvest level of 300 MMBF
4 be maintained, because any decision to further reduce the harvest level in the Tongass below
5 that volume will continue the devastation of the existing timber industry infrastructure
6 throughout Southeast Alaska and preclude the reestablishment of an integrated forest products
7 industry in Southeast Alaska; and be it

8 **FURTHER RESOLVED** that the Alaska State Legislature strongly objects to any
9 reduction below an annual harvest level of 300 MMBF from the Tongass National Forest and
10 urges that the Tongass Land Management Plan Record of Decision be issued without further
11 delay; and be it

12 **FURTHER RESOLVED** that the Alaska State Legislature supports continued
13 Congressional oversight and review of the adequacy of the science, social and economic
14 analysis, and process employed by the United States Forest Service in order to ensure that any
15 decisions by the United States Forest Service are not detrimental to the social and economic
16 well-being of the communities and people of Southeast Alaska and that all decisions are
17 scientifically credible and legally defensible.

18 **COPIES** of this resolution shall be sent to the Honorable Ted Stevens and the
19 Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.
20 Representative, members of the Alaska delegation in Congress.

State of Alaska
Office of the Governor

TONY KNOWLES
Governor
P.O. Box 110001
Juneau, Alaska 99811-0001
NEWS RELEASE



Bob King
Press Secretary
Claire Richardson
Deputy Press Secretary
907-465-3500
FAX: 907-465-3533

FOR IMMEDIATE RELEASE: March 10, 1997

97-079

KNOWLES: CONTINUED DELAY IN TONGASS PLAN
HURTS SOUTHEAST BUSINESSES, FAMILIES

TLMP Completion Needed to Bring Certainty, Stability for SE Communities

Saying Southeast Alaska communities need a foundation on which to build its future, Gov. Tony Knowles said the continuing delay in releasing the completed Tongass Land Management Plan (TLMP) would hurt Southeast Alaska businesses and families. The U.S. Forest Service announced today that it did not expect release of the TLMP revisions until the late spring.

"It is absolutely unconscionable to toy with the hopes and fears of Southeast families by delaying the release of this plan," Knowles said. "Southeast communities need stability; they need some certainty on which to move forward. They know the timber industry is in the midst of transition and they need finalization of this plan so they can start to plan for their future. The continued delay in the release of the TLMP makes it impossible for businesses to plan for the future and only perpetuates the uncertainty for Southeast families."

Knowles has written Administration officials seven times over the past year regarding TLMP. In letters to the regional forester, the Secretary of Agriculture and even President Clinton, Knowles expressed his strong support for the planning process and stressed the need for expeditious completion of the plan.

Responding to the governor, President Clinton said, "completing the revision of the TLMP based on best science is critical to providing stability for the citizens of Southeast Alaska who depend on the Tongass." Now, the Forest Service intends to reconvene scientific risk assessment panels before finalizing the plan.

-more-

"I've said all along that the Tongass plan must be based on sound science, prudent management and an open, public process," Knowles said. "This plan has undergone extensive scientific scrutiny and peer review; the public has had ample time to review and comment on it. The stability and prosperity of Southeast Alaska is threatened by the lack of this plan."

Knowles will soon discuss a strategy to respond to the latest announcement of a further delay with affected Southeast mayors. Knowles noted that the lack of a plan affected all Southeast residents.

"Whether you're in the timber industry, a fisherman or in the tourist trade, Southeast residents live and work within Tongass and all are affected by this plan," Knowles said. "It is outrageous that completion of the TLMP has been delayed as long as it has. I can see no justification for further delay. I say again, it is time to bring TLMP to a close."

State of Alaska
Office of the Governor

TONY KNOWLES

Governor
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NEWS RELEASE



Bob King
Press Secretary
Claire Richardson
Deputy Press Secretary
907-465-3500
FAX: 907-465-3533

FOR IMMEDIATE RELEASE: March 24, 1997

97-100

KNOWLES LEADS SE MAYORS TO WHITE HOUSE

Presses for Completion of Tongass Plan in Nation's Capital

Gov. Tony Knowles leads a delegation of Southeast Alaska mayors to Washington D.C. today to press for completion of the Tongass Land Management Plan (TLMP). Knowles and the mayors will meet with officials at the White House and the Department of Agriculture to provide first hand information about the negative economic impact of delaying the plan on Southeast Alaska communities.

"The delay in finalizing this plan unnecessarily jeopardizes the predictability and stability of Southeast's economies," Knowles said. "Most Alaskans agree it's far past time to complete TLMP. This delay only invites divisiveness and threatens jobs and families in the region."

"Some view that Tongass as a fight between environment and development, but there's another issue at stake, namely the jobs and families of 74,000 residents of Southeast Alaska," Knowles said. "Completion of this plan is about providing certainty for all users of the forest including timber, commercial fishing, mining, subsistence, sportfishing, tourism, and recreational and personal uses. TLMP serves as the basis from which resource management decisions are made for all of these uses and all are held in limbo while this plan is delayed."

Knowles noted that his Timber Task Force is working on a business plan with a new vision for the timber industry during its current period of transition, but such a plan is dependent on completion of the TLMP. The Task Force plan will encourage new product development and in-state secondary and tertiary processing to maximize the jobs per board foot cut.

"Completion of TLMP will also help avoid permanent listing of species in Alaska under the Endangered Species Act," Knowles said. "Preliminary decisions about listing of Southeast Alaska species have to be made by the end of May. If TLMP gets delayed past May 31, those determinations would be made under the old Tongass plan, without the benefit of new scientific information and public input. Such a misapplication of the law will only create more divisiveness and generate a backlash and more litigation that benefits no one."

-more-

Mayors accompanying the governor include Jack Booth of Metlakatla, Dennis Egan of the City and Borough of Juneau, Pete Hallgren of the City and Borough of Sitka, Petersburg Mayor Jeff Meucci, Doug Roberts of Wrangell, Jack Shay, mayor of the Ketchikan Gateway Borough, Mayor Alaire Stanton of the City of Ketchikan, and Jim Mackovjak of the Tongass Community Alliance. Commissioner William Hensley of the Department of Commerce and Economic Development and Commissioner Tom Cashen of the Department of Labor will also accompany the governor. The delegation arrives in Washington, D.C. tonight.

On Tuesday, March 25, Knowles and the mayors will meet with Agriculture Secretary Dan Glickman and his aides at the Secretary's office. Later, they will meet with key officials at the White House.

A **media availability** is planned on the White House Lawn at approximately 3:45 p.m. (Eastern time) following the meeting there. The mayors will also be available to talk with the **SE press via teleconference** early Tuesday afternoon (approximately 12:30 p.m. Alaska time). The delegation returns to Alaska Wednesday.

"Sound science, prudent management and a responsive public process must be the guiding principles of TLMP, and extensive peer review and public process has already taken place," Knowles said. "It's time to complete TLMP and provide for its implementation and management. If there is need for any additional review, that review should occur here in Alaska. We are the watchdogs to ensure there are no other forces at work other than these shared goals."

-30-

Broadcasters: Video of the news conference on the White House Lawn will be aired on the Governor's Window on ARCS Tuesday at 3:30 p.m. (Alaska time).

Radio actualities are available today regarding the pending trip at 800-478-5669 or 465-5213 in Juneau, and updated actualities will be available shortly after Tuesday's teleconference.

Contact: Claire Richardson at 465-3996 regarding the media availabilities.



Alaska State Legislature

Please enter into the record my testimony to the House Resource Committee
committee name

committee on HJR 32, dated 3/20/97
bill/subject

I am against HJR 32. The purpose of this resolution is futile, shortsighted, provincial and contradictory.

The timber industry, as practiced, is dying, obsolete and destructive of the environment of S.E. The proposed 300mbf harvest level to "maintain a steady course" while waiting for good scientific data and development of a conservation strategy would leave you with trees already cut down if it turns out later that you were wrong. You don't implement something before you know what's going to happen. It appears to be a "close your eyes and pedal to the metal" mentality. The people of S.E. and the nation would be left holding the bag after private business has reaped all the profits with a "fete accompli". It is either a dumb resolution or a bald and transparent to enrich private subsidized business interests at the expense of a public rip off!

The resolution states support for USFS process to ensure "all decisions are scientifically credible and legally defensible," yet it wants to have the TLMF be finalized immediately before the necessary work is done to ensure this result. This is contradictory and probably is the duplicitous intent to accomplish the reverse, cut as fast as possible before USFS can prove 300mbf is too much of a harvest level!

Signed: _____

Testifier Mark West

Representing (Optional) Public

Address 220 Seward St, Juneau AK 99801

Phone No. _____

JUNEAU EMPIRE

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Haste makes waste on Tongass plan

If put end to end, the paperwork relevant to Tongass National Forest timber management must by now stretch around the world. It's practically become a deforestation effort in itself.

All issue is the rewriting of the plan that is to map out how the 17-million acre forest will be managed in the next 10 to 15 years. The rewriting of the plan has been about a 10-year process in itself — an extraordinary amount of time for a plan with just a 15-year projected life.

The frustration felt by Southeast Alaska residents is understandable. But there may be a good reason to encourage continued discussion of the plan, which was first expected to be released to the public last fall.

Here's why a little added patience may pay off in the long run. Right now, the Clinton Administration is adamant about sticking with the lower numbers of allowable harvest, about 100 million board feet. But the team reviewing the Tongass Land Management Plan has finally turned its attention to the social and economic impacts of the various alternatives, and will weigh these impacts along with the environmental impacts that have been so thoroughly studied. Perhaps through this process, the Forest Service will come back with a more economically viable forest plan.

As frustrated as Southeast Alaskans are to have something they can at least begin to count on, it would be imprudent to push for the plan just for the sake of having it completed. What adds to the frustration of course, is that the socioeconomic impacts should have been looked at much more closely in the first place — not now when the administration's impacts are already being felt in Ketchikan and other Southeast towns.

The gamble, of course, may be that in the meantime, other federal agencies push to have the Alexander Archipelago wolf listed as endangered species. But the harvest numbers that the Clinton Administration wants couldn't get much lower. If 100 million is the final number, we can say goodbye to the small mom-and-pop timber operators of Southeast.

As hard as it may be to wait, patience may be a better strategy than insisting on the release of a plan that is so potentially devastating to the families and communities who work in the timber industry.

It's gratifying to know the plan's authors are finally looking at the socioeconomic impacts. Our southeastern neighbors need more timber than what the Clinton Administration wants to allow. Maybe those sitting thousand of miles away in our nation's capital will finally realize what their proposed plan will have on Southeast Alaska and fix it.

Date. March 25, 1997
Subject: HJR #32 / SJR #24
To: Marieka Nordlinger 907-465-6820
907-465-2273 FAX

RE: State Legislature Resolution regarding the Tongass Land Management Plan

Marieka, I find the resolution to be very well written. I have only a few comments to offer:

- 1) A 300 MMBF harvest level is predicated on a significant volume of timber under contract. The Forest Service has basically no control over annual harvest level. The Forest Service does have control over how much economic volume they are willing to make available to the industry for bid.
- 2) A revised Tongass Plan will not provide any certainty of a stable, reliable timber supply. A stable, reliable timber supply is dependent on how much economic volume the Forest Service makes available for bid annually.
- 3) A Tongass Plan Record of Decision will include an allowable sale quantity (ASQ) which is a decadal ceiling on timber that may be sold from the Forest. It is usually expressed as an average annual amount. The ASQ is no guarantee that the Forest will offer that much timber, sell that much timber, or industry will harvest any particular level of timber. The ASQ is not necessarily a good measure of what level of economic volume will be made available for bid.
- 4) If the State Legislature and State timber taskforce truly want to see an annual harvest level of 300 MMBF from the Tongass, I suggest that what they may want is the 1979 Tongass Land Management Plan that had an ASQ of 4.5 Billion Board Feet per decade (450 MMBF annually). The average annual harvest since 1979 on the Tongass has been about 300 MMBF. The point is that a much higher ASQ is necessary if the State is interested in a particular "harvest level".

Steven A. Brink

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March 25, 1997

House Resources Committee
House of Representatives
State Capitol
Juneau, AK 99801-1182

Honorable Bill Hudson, Co-Chairman
Honorable Scott Ogan, Co-Chairman

Concerned Alaskans for Resources and Environment (C.A.R.E.) strongly supports HJR 32, A Resolution Relating to the Tongass Land Management Plan and to continue Congressional oversight of that plan.

C.A.R.E. a grassroots organization of small business and citizens are extremely concerned about the loss of access to the resources from our public lands.

Alaskan's must be allowed to develop and utilize our natural resources to keep Alaska's economy and families strong. The development and utilization of these resources guided by common sense and conservation practices benefits both Alaska and the United States of America. Keeping jobs at home and not exporting development of resources to countries who do not care about conservation and wise use of natural resources is a better choice.

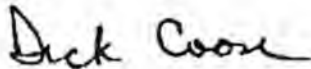
The federal government is exercising too much needless control over the citizens and States, and this control attitude is growing. The Tongass Land Management Plan (TLMP) is a good example of how the Federal government and extreme environmentalists have an agenda and are controlling our family's, state's, and nation's ability to remain economically strong.

This delay in making a decision on TLMP is inexcusable.

The State of Alaska must support a minimum annual timber harvest level of 300MMBF. The Governor's Southeast Regional Timber Task Force passed a resolution supporting a minimum annual harvest level of 300MMBF.

Please pass HJR 32 and send a strong message to the federal government and the extreme environmentalists that Alaska is open for business.

Thank You,



Dick Coose
Executive Director



Tongass Forest Plan Review

A Newsletter for the Forest Plan Revision - Issue 12
April 1996

This extended issue of the Tongass Review is a summary of the Revised Supplement to the Draft Environmental Impact Statement for the Tongass Land Management Plan Revision (hereinafter called the "Revised Supplement"), which is now out for public review. In 1994 the Revision process began to focus on specific unresolved issues, and this led to completion of several science assessments and resource reports, the development of preliminary alternatives and their presentation at public meetings, and the holding of a number of scientific panel assessment meetings. The Revised Supplement is the latest step in this process, presenting the Proposed Forest Plan and the environmental analysis required by the National Environmental Policy Act.

Introduction

Land and resource management planning is a process for developing, amending, and revising National Forest land and resource management plans (forest plans). Forest plans are required by the National Forest Management Act of 1976 (NFMA). Each forest plan is intended to guide the management of a National Forest for a 10-15 year period, after which a formal revision is required.

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The Preferred Alternative
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Your Turn
Public Meeting/Hearing Schedule

The 17-million acre Tongass National Forest, the largest forest in the National Forest System, was also the first to complete a Land and Resource Management Plan under the National Forest Management Act. The original Tongass Forest Plan was approved in 1979, and has been amended twice (in 1986 and 1991). The first revision of this plan is now being considered. The Revised Supplement is the third release under the National Environmental Policy Act of a public review draft displaying Forest Plan alternatives and their estimated effects.

A draft environmental impact statement (DEIS) documenting the environmental analysis for this revision was released for public review in June 1990. In November 1990, Congress passed the Tongass Timber Reform Act (TTRA). This Act imposed several new requirements for management of the Tongass. This affected the Forest Plan and resulted in the preparation of a Supplement to the DEIS (SDEIS), which was released in August 1991, and which entirely replaced the DEIS. The release of a final statement (FEIS) and Record of Decision was anticipated for early 1993, but was deferred so that additional information necessary to making a decision could be obtained. The Revised Supplement is a supplement to the 1991 SDEIS.

Public Issues

Ten public issues for the Forest Plan Revision were originally identified in 1988. These were used for the 1990 DEIS, and remained the same, with some updating, for the 1991 SDEIS. The topics covered by these issues included *scenic quality, recreation and tourism, wildlife and fish habitats, subsistence uses and resources, timber harvesting, roads, minerals, roadless areas, wild and scenic rivers, and local (community and regional) economies*. The 1991 SDEIS displays in detail how these issues were addressed.

Since the release of and comment period on the 1991 SDEIS, considerable new information bearing on the Tongass Forest Plan Revision has come to light, including additional scientific reviews and studies, new or updated resource inventories, and comments and reports from interest groups and individuals. From this information emerged five issues needing more study and evaluation before a final Revised Forest Plan could

be adopted. Some of these issues are aspects or extensions of the original issues; others are new issues. The five focus issues are now described.

Wildlife Viability. This issue centers on questions of whether the current Forest Plan, or the alternatives considered for revising the Forest Plan (in either the 1991 SDEIS or the unpublished draft FEIS of 1992), provide for sufficient habitat to maintain viable, well-distributed wildlife populations within the Tongass National Forest. Early in 1993, the Alaska Regional Forester requested a scientific peer review of a wildlife viability strategy recommended by an Interagency Viable Population Committee, and other information related to wildlife viability in Southeast Alaska. The peer review concluded (in March 1994) that a strategy like that recommended by the Committee went further in ensuring habitat to maintain long-term distribution of viable populations of wildlife than the (1992) Revision alternatives, but that more study and information was necessary, and other methods and approaches needed consideration.

Maintaining options for habitats for viable wildlife populations was considered in developing the Fiscal Year 1994-95 timber sale/timber offerings schedule for the Tongass, and was followed by public release and review of a proposed Forest Plan amendment to further address short-term habitat concerns related to wildlife distribution and viability. Early in 1995 the U.S. Fish and Wildlife Service, in decisions on petitions for listing of two species (northern goshawk and Alexander Archipelago wolf) in Southeast Alaska under the Endangered Species Act, concluded that while neither species was found in need of listing at this time, future viability was a concern, and implementation of a further habitat strategy would be an important factor in deciding not to list in the future.

Fish Habitat. The Alaska Anadromous Fisheries Habitat Assessment (AFHA) was conducted in 1994, at the direction of Congress to study the effectiveness of current procedures for protecting anadromous fish habitat, and determine if any additional protection was needed. This assessment concluded that current measures and their implementation, though considerably improved over past practices, were not fully effective for preventing habitat degradation or protecting salmon and steelhead stocks in the long term. AFHA included recommendations to consider for the Tongass Plan Revision, and additional recommendations were made by the team that conducted the on-the-ground analysis for AFHA.

Karst and Caves. The extent and importance of the cave resources of the Tongass have only come to light recently. The 1991 SDEIS considered caves, and included some recognition of the "karst" geology in which they are typically found, in Forest-wide standards and guidelines, and through a proposed Karst Areas Geological Area. More recent studies and surveys have indicated a more extensive resource of world-class significance, and the need to consider improved standards and guidelines. Several recent timber sale projects in karst areas have identified a similar need.

Alternatives to Clearcutting. Commercial timber harvest in the Tongass National Forest has traditionally relied on one even-aged silvicultural system, clearcutting. This system has proven very successful in Southeast Alaska. On the other hand, clearcutting continues to be controversial; in Southeast Alaska, the principal objections are to the visual changes in the landscape, and potential adverse effects to streams, slope stability, and loss of old-growth forest, particularly as habitat for wildlife. Since the 1991 SDEIS, the Forest Service's Ecosystem Management policy has come out, which includes a strong emphasis on limiting the amount of traditional clearcutting, and on using alternative silvicultural systems.

Socio-economic Considerations. The socio-economic environment of Southeast Alaska and its relation to the resources and uses of the Tongass has undergone some significant changes in recent years. Since the 1991 SDEIS, the timber industry has seen the permanent closure of one of two major pulp mills (the Alaska Pulp Corporation mill in Sitka), closures of two sawmills, the development of several new small mill operations, and the termination in 1994 of one of two long-term sale contracts. The need to address habitat for wildlife distribution and viability has led to some reductions in timber sale offerings, and other potential sales have been delayed through legal action. At the same time, timber harvest volumes from private lands have dropped substantially since 1990.

The timber industry is not the only economic segment undergoing change. For instance, the tourism industry continues to see rapid growth, indicating a need to better reflect tourism needs and concerns through specific management direction and improved inventories. An extensive update of the social and economic settings and concerns of the 30+ Southeast Alaska communities became necessary in order to have the best information on local uses of, and economic ties to, the Tongass, and to better understand what each community itself desires from the Tongass National Forest.

What a Forest Plan Includes

Land management planning may be compared to city, county or borough zoning. Just as areas in a community are zoned as commercial (allowing business uses), industrial (allowing factories), or residential (allowing only homes, schools, etc.), the forest is also "zoned" to allow, or not allow, various uses and activities. Land management (forest plan) zoning is done through the use of land use designations.

Land use designations (LUD's) specify ways of managing an area of land and the resources it contains. LUD's may emphasize certain resources (such as Wilderness, or old-growth wildlife habitat), or combinations of resources (such as providing for scenic quality in combination with timber harvesting). Each land use designation has a detailed management *prescription* which includes practices and standards and guidelines.

Practices are specific actions or treatments used in the management of forest resources, such as even-aged timber harvest methods (clearcutting, for instance). Each management prescription specifies which practices are allowed to be considered for site-specific project proposals, and under what conditions.

Standards and guidelines, on the other hand, impose limitations on how, where, and when management activities are carried out, usually for specific resource protection purposes.

The land use designations are assigned, or "allocated," to specified areas of land. Some LUD's, such as Wilderness, are congressionally designated, but many can be allocated differently depending on the issue or issues being addressed. Under any one alternative, a given area of land will normally have only one LUD assigned to it.

The Alternatives, Including the Preferred

Nine alternatives are considered in detail in the Revised Supplement; an additional alternative, the Forest Supervisors' Preferred Alternative is identified and discussed in a cover letter to the Revised Supplement. Most of the alternatives are based on alternatives from the unpublished 1992 Final Environmental Impact Statement, which in turn were derived from alternatives in the 1991 SDEIS. The details of these relationships are discussed in the Revised Supplement. One reason that many of the original ten issues are not being revisited at this time is because they have been adequately addressed in the 1991 SDEIS. They were also addressed through alternatives contained in the unpublished 1992 FEIS, particularly in Alternative P, which was the preferred alternative at that time and which forms the basis for several of the new alternatives.

Options for Addressing the Issues. Information about the five focus issues just discussed has been combined with that used to develop the 1992 FEIS alternatives to create alternatives for detailed consideration in the Revised Supplement. For wildlife viability, information from several species assessments, an old-growth forest inventory, and other recent wildlife surveys and studies, was evaluated and synthesized to help identify ways in which adequate habitats to support viable wildlife populations could be provided. Four general approaches (each of which could include a variety of options or component parts) were identified:

1. A system of large, medium, and small old-growth reserves, or "habitat conservation areas," distributed across the forest, in which most management activities are restricted. Habitat corridors connecting reserves can be provided

through beach fringe corridors, riparian areas and other measures.

2. Modifications to silvicultural harvest practices throughout the area of planned timber harvesting so that old-growth habitat characteristics, if not true old growth, are perpetuated or extensively achieved. These include "alternatives to clearcutting."
3. A combination of 1. and 2. could be used, such as using reserves in areas which have a history of extensive timber harvesting, and employing alternative silvicultural systems elsewhere.
4. Relying on existing withdrawn areas (such as Wilderness), areas to be managed for purposes other than timber harvesting, and other ways in which old-growth forest would be maintained (such as within riparian areas). This approach does not necessarily identify areas for protection based on specific wildlife habitat values, or their location and distribution across the Forest.

For considering fish habitat, three options for streamside (riparian) habitat management are available, all in the form of Riparian Forest-wide standards and guidelines. Option 3 is similar to the Stream and Lake Protection LUD used in the 1991 SDEIS (and, renamed Riparian Area, in the unpublished 1992 FEIS) for most alternatives. Option 2 basically represents the protection called for in the Anadromous Fish Habitat Assessment, providing greater protection than Option 3. Option 1, the most protective, incorporates additional measures over Option 2 to reduce the risk to fish habitat.

One of the three options available for karst and caves is contained in the Minerals, Geology, and Caves Forest-wide standards and guidelines from the 1992 draft FEIS. Along with caves these include some recognition of karst features, but not of karst as an ecosystem or unique system. The Karst and Cave Resources Assessment (1995) has used more and newer information, much of it from field studies, than was available in 1992, and has proposed in-depth, detailed Forest-wide standards and guidelines for Karst and Cave Resources. A third option is to apply cave protection measures only to the extent needed to comply with the Federal Cave Resources Protection Act, which provides for the identification and protection of significant caves.

Two alternatives to clearcutting, and one variation, are identified: uneven-aged management, which can be the harvest of individual trees or small groups of trees (although only experimental in Southeast Alaska so only incidental yields are expected); a system called "two-aged" management, which is designed to maintain and regenerate trees with two age classes but may trend toward uneven-aged conditions; and clearcutting that has planned future harvests occurring at longer time intervals than the minimum required by regulation. The time intervals for the clearcutting approach are called "rotation ages," signifying the age of a stand at the time it is harvested again. These can be extended from the current planned average rotation of about 100 years to rotations of 200 years or greater.

Alternatives have addressed socio-economic considerations in different ways. Alternative P from the 1992 FEIS emphasized several economically-important

resources: recreation and tourism, minerals, subsistence, and timber. The land allocations of Alternative P were based on extensive internal analysis presented in the 1990 DEIS and 1991 SDEIS, and the public comments on those documents, to be responsive to a broad cross-section of the public. Providing a supply of timber sufficient to meet market demands is a goal. Alternative 2 in the Revised Supplement carries forward Alternative P. Alternatives 3-6, and the Forest Supervisors' Preferred Alternative, use Alternative P as a starting point. Another alternative considered in the 1992 FEIS and labeled there Alternative D++ was developed to offer the maximum opportunity for supplying timber. Alternative 7 is based on Alternative D++, and Alternative 8 uses it as a starting point. Alternative 9 is the current Forest Plan (which still has an annual allowable sawlog sale quantity of 450 million board feet). Recreation, tourism, and subsistence are emphasized in most alternatives. Commercial and sport fishing and hunting, through greater protection for important habitat elements, are positively addressed in Alternatives 1-6 and 8, and the Preferred Alternative.

Table 1 shows how many of the issue-related options have been included in the alternatives (including the Forest Supervisors' Preferred). (More options were used than are shown in the table or discussed above. These are discussed and displayed in the Revised Supplement.) The table also includes the ASQ for each alternative, and the NIC I and NIC II portions of the ASQ. Components and options are explained in the footnotes.

A Word on Timber Volumes and the "ASQ." The amount of timber that could be sold under a Forest Plan alternative is expressed as an "allowable sale quantity" (ASQ). The ASQ is the maximum amount of timber that may be sold from the area of suitable land covered by the Forest Plan within a given decade (although usually expressed in average annual terms). The ASQ is not a targeted amount. Many factors can result in timber sale offerings that are below the average annual ASQ, including Congressional budget constraints, new resource issues that need to be addressed, changes in timber markets, and sales held up by appeals or lawsuits.

In order to better address the uncertainties of timber markets and timber sale economics, the Revised Supplement expresses the ASQ in two parts, called non-interchangeable components, or "NIC's." The NIC I portion of the ASQ represents the amount that is projected to be economical to log, given ground conditions, market conditions, and available logging

technology. The NIC II portion is that amount projected to be economically or technologically marginal to log. Harvest of the NIC II generally requires additional incentives for pre-roading and advanced logging system technology or improved market conditions.

One other point on timber volumes. In the past timber volumes have usually been expressed as "net sawlog," an estimate of the amount of wood usable for sawlogs. But a portion of harvested timber, typically about 15 percent, is usable for chips (though not sawlogs), and so the amount "sawlog plus utility" is a better representation of total usable wood volume. Throughout the Revised Supplement, and in this newsletter, timber volumes are expressed as sawlog plus utility, and will therefore average about 15 percent higher than most timber volume amounts shown in previous documents.

Table 1
Alternative Components and Options - Tongass Forest Plan Revision Revised Supplement

Component	Alternative									
	1	2	3	4	5	6	7	8	9	Preferred ¹
Base	1992 A	1992 P	1992 P	1992 P	1992 P	1992 P	1992 D++	1992 D++	Current Plan	1992 P
OG Reserves	None	None	All	None	4 Prov.	4 Prov.	None	All	None	All
Rotation Age	200	100	100	200	200	100	100	100	100	100
Silv. System	UM	ES	UM, 2A	UM, 2A	UM, 2A	UM, 2A	ES	2A	ES	UM, 2A, ES
Karst/Caves	K/C S&G	92 S&G	K/C S&G	K/C S&G	K/C S&G	K/C S&G	92 S&G	92 S&G	Cave Act	K/C S&G
Riparian:										
FHIP 1	Option 2	Option 3	Option 1	Option 2	Option 2	Option 2	Option 3	Option 2	TTRA/BMP	Option 2
FHIP 2,3	Option 3	Option 3	Option 2	Option 3	Option 3	Option 3	Option 3	Option 3	TTRA/BMP	Option 3
Beach Fringe:										
(0-500')	S&G	S&G	S&G	S&G	S&G	S&G	None	S&G	None	S&G
(500-1000')	UM	None	UM	UM	UM	UM	None	UM	None	None
Sale Quantity (average annual sawlog plus utility volume):										
ASQ (MMBF)	0	489	278	145	139	362	689	364	513	357
NIC I (MMBF)	0	406	232	121	114	300	577	305	474	297
NIC II (MMBF)	0	83	46	24	25	62	112	59	39	60
W&S Rivers	112	25	25	25	25	25	11	11	0	25

¹This is the Forest Supervisors' Preferred Alternative. The ASQ figure assumes all two-aged management.

Abbreviations and Definitions:

S&G: Forest-wide standards and guidelines

Base: alternative, from 1992 draft FEIS or elsewhere, on which the alternative was initially based

OG Reserves: All = application of old-growth reserve strategy forest-wide, 4 Prov. = old-growth reserves applied only to four biogeographic provinces.

Rotation Age: average length of time in years to next harvest.

Silv. (silvicultural) System: UM = uneven-aged management (single tree/group selection); ES = even-aged management (clearcutting); 2A = two-aged management (retention of 10-20% of trees per unit).

Karst/Caves: K/C S&G = lowest risk; 92 S&G = moderate risk; Cave Act = highest risk

Riparian (level of riparian management): Option 1 = lowest risk, Option 2 = moderate risk (incorporates the AFHA report recommendations, as does Option 1), Option 3 = higher risk; TTRA/BMP (Tongass Timber Reform Act/Best Management Practices) = highest risk

FHIP (Forest Habitat Integrity Project): FHIP 1 = higher quality watersheds for sport and/or commercial fish production. FHIP 2, 3 = moderate to less important watersheds for sport and/or commercial fish production.

Beach Fringe: standards and guidelines applied to the vegetation adjacent to saltwater shorelines. The 0-500' S&G typically excludes timber harvesting, and also applies to a 1,000' estuary fringe. The 500-1000' beach fringe, if used, would allow only uneven-aged silviculture.

Sale Quantity (average annual sawlog plus utility volume, in million board feet): ASQ = allowable sale quantity, NIC I = non-interchangeable component I (the more economic portion of the ASQ); NIC II = non-interchangeable component II (the less economic portion of the ASQ)

W&S Rivers: number of eligible rivers or river segments recommended as Wild, Scenic or Recreational Rivers

The Nine Alternatives in the Revised Supplement. The basic themes of the nine alternatives are briefly stated here. Table 1 shows many of the key components of each, which are not repeated in these descriptions. The Preferred Alternative will be discussed following this listing.

Alternative 1. This alternative emphasizes National Forest resource uses and opportunities associated with undeveloped, natural settings. All geographic areas identified in public comments as deserving of protection, and all identified recreation places, are assigned natural setting land use designations. Alternative 1 allows uneven-aged timber harvesting in some areas, but does not schedule any harvest.

Alternative 2. This alternative provides a mix of National Forest uses and activities, including scenery, recreation, tourism, subsistence uses, and timber production. Alternative P from the unpublished 1992 Final Environmental Impact Statement for the Tongass Forest Plan Revision is the basis of this alternative.

Alternative 3. This alternative provides a mix of National Forest uses and activities similar to Alternative 2, with additional emphasis on fish and wildlife habitat protection and the karst and caves resource. A system of large, medium, and small old-growth forest reserves is added to Alternative P from the unpublished 1992 Final Environmental Impact Statement for the Tongass Forest Plan Revision.

Alternative 4. This alternative provides a mix of National Forest uses and activities similar to Alternative 2, with additional emphasis on fish and wildlife habitat protection and the karst and caves resource. The even-aged timber harvest of Alternative P from the unpublished 1992 Final Environmental Impact Statement for the Tongass Forest Plan Revision is replaced with two-aged and uneven-aged management.

Alternative 5. This alternative provides a mix of National Forest uses and activities similar to Alternative 2, with additional emphasis on fish and wildlife habitat protection and the karst and caves resource. The even-aged timber harvest of Alternative P from the unpublished 1992 Final Environmental Impact Statement for the Tongass Forest Plan Revision is replaced with two-aged and uneven-aged management using a 200-year harvest rotation. Large, medium, and small old-growth reserves are added in four biogeographic provinces.

Alternative 6. This alternative provides a mix of National Forest uses and activities similar to Alternative 2, with additional emphasis on fish and wildlife habitat protection and the karst and caves

resource. The even-aged timber harvest of Alternative P from the unpublished 1992 Final Environmental Impact Statement for the Tongass Forest Plan Revision is replaced with two-aged and uneven-aged management using a 100-year harvest rotation. Large, medium, and small old-growth reserves are added in four biogeographic provinces.

Alternative 7. This alternative emphasizes an economic supply of timber from National Forest lands intended to meet Southeast Alaska timber industry demand. Alternative D++, an alternative considered but eliminated from detailed study in the unpublished 1992 Final Environmental Impact Statement for the Tongass Forest Plan Revision, is the basis of this alternative.

Alternative 8. This alternative emphasizes an economic supply of timber from National Forest lands, while also emphasizing fish and wildlife habitat protection and the karst and caves resource. A system of large, medium, and small old-growth reserves is added to Alternative D++, an alternative considered but eliminated from detailed study in the unpublished 1992 Final Environmental Impact Statement for the Tongass Forest Plan Revision.

Alternative 9. This alternative provides a mix of National Forest uses and activities while maintaining a supply of timber comparable to or greater than the last 15 years. This alternative is the current Tongass Land Management Plan (1979, amended 1986 and 1991).



The Preferred Alternative

The Forest Supervisors' Preferred Alternative is a variation of Alternative 3 described above. It also provides a mix of National Forest uses and activities similar to Alternative 2, with additional emphasis on fish and wildlife habitat protection and the karst and caves resource. A system of large, medium, and small old-growth forest reserves is added to Alternative P from the unpublished 1992 Final Environmental Impact Statement for the Tongass Forest Plan Revision.

The Preferred Alternative differs from Alternative 3 in several ways (see Table 1). Riparian Option 2 is used for the higher quality watersheds rather than Option 1, and Option 3 (rather than Option 2) for the rest. Special management of the extended beach fringe (500-1000 feet) and management direction related to deer habitat capability are not included. The allowable sale quantity is 357 MMBF annually for the first decade, and the NIC I ASQ component is 297 MMBF, assuming all two-aged management.

The Forest Supervisors used nine criteria to identify a Preferred Alternative, and discussed their rationale for the selection in a cover letter accompanying the Revised Supplement. The criteria and some of the accompanying reasons are listed here:

1. **Incorporate a habitat management strategy for wildlife viability.** The Preferred Alternative will maintain wildlife populations through a complex of large, medium and small old-growth habitat reserves laid out across the Tongass totaling over one million acres outside Congressionally designated areas. Also, the Preferred establishes a beach fringe of 500 feet and an estuary fringe of 1,000 feet in which no scheduled timber harvesting will occur; and where site-specific conditions allow, it uses two-age management in which 10-20 percent of the trees in each harvest

unit would be left uncut to improve the habitat quality of second-growth stands in the future.

2. **Strengthen the riparian management direction.** The Preferred Alternative improves protection of watersheds with high fish values by incorporating recommendations of the Anadromous Fish Habitat Assessment (AFHA) report (Riparian Option 2). In other watersheds, management direction is also substantially expanded over current stream protection direction.
3. **Protect karst and cave resources.** The Preferred Alternative increases protection for vulnerable karst areas and caves through Forest-wide standards and guidelines that exceed the Federal Caves Resources Protection Act.
4. **Address resource-supply needs and socio-economic effects on local communities.** The Preferred Alternative has an annual average allowable sale quantity (ASQ) of 357 MMBF, of which 297 MMBF is projected to be economically feasible to schedule for harvest. Of the 297 MMBF, an estimated 261 MMBF is sawlog timber. It will meet 95 percent of the estimated market demand for timber from the Tongass over the next 10 years, and will supply enough timber for both the Ketchikan Pulp Company long-term sale contract and about 100 MMBF or more annually to independent timber purchasers. The Preferred also meets the needs of the mining and fishing industries and should not significantly affect the tourism industry.
5. **Protect special and unique areas.** The Preferred Alternative recommends 25 rivers for Wild, Scenic, or Recreational River designation totaling 431 miles. It protects 16 new Special Interest Areas with unique geologic, zoological, or botanical features totaling 173,000 acres.

Recommended Wild, Scenic, or Recreational Rivers of the Preferred Alternative

<i>Chatham Area:</i>	Dangerous River, Glacial River, Hasselborg River, Kadashan River, Katzehin River, King Salmon River, Lisianski River
<i>Stikine Area:</i>	Anan Creek, Blind River, Fall Dog Creek, Farragut River, Harding River, Kadake Creek, Kah Sheets Creek, LeConte Glacier, Marten Lake and Creek, Petersburg Creek, Santa Anna Creek and Lake, Virginia Lake and Creek
<i>Ketchikan Area:</i>	Blue River, Chickamin River, Naba River, Salmon Bay Lake & Stream, Sarkar Lakes, Thorne River -- Hatchery Creek

Proposed New Special Interest Areas of the Preferred Alternative

Arena Cove, Bailey Bay, Blind Slough, Blue River, Clear River, Duke Island, Falls Creek Windthrow, Fish Creek, Karst Areas, Keku Islets, Mt. Edgcumbe, N. Hamilton River, Patterson Glacier, Pike Lakes, Soda Bay, Ward Lake

Table 2
Land Use Designation Group Comparisons (million acres)

Alt.	Wilderness	Natural Setting	Moderate Development	Intensive Development
1	5.9	10.9	<0.1	0.2
2	5.9	5.8	1.7	3.6
3	5.9	6.7	1.3	3.1
4	5.9	5.8	1.7	3.6
5	5.9	6.1	1.5	3.5
6	5.9	6.1	1.5	3.5
7	5.9	3.0	1.5	6.6
8	5.9	4.4	1.4	5.3
9	5.9	4.9	2.3	3.8
Preferred	5.9	6.7	1.3	3.1

Wilderness, Natural Setting, Moderate Development, and Intensive Development are roughly equivalent to LUD's I, II, III, IV of the current plan.

6. **Incorporate input from within and outside of the Forest Service on previous revision proposals.** The Preferred is based on Alternative P from the unpublished 1992 FEIS, which was a modification, based on public comment and additional analysis, of the Preferred Alternative in the 1991 SDEIS.
7. **Meet the requirements of all laws governing management of the Tongass.**
8. **Maintain future options and allow for changes based on new information.** The Preferred Alternative provides for a research program to

does not vary by alternative. Natural Setting generally includes most of the non-Wilderness LUD's that do not allow timber harvesting (such as Remote and Semi-remote Recreation, Old-growth Habitat, and Special Interest Areas). Moderate Development includes the two LUD's in which timber harvesting is done in a manner that considers recreation and scenic values (Modified Landscape and Scenic Viewshed). Intensive Development includes the Timber Production LUD.

The table can be used to make some general comparisons. Overall, those alternatives with higher acreages in the Natural Setting LUD group (remembering that Wilderness stays constant) will

cc:Mail for: Marieke Nordlinger

Subject: Tongass - 3/21 Juneau Empire

From: westland@Alaska.NET ('Chuck Achberger') at CC2MHS1 3/21/97 3:51 PM

bcc: marieke nordlinger at JNU_CAPITOL

To: westland@alaska.net at CC2MHS1

TLMP to be ready by June 20

By BETTY MILLS
EMPIRE WASHINGTON BUREAU

WASHINGTON - The long-stalled Tongass Land Management Plan will be released by June 20, U.S. Sen. Frank Murkowski said Thursday following a 45-minute meeting with Agriculture Secretary Dan Glickman.

Glickman also pledged to consider using Alaska scientists to study Southeast species such as the Queen Charlotte goshawk and Alexander Archipelago wolf.

The Capitol Hill session came on the eve of a lobbying blitz on the Tongass by Gov. Tony Knowles and several mayors from Southeast Alaska, scheduled for early next week.

Murkowski said he pinned Glickman down to the date of June 20, the end of spring. Earlier, Glickman only said TLMP would be released this spring.

``This thing has taken 10 years and we've spent \$30 million,'' said the Alaska Republican. ``I'm particularly concerned that the issues relating to species and habitat of the goshawk and Alaska wolf are going to be addressed by new scientists.''

Murkowski said the administration believes the additional scientific reviews are necessary to insulate the White House from future court challenges to TLMP. But if the plan had been issued in 1993, when the Forest Service signed off on the document, all the legal action would be over by now, the senator said.

Glickman said the Agriculture Department, which includes the U.S. Forest Service, is working hard to complete TLMP.

``We are moving as aggressively as we can,'' Glickman said.

Sen. Ted Stevens, Alaska's senior U.S. senator, attended part of the meeting with Glickman, but refused to comment.

Knowles plans to lead a contingent of several mayors, including Dennis Egan of Juneau, in meetings with Glickman and Erskine Bowles, chief of staff to President Clinton.

``I want them to know that this delay is harmful to the region,'' Knowles said in a prepared statement. ``It is hurting Southeast jobs and families.''
Chuck Achberger

ALASKA STATE LEGISLATURE

News From The House Majority

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House Resources Committee Urges Completion of Tongass Land Management Plan

For Immediate Release: March 20, 1997

Contact: Rep. Bill Hudson (907) 465-6820

JUNEAU - Urging the US Forest Service to bring the decade-long Tongass Land Management Plan (TLMP) to a conclusion and adopt a minimum annual harvest level of 300 million board feet (MMBF) is the intent of legislation introduced in the House of Representatives Thursday, sponsored by the House Resources Committee.

"House Joint Resolution (HJR) 32 encourages the US Forest Service to immediately finalize the TLMP for the Tongass National Forest so the people and communities of Southeast Alaska can move forward with their economic and personal lives with some degree of certainty," said Representative Hudson.

Hudson said the resolution puts the Alaska State Legislature on record supporting a level of timber harvest from the Tongass National Forest sufficient to prevent further loss of jobs in this important segment of the Southeast Alaska economy.

"We must have a minimum annual harvest level of 300 million board feet from the Tongass in order to reestablish a viable, integrated timber industry," said Hudson.

300 MMBF is the volume selected by the Forest Supervisors as the preferred alternative in the draft TLMP, and is supported by Governor Knowles' Southeast Regional Timber Task Force.

The current Tongass Land Management Plan was adopted in 1979, intending to strike a balance between preservationist interests and the needs of the Southeast Alaska people and communities for timber related jobs.

(more)

2-2-2-2-2

"After a decade of false starts, intervening federal legislation, court decisions and several public review drafts, the US Forest Service appears to be poised to make their decision on how the Tongass National Forest will be managed for the next 10 to fifteen years," said Hudson.

"While the Forest Service has stalled this plan the Southeast economy has lost \$60 million in forest products payroll since 1990 and half its timber jobs since the original TLMP. We must press them to finalize the plan immediately," said Hudson.

Hudson said available timber supply continues its steady decline despite the fact that analysis of the scientific data does not establish any decline in species after nearly half a century of logging on the Tongass. It appears, however, that the Forest Service is under intense pressure from the White House and the US Fish and Wildlife Service to reduce timber supply even further.

"The federal government must not delay finalization of the Tongass Land Management Plan. This resolution supports a minimum harvest level of 300 MMBF and the expedited completion of the TLMP process," said Hudson.

Broadcast Note: An audio actuality is available by calling 1-800-478-6540.

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SENATOR JERRY MACKIE

ALASKA STATE LEGISLATURE

SPONSOR STATEMENT

SJR 24, Tongass Land Use Plan

The purpose of SJR 24 is two-fold. First, it encourages the U.S. Forest Service to bring the decade-long development of the Tongass Land Use Management Plan (TLUMP) to a conclusion so the people and communities of Southeast Alaska can move forward with their economic and personal lives with some degree of certainty. The resolution supports a level of timber harvest from the Tongass National Forest sufficient to sustain a forest product industry and prevent further job loss and economic disruption in Southeast Alaska.

Secondly, the resolution endorses continued oversight by Congress and the Alaska Congressional delegation of Forest Service management activities relating to the Tongass. This endorsement urges review of the analyses and procedures employed by the Forest Service to ensure that decisions affecting the social and economic well-being of Southeast communities are appropriate and scientifically credible.

After a decade of false starts, intervening federal legislation, court decisions and several public review drafts, the Forest Service appears poised to adopt a final version of the land use management plan for the Tongass. During this time period the Southeast economy has lost \$60 million in forest products payroll and half of its timber jobs. The continuing decline in available timber supply has closed

two pulp mills and one sawmill. Without a plan that ensures some level of harvesting, the existence of any forest product industry in Southeast Alaska is threatened.

On December 20, 1996 the Southeast Regional Timber Task Force passed a resolution urging the Federal government to finalize a plan for timber harvest in the Tongass. The Task Force determined that a minimum annual harvest level of 300 million board feet (MMBF) was necessary to reestablish a viable, integrated timber industry. This volume has been selected by several Forest Supervisors of the Tongass as the preferred alternative in previous drafts of TLUMP.

Any delay in the finalization of the Tongass Land Use Management Plan is detrimental to the social and economic stability of Southeast Alaska. A plan that adopts a minimum 300 MMBF timber supply will stem the current decline and the associated economic depression of Southeast communities dependent on the forest product industry. SJR 24 requests the completion of the long delayed plan and that it include a 300 MMBF timber harvest level.

3/13/97

A BRIEF CRONOLOGY OF TONGASS PLANNING

1979 The current Tongass Land Management Plan was adopted. With revisions to update it to account for events such as the Tongass Timber Reform Act, it continues to provide the policy direction by which the Forest Service manages. Key features of the forest and the current plan are:

- An average Allowable Sale Quantity (ASQ) of 450 MMBF of saw timber per year (approximately 520 MMBF if the lower quality "utility" logs are counted).
- Total acres Tongass National Forest - **16.9 million acres**
- Total acres covered by rocks, ice and muskeg (non-forest) - **6.8 million acres** (40% of Tongass)
- Total acres naturally forested - **9.9 million acres** (60% of the Tongass)
- Forested acres set aside in areas where harvesting is forbidden - **8.2 million acres** (83% of forested acres)
- Acres included in Forest Service's 150-year timber harvest plan - **1.7 million acres** (17% of forested acres)
- Acres harvested since 1954 - **395,643 acres** (3.9% of forested acres, and 2.34% of the entire Tongass land base)
- Annual rate of harvest **1/3 of 1%** of total forested acres

1987 National Forest land management plans, by law, must be revised every 10 to 15 years. The Forest Service began revising the 1979 TLMP in 1987.

1989 The Forest Service was prepared to issue a draft of their revision but held up because of impending Congressional action.

1980 Congress passed the Tongass Timber Reform Act(TTRA) which added additional millions of acres of Wilderness and other non-timber harvest land allocations. TTRA also made unilateral changes to the Ketchikan Pulp Company(KPC) and Alaska Pulp Company(APC) long-term timber contracts - changes which ultimately resulted in the closure of both of these mills. Litigation filed by APC continues. KPC litigation was settled recently by an agreement which pays KPC \$140,000,000 and provides for 300 MMBF of timber to keep sawmills in Ketchikan and Metlakatla operating for another three years.

1991-92 The Forest Service put out a Draft Supplemental Environmental Impact Statement (DSEIS) designed to pick up the changes to its 1989 plan occasioned by passage of the TTRA. The internal review draft of the Final Supplemental Environmental Impact Statement (FSEIS) was completed in October 1992 - one month before the election which resulted in the change in Administrations.

1993 The February 1993 internal review draft of the Record of Decision, which was designed to make a selection among alternatives based on the internal review draft FSEIS, selected an alternative which would have provided approximately 429 MMBF (approximately 497 MMBF including "utility" volume) of timber on the average, per year. This would have been sufficient to maintain the level of timber industry employment from activities on the National Forest (2400 jobs) which existed at the time of TTRA's passage in 1990. The Regional Forester clearly set forth his reason for turning down alternative A, the "environmentally preferred alternative", which provided an average annual amount of 278 MMBF (approximately 322 MMBF including "utility" volume). The Regional Forester stated 278 million board feet was insufficient to protect jobs and the timber dependent communities.

The 1993 internal review draft was never signed. Instead, because of the spotted owl controversy in the pacific northwest and the strong environmental agenda of the then new Clinton administration, the Forest Service chose to take a second look at, primarily, the question of wildlife viability.

1995 With virtually no new information not available to them in crafting the 1993 internal review draft, the Forest Service issued a new draft plan with a preferred alternative having an ASQ of only approximately 252 MMBF (297 MMBF including "utility" volume)

1997 Currently the Forest Service is in the process of choosing a final preferred alternative. Delay has followed delay and they are now taking yet another look at the wildlife viability questions. It appears the Forest Service is under intense pressure from the White House and the US Fish & Wildlife Service (FWS) to reduce timber supply even more. This pressure is likely a function of concern that FWS will list the goshawk and wolf as endangered if the Forest Service does not pick an ASQ sufficiently low to virtually reduce perceived risk to zero - this despite the fact that analysis of the scientific data does not establish any decline in either species after nearly a half century of logging on the Tongass. Further, the Forest Service's own biologists along with others from ADP&G, FWS and universities found none of the plan alternatives would result in wolf extinction. As for the goshawk, so little is known about their current population levels and habitat requirements no meaningful projection of cause and effect relationships can be made at this time.

In summary, there has been a steady and inexorable decline in the amount of federal timber available to support a timber industry in Southeast Alaska from approximately 522 MMBF including utility in 1979 to less than 300 MMBF today with the strong likelihood of a further reduction possibly to as low as 100 MMBF.

HOUSE JOINT RESOLUTION 32
&
SENATE JOINT RESOLUTION 24

STRIKING A BALANCE ON THE
TONGASS NATIONAL FOREST

MARCH 1997

WALT SHERIDAN & ASSOC.
JUNEAU, ALASKA

INTRODUCTION

The purposes of HJR 32 and SJR 24 are two-fold. First, they encourage the US Forest Service to bring the decade-long Tongass Land Management Plan to a conclusion so the people and communities of Southeast Alaska can move forward with their economic and personal lives with some degree of certainty. And second, they put the Alaska Legislature on record as supporting a level of timber harvest from the Tongass National Forest sufficient to prevent further loss of jobs in this important segment of the Southeast Alaska economy.

WHY NOW

After over a decade of false starts, intervening Federal legislation, court decisions and several public review drafts, the US Forest Service appears to be poised to make their decision on how the Tongass National Forest will be managed for the next ten to fifteen years. That decision will have profound effects on the people and communities of Southeast Alaska and, by extension, the State's economy as a whole.

The US Forest Service decision, which is expected by May, could cause the loss of many of the remaining timber and timber support jobs in the region. More significantly, in the long term the decision may preclude the restructuring of a timber industry employment base around new technologies and value added processing opportunities.

HOW DID WE GET HERE?

In 1979 the US Forest Service in partnership with the State of Alaska and Southeast Alaska communities adopted a plan for managing the Tongass National Forest for the next 10 to 15 years. Called the Tongass Land Management Plan, or T-LUMP, the plan allowed for a timber harvest level of up to an average annual amount of approximately 520 million board feet including low-value utility logs. The plan also instituted stringent fisheries protection measures and recommended Congressional designation of nearly a third of the forest as Wilderness.

The 1979 TLMP was intended to strike a balance between preservationist interests and the needs of the Southeast Alaska people and communities for timber related jobs. The essential compromise embodied in the 1979 TLMP was 5.4 million acres of Wilderness for timber sufficient to support a little over 3100 direct timber jobs.

The compromise didn't last very long however. Throughout the decade of the 80's, environmental lawsuits, bureaucratic inefficiencies and poor market conditions conspired to suppress actual harvest volumes to only about two-thirds of what was envisioned in the plan. Further, by the mid to late 80's environmental interests were petitioning Congress for Tongass "reform" which by their agenda meant Congressional designation of additional millions of acres of Wilderness, mandatory stream buffers and cancellation of the two long-term contracts which supplied the raw materials for the Sitka and Ketchikan pulp and sawmills.

Congress took action in 1980 with passage of the Tongass Timber Reform Act (TTRA). Among other things, TTRA carved additional Wilderness and other non-timber harvest allocations from the Tongass. The Congress, however, declined to cancel the two long-term contracts. Instead, Congress chose to unilaterally change the deal. Regrettably, the die had been cast for the loss of this segment of the industry and the jobs which it had provided to the economy of Southeast Alaska for nearly a half century.

In 1993, the Alaska Pulp Company announced the temporary closure of its facility in Sitka citing the unavailability of an economic timber supply. The company sought Government approval to explore conversion of their Sitka facility to some other manufacturing process such as medium density fiberboard. The Government responded by canceling the contract. Over 400 high-paying, year-round jobs were lost to the Sitka community.

In 1994 a similar fate befell the community of Wrangell with the announcement of the closure of the Wrangell Sawmill due to lack of a consistent, and economic supply of timber. Over 200 jobs were lost to this community.

Finally, in 1996 the Ketchikan Pulp Company announced the planned closure of its operations as of March 22 of this year. Thankfully, subsequent negotiations between the Government and Ketchikan Pulp Company appear to have provided a three-year reprieve for the Company's sawmilling employees in Ketchikan and Metlakatla. However, the immediate job loss to Ketchikan is still an astounding 500+ jobs.

In summary, under the 1979 TLMP direct jobs in the timber industry have declined from a high of over 3100 in 1979 to the present low of less than half the 1979 level with closure of the KPC pulp mill. Yet additional job loss can be expected if the current direction of Federal timber policy is not reversed.

Ironically, and based on a bizarre twisting of classical economic theory, the Forest Service has consistently interpreted the declines in the timber industry as a reduction in demand for Tongass timber. This, in spite of Pacific Rim demand projections indicating strong and increasing demand for competitively priced wood products. The Forest Service demand projections acknowledge no agency culpability for the job losses from agency actions affecting the supply of timber, costs of production, or otherwise.

GOSHAWKS, WOLVES AND TONGASS TIMBER

In 1993 and 94, environmental interests filed petitions with the US Fish and Wildlife Service to list the so called Queen Charlotte goshawk and Alexander Archipelago Wolf as endangered under the Endangered Species Act. The basis for the petitions was the perceived long-term threat to the two species from continued harvesting of timber from the Tongass.

After months of study, the US Fish and Wildlife Service (FWS) in 1995 concluded neither species to be endangered. Their findings, however, were qualified. The qualification was the forthcoming Tongass Land Management Plan would include changes in Federal timber policy acceptable to the Fish and Wildlife Service as adequately protecting the long-term viability of the two species. Obviously, this gave the Fish and Wildlife Service a substantial lever on the Forest Service's ultimate decision in that without FWS concurrence, listing of the goshawk and wolf became much more probable. This already substantial lever was about to become even stronger however.

In October of 1996, law suits filed by the environmental petitioners seeking to overturn the FWS's earlier "not warranted" finding proved successful. The court essentially ruled FWS could not base its findings on the assumption that future decisions of the Forest Service would change Federal timber policy sufficiently to satisfy FWS as to the long-term viability of the two species. FWS has until May of this year to issue a new finding.

Not coincidentally, the Forest Service plans to make its TLMP decision by early May. Clearly, the Forest Service decision will be heavily influenced by what will be

acceptable to FWS. The listing of either or both species as endangered under the Endangered Species Act will simply not be considered an acceptable outcome by either agency or, probably more importantly, the Federal Administration.

Unfortunately, the agency with the legal responsibility for making the listing decision has no legal mandate to consider the effects of its decision on the lives of the people and communities of Southeast Alaska. As a result, there is considerable pressure on the Forest Service to significantly reduce harvest levels from historic levels. Some estimates are FWS is pressing for an annual harvest level of less than 100 million board feet - a level so low as to virtually eliminate the timber industry in Southeast Alaska as a significant part of Southeast Alaska's economy.

VALUE ADDED: SAVIOR OR MYTH

Much has been heard recently about restructuring the Southeast Alaska timber industry toward heavier reliance on "value added" processing. Value added processing is not a term with a precise meaning. Arguably, any processing which adds value to a log would meet the criterion for being a value added process. Certainly, converting low-value cull material into a product from which rayon dresses can be made, as was the case with the two now extinct pulp mills, would qualify as value added. However, as used in the current debate, value added processing has come to mean processing which produces more, and often substantially more, jobs per harvested tree than in the past. Examples used include door and window frames, moldings and musical instruments.

Value added processing has become the apple pie of the Tongass debate. Everyone is for it. Carrying the apple pie analogy a bit further, some forget apple pie is but the end product of a highly complex process. Apples must be grown, harvested, processed and transported. The same with the flour, sugar, spices, etc. Remove any one of these elements and you no longer have an apple pie. Cause any one or more of these elements to become inefficient and the price of apple pie may become uncompetitive. The same rules apply to establishing a value added timber industry in Southeast Alaska.

THE NEED FOR AN INTEGRATED FOREST INDUSTRY IN SUPPORT OF VALUE ADDED PROCESSING

Expansion of significant value added timber processing opportunities in Southeast Alaska will occur only as a part of an integrated forest industry. An integrated forest industry must consist of all of the direct and indirect components necessary for a

sustainable forest industry that is economically, environmentally and socially sound. Elements of such an industry must include support industries such as tug and barge lines, financial services and communications, to name just a few.

The industry must also be of sufficient size so that its individual components are self sustaining. For example, the annual timber sale program must be sufficiently large to support at least several road building and logging contractors on a sustainable basis. The number of such contractors which will have a reasonable probability of staying in business is primarily a function of the overall size and reliability of the annual timber sale program. Below a certain level of sale activity, these skills are lost at the local level and, along with them, the competitive cost advantage of the local contractor.

The size and composition of individual sale offerings are also important factors in determining whether or not a viable integrated industry can exist. The geography, weather and relative undeveloped nature of Southeast Alaska create cost inefficiencies which, if not mitigated, place Southeast Alaska operators at a severe competitive disadvantage. For example, a particular sale offering must be of sufficient size to justify the high cost of establishing a remote camp. It must also provide enough work for at least one road building and one logging crew for at least a sufficient length of time to amortize the cost of moving in and out. Anything less and the associated cost inefficiencies will drive a company out of business.

Another important element of an integrated forest industry is its ability to utilize the full range of raw materials found in the typical Tongass forest stand. Forest stands on the Tongass are not uniform. Such stands have the potential for a wide range of products from medium density fiberboard (MDF) to piano sounding boards. Utilization of these stands requires reasonable outlets be available to process the high value material as well as the lower value logs and residual material. With the close of the pulp mills, a serious gap has been created in the ability of industry to effectively utilize the diverse range of materials - in particular, pulp logs and residual chips from sawmilling operations.

A key component of any plan to reestablish a timber industry in Southeast Alaska must include a strategy for the utilization of these pulp logs and residual chips - responsible conservation and stewardship principles demand nothing less. Currently, with the closure of the KPC pulp facility, there is no local market for this material. Furthermore, at least in the near term, there may be no economic export market for this material in either round log form or as chips due to the high cost of transporting the

material and the availability of much lower cost alternative raw material sources. Many industry analysts predict that this trend will be long-term, adding yet another impetus to the need for the processing of this material in Southeast Alaska. Any option which fails to include realistic opportunities for the utilization of pulp logs and residual chips may not be viable from either a conservation, economic or social perspective.

Higher valued products, be they finished lumber, molding or guitar faces, typically can be made only from the higher grades of wood - grades which represent only a small fraction of the average forest stand. In other words, a fairly substantial amount of volume must be harvested and processed into other than these so called value added products if the value added products are to make a significant contribution to the creation of jobs - this even if the value added products produce several times the number of jobs per tree harvested than their more mundane cousins.

The high value added product is the pinnacle of the integrated forest industry hierarchy but it probably cannot exist in any substantial form independent of the infrastructure and support provided by the industry as a whole - at least not in Southeast Alaska. High value specialty product manufacturers do not require large volumes of wood but these manufacturers also have little ability to acquire even these relatively small amounts other than as one of many outputs from an integrated forest industry. It would be totally unreasonable to expect the high value specialty product manufacturer to go into the road building, logging and sawmilling business in order to acquire the relatively small volume of high quality raw materials needed. Conversely, the integrated industry needed to supply the raw material needs of the high value added manufacturer must process enough quantity of material to realize some measure of economy of scale in order to stay in business.

HOW MUCH IS ENOUGH?

In December of 1996, the Governor's Timber Task Force addressed the issue of the minimum timber supply needed to reestablish a viable, integrated timber industry. Based on a paper prepared by the industry members of the Task Force titled "Four Visions of the Timber Industry on the Tongass National Forest", the Task Force passed a resolution calling for a minimum annual harvest level of 300 million board feet (MMBF).

300 MMBF is the volume selected by the Forest Supervisor's as the preferred alternative in the draft TLMP. Prior to the announcement of the closure of the Ketchikan

Pulp facility, it was also the volume supported in public statements by the Governor (i.e., sufficient volume for KPC plus 100 MMBF for small businesses).

At the 300 MMBF harvest level, there would be sufficient volume to justify the establishment of a minimum facility to process low grade logs and residual chips. Approximately 307 jobs would be provided through road construction, 578 jobs through timber harvesting and 25 jobs through exporting cedar. There would be 505 sawmilling jobs to provide primary manufacture. The sawmills would be operating at 70-75% capacity. There would be 125 jobs connected with the pulp logs and residual chip facility and 209 jobs connected with value added manufacturing facilities such as remanufacturing, planing, finger joints, molding and shakes. Opportunities for additional value added facilities would be limited only by the imagination of the entrepreneurial community to define viable business opportunities. The raw and semi-processed materials needed for such value added products would be available.

BALANCING JOBS AND THE ENVIRONMENT

According to the Forest Service, 300 MMBF of timber can be harvested from the Tongass on an annual basis in perpetuity without significant adverse environmental effects to fish, wildlife or other important resources. This was the conclusion of the three Tongass Forest Supervisors in announcing their recommended alternative on April 5 of last year. The Forest Supervisor's alternative, with an economic allowable sale of 297 MMBF, was characterized by the Supervisors as reflecting "---a balanced judgment in how best to resolve the issues facing the Tongass because it is based on the analysis conducted by the interdisciplinary team and the scientists, with the input of these other agencies".

Again according to the Forest Service the draft Tongass plan with its recommended harvest level of 297 MMBF "---was developed with much greater involvement by Forest Service Research scientists and representatives of the Environmental Protection Agency and Fish and Wildlife Service than any previous forest planing proposal".

With respect to the effects of the Forest Supervisor's recommended alternative on wildlife, the Supervisors stated "We believe, after a through review of the panel assessments and related work in the Revised Supplement, that our preferred alternative, if implemented for 10-15 years, will maintain the viability and distribution of wildlife

species across the Tongass." There has been no "new" science since the Forest Supervisors reached this conclusion. Clearly, a 300 MMBF harvest level from the Tongass is attainable while meeting environmental constraints and our stewardship and sustainability responsibilities.

CONCLUSION

The long awaited conclusion of the Tongass Land Management Plan appears to be near. The decision by the Forest Service will have profound effects on the people and communities of Southeast Alaska. That decision is being heavily influenced by single issue concerns of the US Fish and Wildlife Service for long-term protection of goshawks and wolves - concerns with inadequate scientific basis but with potentially dire consequences for reestablishing a viable timber industry in Southeast Alaska.

The Governor's Timber Task Force has recommended the Forest Service select a plan which allows for a harvest level from the Tongass of at least 300 MMBF annually in order to reestablish an industry capable of utilizing the full range of timber from the Tongass and of providing the raw and semi-processed material needed for new value added industries to become established. An annual harvest level of 300 MMBF is attainable while protecting fish, wildlife and the other important resources of the Tongass and Southeast Alaska.

SOUTHEAST CONFERENCE

An Alaska Regional Development Organization and USDA Resource Conservation and Development Council

March 20, 1997

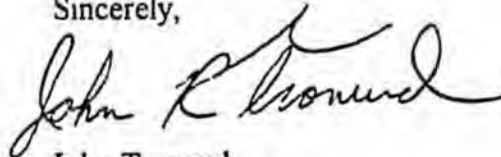
The Honorable Tony Knowles
Governor of the State of Alaska
P.O. Box 1100001
Juneau, AK 99811

Dear Governor Knowles:

During their recent mid-winter meeting in Juneau, Southeast Conference's Board of Directors discussed the state of the Forest Service's Tongass Land Management Plan revision and considered what the Conference might do to support you in your efforts on behalf of Southeast Alaska's people and communities. Knowing you are going to Washington DC to urge on the Department of Agriculture and White House expeditious completion of the TLMP revision, the Board decided on behalf of Conference members to go on record with the attached letter.

We wish you success in your efforts.

Sincerely,



John Tronrud
President

Attachment

SOUTHEAST CONFERENCE

An Alaska Regional Development Organization and USDA Resource Conservation and Development Council

March 20, 1997

Mr. Phil Janik
Regional Forester
USDA Forest Service
P.O. Box 21628
Juneau, AK 99802

Dear Phil:

In spite of recent events, the forest products industry continues as a vital component of Southeast Alaska's economy. To help mitigate the consequences of past and projected future downturns in this component, Governor Knowles chartered a Timber Task Force to bring him recommendations on actions his administration should take to restructure, strengthen, and diversify the region's timber economy.

Our understanding is that, absent the final Tongass Land Management Plan, the Task Force has gone about as far as it can go in doing what the Governor asked. Without a Plan that establishes how much feedstock will be reliably available to manufacturing concerns, it is impossible for the Task Force to project the size and structure of the industry that will result, let alone tell the Governor what his administration should do to facilitate transition from the present to the future. As a result, the people and communities of Southeast Alaska face continuing uncertainty about the future strength of their economies, the future health of their communities, and the future quality of their environment.

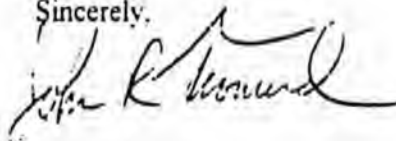
For that reason, we were distressed and disappointed by your recent announcement that publication of the final Record of Decision and Forest Plan has been delayed. Once again we hear that the science on which your most recent effort is based must be "reassessed"; once again we hear your socio-economic analysis is considered wanting; once again what was defended a few months ago as good enough is not considered good enough now.

We think the time for deliberation has passed - we think the time for action has arrived. While the Conference has been and continues to be critical of the draft TLMP revision you published last year, in the interest of reducing uncertainty so our people and communities can get on with their lives, we think the time for decision has come.

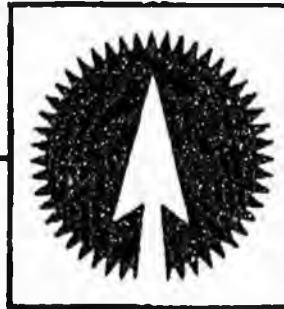
Southeast Conference recommended last August that you adopt draft TLMP revision Alternative 2 as the course of action least likely to bring unnecessary economic and social harm and distress to the people and communities of Southeast Alaska. We stand behind that recommendation and hold that it is not inconsistent with what the Governor's Timber Task Force believes to be necessary to sustain a healthy, diversified value-added timber economy in Southeast Alaska.

Southeast Conference urges you to make up your mind based on what has already been placed before you by your Forest Supervisors and the public and that you publish a Record of Decision and Forest Plan now.

Sincerely,



John Tronrud
President



**Testimony of Jack E. Phelps, Executive Director
In support of HJR 32
Offered to the House Resources Committee
March 25, 1997**

Mr. Chairman, members of the Committee:

Thank you for introducing House Joint Resolution 32, *A Resolution Relating to the Tongass Land Management Plan and to Continued Congressional Oversight of that Plan*. I also thank you for hearing this measure at this time. The Alaska Forest Association (AFA) wishes to be on record in support of HJR 32, and urges the committee to act on it quickly so that it may be heard on the House floor soon.

As you know, the Tongass Land Management Plan has been a matter of great controversy throughout Southeast Alaska over the past several years. The plan under which the Forest Service and the industry are currently operating has been in effect since 1979. The Revised Plan has been in the works for more than 10 years. A Record of Decision was produced in 1993 which specified new environmental protections but demonstrated the ability of the Forest Service to continue an Allowable Sales Quantity (ASQ) of 450 million board feet (mmbf). That decision was never signed, and since that time the Forest Service has completely reworked the Revised Plan. Last spring, the Forest Supervisors unveiled their new draft preferred alternative, which reduced the ASQ to 357 mmbf, of which the Forest Service says only 297 mmbf will be economic to harvest under current conditions.

While the AFA believes this ASQ was unnecessarily low, members of the industry are now more greatly alarmed by persistent rumors that the lengthy delay in releasing the plan is related to efforts by the White House's Council on Environmental Quality and the U.S. Fish and Wildlife Service (FWS) to push the Allowable Sales Quantity much lower; perhaps into a range below 100 mmbf. If this turns out to be the case, it will utterly destroy any hopes Alaskans may harbor for maintaining and restoring that segment of its timber industry operating on Federal land.

Among the key factors that are likely to influence the contents of the plan are the persistent efforts to obtain Endangered Species Act listings for the so-called Alexander Archipelago wolf and the Queen Charlotte (or Northern) goshawk. Actual data collected so far on both these creatures

would lead a reasonable person away from the conclusion that the listings are warranted, but it appears that political factors are limiting the information that is being considered as part of the decision-making process. In any event, the failure by the Forest Service to release the plan as scheduled seems to be a factor in the attempts by radical elements within the FWS to obtain the listings.

For all these reasons, the AFA considers the present resolution to be an important part of an overall effort to continue Congressional oversight of the proposed Tongass Land Management Plan revision. If ever there were a situation in which it is appropriate for elected leaders to monitor carefully the activities of the unelected bureaucracies, this is one. The entire Clinton/Gore alliance with the radical national environmental community is at work on this one, and the honest, working people of the Tongass are those who stand to lose if they prevail. The timber workers of Southeast Alaska, together with their families and the timber dependent communities need the full attention of Congress directed to this issue. Your assistance in this through actions like HJR 32 are very useful in helping maintain that focus.

In closing, I do believe there is a change you should consider to the resolution as written. On page 3, lines 2 - 11, the resolution refers twice to a "harvest level of 300 mmbf," and urges the Forest Service to maintain that harvest level. While it is appropriate for the industry and the legislature to talk about the need for a specified minimum harvest level, the Forest Service cannot actually control a "harvest level." What they can control is *consistent offerings* of economic timber sales spread throughout each fiscal year. So, I would urge the committee to rewrite those two resolved clauses so that they assert the need for the Forest Service to "make an annual amount of at least 300 mmbf of economic timber available with offerings uniformly released throughout each fiscal year." This will more correctly address the problem of annual harvest levels needed to keep the industry healthy, while using language that reflects what the Forest Service can actually control.

Thank you for considering my comments. And thank you again for weighing in on this crucial problem facing the timber industry in Alaska. Please feel free to contact me if I can be of further assistance.

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TESTIMONY OF
COMMISSIONER WILLIE HENSLEY
STATE OF ALASKA
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

BEFORE THE
SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

REGARDING
LEGISLATION RELATED TO TONGASS FOREST MANAGEMENT
SENATE BILL 1054

*Central
Planned
Economy*

Bumper

August 9, 1995



**Testimony of Commissioner Willie Hensley
Regarding Tongass Legislation (S. 1054)**

Mr. Chairman and members of the Committee, my name is Willie Hensley. I am the Commissioner of the Alaska Department of Commerce and Economic Development. On behalf of Governor Tony Knowles and Lieutenant Governor Fran Ulmer, I thank you for this opportunity to share our views on S. 1054 and other issues concerning the Tongass National Forest.

The Knowles/Ulmer Administration is committed to assuring a healthy, diversified economy for Southeast Alaska -- both for today and for the future. We are pleased that the Alaska Congressional delegation shares our goal in this regard. We differ with the delegation, however, on the methods and priorities to achieve this objective.

We recognize that Southeast Alaska's economy is, by virtue of the region's land base, inextricably linked to the Tongass National Forest. Consequently, balanced, sound management of the multiple-use Tongass is vital to the long-term social and economic well-being of the people and communities of Southeast Alaska.

To this end, the hallmarks which guide our policies in connection with the Tongass include:

1. informed decision-making and prudent management of our resources through the use of sound science;
2. multiple, balanced and sustainable use of the Tongass' rich resources, including conservation measures that reflect our concern for future generations of people who will depend on these resources;
3. a planning process that is inclusive of the many and varied interests associated with the Tongass and is designed to foster consensus; and,
4. maximum self-determination for the people of Southeast Alaska with respect to land management decisions which affect them, and a minimum of legislative prescriptions from Washington, D.C.

These are the criteria by which we evaluate Tongass policies.

The best means of incorporating these elements in the development of responsible management of the forest is through the Tongass Land Management Plan (TLMP) revisions. Regrettably, S. 1054 fails to incorporate these fundamental principles. For instance:

1. The bill is based on a false premise. The linchpin of the proposed legislation is purportedly jobs, but upon closer examination there are some fatal flaws to the scheme created by the bill. For instance, this legislation assumes that by requiring that a certain supply of timber be made available to the Southeast timber processing industry -- in quantities which may not be sustainable -- *why not* that it will assure profitable pulp mills and saw mills, well-paid jobs, and a healthy Southeast Alaska economy. There are problems with these assumptions, as well as with the following assumptions which appear to be the foundation for S. 1054:

* "The mills closed because of timber supply shortages" --
It is not clear that the alleged lack of timber supply has caused the problems at the mills. More likely, it was a combination of market conditions, production costs and international business decisions which contributed to their demise.
False

* "More timber will open the mills" -- Because international commodities have widely fluctuating prices, there is certainly no guarantee that the mills would open if timber were made available. The economic viability of these mills will be a function of prices, production costs, the willingness of the owners to make the necessary capital investments to modernize the facilities, and a number of other unknowns. In addition, even if the mills were to reopen, the question remains as to how long they could remain open and at what cost to other resources and values.
False

* "More timber will assure economic viability of other timber processing facilities like a medium density fiber board plant" -- Interestingly, despite all the discussions regarding a medium density fiber board plant, a feasibility study has not been done to demonstrate its economic viability, and yet the bill essentially mandates such a plant. Moreover, Sitkans have requested a hearing
Sitka
No

→ on this proposal and have planned a community vote for this fall

"Southeast Alaska communities are economically depressed" -- This assumes that radical surgery from Washington, D.C. is needed to help our local communities. Ironically, this notion of a "planned or centralized economy" is actually counterproductive to the goal of creating a strong, diverse economy. By mandating a specific job base for a particular industry over the interests of all the other industries, the bill erodes the underpinnings of the overall economy, with potentially long-term negative consequences. In fact, despite the loss of timber-related jobs, virtually every other category of employment has increased in Southeast Alaska. It is also noteworthy that in 1993 (the last year for which we have figures), 35% of the workers in the wood products industry (logging, sawmills and pulp mills) were not residents of Alaska.

2. The bill exalts timber-related jobs over all other jobs. In short, S. 1054 exalts timber-related jobs over all other jobs by mandating a harvest level sufficient to maintain a minimum of 2400 timber-related jobs (including a sufficient volume to provide for a medium density fiber board or similar facility in Sitka and a sawmill in Wrangell). In addition, section 2 of the bill requires that the Secretary of Agriculture actually meet market demand for timber harvest. In this way, the timber industry is assured of at least 2400 jobs, and may in fact be entitled to many more. As noted previously, this may jeopardize the Southeast Alaska economy by elevating one industry at the expense of others, thereby eroding the diversity needed for a strong, viable economy. *like what*

This requirement could have a dramatic and adverse effect on non-timber jobs in the Southeast Alaska economy. The Knowles/Ulmer Administration is fully committed to creating and maintaining jobs for Alaskans. The good news is that Southeast Alaska's economy is healthy, diversified, and growing, as evidenced by the thriving tourism and fishing industries. In fact, despite the decline in timber-related jobs, we have seen an increase in overall employment in Southeast Alaska from 33,826 in 1990 to 35,068 in 1994. Let me highlight some of the industry sectors for your information:

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Fishing. The fishing industry is the single largest private employer in Southeast Alaska. It continues to be a very strong industry particularly due to the State's efforts to protect the habitat of productive salmon streams.

Seafood Processing. There is increased emphasis on value-added seafood production and the processing of underutilized species. Employment in the seafood processing industry has increased from 1405 in 1990 to 1603 in 1994.

Mining and Minerals. The Tongass is one of the most heavily mineralized regions of Alaska. The minerals industry is actively exploring and expanding throughout the region. Several mines and exploration projects are in various stages of development throughout the Tongass, such as Greens Creek and Coeur Alaska's Kensington Project.

Tourism. In the past five years annual visitor expenditures in Southeast Alaska have grown from \$76.4 million to \$160.3 million. This increase of dollars was felt in all communities in Southeast Alaska. For example, Sitka saw a jump from \$5 million to \$14 million, while Ketchikan saw an increase from \$17 million to \$32 million and Wrangell went from \$500,000 to \$1 million.

Many U.S. Forest Service management areas serve these visitors, including Mendenhall Glacier, the Inside Passage, and Tracy Arm. The TLMP process is identifying new sites for expansion of the visitor industry in Southeast Alaska, from lodge development to helicopter access to more dispersed forms of independent and guided adventure travel -- all with an eye towards economic potential for the communities.

Handwritten: 40%

Perhaps most importantly, tourism jobs have increased from 2598 jobs in 1990 to 3637 jobs in 1994 -- an increase of nearly 40%.

We recognize that the timber industry has an important role in the overall balance of our economy. That is why we strongly support protecting existing jobs associated with the Ketchikan Pulp Corporation and the small and independent sale program. We also believe the industry needs, and is entitled to, a stable and predictable supply of timber on which to base its business

operations. Finally, we have suggested changes in federal law to promote high value-added use of the timber resources which we are pleased to see have been endorsed by Alaska's Senators. Implementation of these types of provisions could provide additional timber related jobs with a sustainable level of harvest.

Finally, we all regret the economic and human dislocation caused by the closure of the Sitka and Wrangell mills. In response to those closures, we are working closely with people in those communities to mitigate the impacts of the job dislocation associated with the shutdowns. For instance, in both cities the State has managed career transition centers, assisted in economic development projects, and accelerated the time frame for already approved capital projects to generate immediate jobs in the area. All of this has been done in an effort to help individuals in those communities help themselves so that they can exercise self-determination in designing the kind of future they want for themselves. It has also been done with an interest in promoting a diversified economy in order to bring stability to the region.

New Sec 3. The bill removes safeguards for habitat for fish and wildlife. The rich diversity and abundance of fish and wildlife, in the Tongass historically supported one of the largest Native American populations on the continent. Today, these fish and wildlife resources are still heavily relied upon by the residents of Southeast Alaska for subsistence, commercial, personal use and recreation. These are the resources that draw many residents and visitors to the region and maintain thousands of jobs and families.

Senate Bill 1054 would jeopardize these populations of fish and wildlife by potentially opening all suitable areas to logging on a scale that recent science has shown to be unsustainable. The changes made by this legislation would virtually guarantee that many species would become candidates for the endangered species list by prohibiting the U.S. Forest Service from taking pre-emptive actions to protect declining populations. For example, the recent decisions by the U.S. Fish and Wildlife Service not to list the Queen Charlotte goshawk and the Alexander Archipelago wolf as threatened or endangered were based, in part, on an understanding that the Forest Service was providing adequate forest protection to maintain viable populations of these species. Under this bill, those protective measures are explicitly prohibited because the bill requires that a legal threshold significantly greater than existing law be met before

measures may be implemented to protect these resources. Prevention, therefore, would be banned by law.

A current and high-profile example of how these conservation principles are important is the ongoing dialogue between Alaska and Canada in connection with the Pacific Salmon Treaty. Alaska's position in this debate is predicated on our good management and protection of our fisheries resources and their habitat. Alaska has consistently managed our fisheries resources for long-term sustainability and value. As a result, we have the healthiest populations of wild salmon in the world, with catches more than eight times higher than when Alaska took over fisheries management from the federal government at the time of statehood.

If we are not careful about these issues -- and we believe S. 1054 is not -- the Canadians may claim that we have undermined our conservation ethic in the interests of promoting forestry over fish. The international ramifications are considerable, risking both short-term and long-term damage to our fishing industry.

f. Not 50
4. The bill allows for timber harvesting in areas which were previously protected by Congress (LUD II's) and by means (highgrading) which were previously prohibited. One of the more troubling aspects of S. 1054 is that in order to meet the demands of this legislation, the United States Forest Service may be required to offer timber sales in areas that were set aside for special protection. These areas, known as LUD II's, represent some of the most sensitive habitat and recreation areas in the Tongass. In addition, many of these LUD II areas are premier salmon fishery watersheds and are critically important to the subsistence, sport and commercial fishing industries.

*St. W
Prohibited*
The bill would also allow the industry to engage in "highgrading" (selecting only the best trees for cutting) -- a timber practice rejected by most silvaculture experts -- and which was prohibited by the 1990 Tongass Timber Reform Act.

5. The bill closes the courthouse door to some while opening a new door to others. The bill effectively supersedes existing statutory and case law (i.e. National Environmental Policy Act, National Forest Management Act) in certain circumstances and changes the rules by which individuals may seek administrative or judicial relief. On the one hand, the bill limits the opportunity for

administrative and court relief of certain land management and planning decisions and creates accelerated time frames for other decisions. On the other hand, the bill establishes a new cause of action for persons and communities adversely affected by the Secretary's actions as a result of this legislation. This hardly seems like equal access to "justice".

6. The bill divides Alaskans rather than bringing us together. Instead of promoting a locally-based, consensus-oriented resolution to the issues related to the Tongass, this bill hinders such resolution. Furthermore, the bill polarizes the interests in the region by reopening old battles. As a result, the cure envisioned by the bill is actually worse than the purported illness.

The goal, as we see it, should be to create a balanced, long-term, and sustainable job base rather than an attempt at a solution by legislative fiat. In this regard, we want to reemphasize our belief that the TLMP process is the best means to achieve this goal.

To the extent that the Alaska Congressional delegation is determined to pursue legislation, we request that hearings concerning the bill be held in Southeast Alaska. The people most impacted by the bill generally cannot afford to come to Washington, D.C., particularly during the busiest months of the year. They deserve an opportunity to explain to Congress how the management of the Tongass affects their lives.

Conclusion

Written By SEAC

The Knowles/Ulmer Administration remains committed to the people and communities of Southeast Alaska. This commitment is based on a recognition of the region's diversity and an understanding that we have a responsibility to present and future generations who rely on the resources of the Tongass.

It is with this commitment in mind that we urge that this legislation be withdrawn. We request that you join us at the table of compromise. Let's work together with the communities and businesses of Southeast Alaska and the Forest Service to revise the TLMP to create a management plan that provides a balance of today's needs and tomorrow's opportunities.

SOUTHEAST CONFERENCE

An Alaska Regional Development Organization and USDA Resource Conservation and Development Council

**STATEMENT OF
BERNE C. MILLER
EXECUTIVE DIRECTOR OF SOUTHEAST CONFERENCE
BEFORE THE
HOUSE RESOURCES COMMITTEE
March 25, 1997**

My name is Berne Miller. I am Executive Director of Southeast Conference. To keep my remarks brief, I won't do more than tell you that Southeast Conference is the regional economic development organization for Southeast Alaska and that our Mission is to help build strong economies, healthy communities, and a quality environment in the region.

Based on that mission, for the past year and a half Southeast Conference has been an active participant in the Forest Service's Tongass Land Management Plan revision process. At the bottom line, the Conference has repeatedly urged the Regional Forester to select a TLMP alternative that does no unnecessary economic or social harm to Southeast Alaska's people and communities.

In the past, we have been critical of the Forest Service's TLMP work. In particular, we have said we think the Forest Service's examination of the socio-economic impacts of changing timber harvest levels on our region's people and communities is inadequate. We have also shown the Forest Service's timber analysis overstates harvest levels, regardless of alternative, by about 32 percent. For these reasons and others, last August we advocated the Forest Service delay completion of TLMP until defects in these and other parts of their analysis have been corrected.

But that was last August, before Ketchikan Pulp Company announced their mill would be closed. Between then and now, it has become abundantly clear that until a TLMP revision is published it will be impossible for anyone to project what kind of timber industry will exist after the inevitable downsizing and restructuring has run its course. Even less, can anyone project what that part of our region's economy that supports the timber industry will look like in the future. It is not hard to visualize the distress the attendant uncertainty has caused, is causing, and will cause for our region's families and businesses.

For that reason, while no less critical of the Forest Service's work, Southeast Conference recently changed its position. To minimize distress and uncertainty, to enable our region's people and communities to get on with their lives, we have urged that the Regional Forester to come to a decision based on what his Forest Supervisors have already placed before him and that he publish a TLMP revision now. Only after a reliable and predictable timber harvest level has been established will the many federal, state, and local agencies and private sector organizations and businesses already working on industry restructuring and local and regional economic recovery and revitalization be able to get on with their work.

The economy of Southeast Alaska is changing; restructuring in the timber component is only the most visible manifestation of what's taking place in other parts of our economy as well. If we are to rebuild a strong diversified economy, we must start now. We need a final Tongass Land Management Plan before we can get started. Southeast Conference thinks the Forest Service should publish now.

Modeling a Small-scale Secondary Manufacturing Timber Industry for Southeast Alaska--a Draft Working Paper

by Dave Katz

Presented to the Governor of Alaska's Southeast Regional Timber Task Force
December 12, 1995

"The reluctance on the part of some primary processors to implement a change of direction from volume to value strategy is due in large part to the fact that specialized markets necessitate far more management, greater attention to detail and added costs. These constraints pose very real problems...."

"Because a value-added product will require more operations to be performed, the manufacturing process requires more people, creates more employment and requires greater attention because of the fussy nature of the specialty product business....[You must] be willing to develop different approaches to meet the requirements of this business which is very dissimilar to the commodity lumber business...."

Douglas L. Cooper, Manager, Logging
Council of Forest Industries of British Columbia
Ketchikan, January 28, 1989¹ (Emphasis added)

"Past efforts to develop the timber-using industry and the timber-based economy have partially relied on strategies that encouraged a few, large firms. The current situation offers an opportunity for some transition to a large number of smaller firms. Markets appear to be more economically accessible to these firms than in the past."

Charting a Course for Sustainable Development in Southeast Alaska,
US Forest Service Forest Products Lab, Madison, Wisconsin, January 1996

(Five pages of description followed by 10 pages of modeling.)

¹From *Challenges and Responses: the British Columbia Forest Industry in the Late 1980s*, paper presented to "The Future of the Timber Industry in Southeast Alaska," a conference sponsored by the University of Alaska-Southeast and the Ketchikan Chamber of Commerce, Ketchikan.

Introduction

We can learn a lot from our neighbors.

In British Columbia, secondary wood manufacturing is big business. In 1992, the British Columbia value-added timber industry had at least 565 plants, over 11,660 employees, and in 1990 had total sales revenues of \$1.54 billion.²

The high-value-added sector is the dynamically growing segment of the Pacific Northwest timber industry, too. According to the University of Washington's Center for International Trade in Forest Products (CINTRAFOR), exports of secondary products through the Columbia-Snake River Customs Districts, which include all of Washington and Oregon, increased 181% between 1989 and 1993.³

According to the Evergreen Partnership, a Tacoma-based membership corporation aiding secondary wood products manufacturers, there are an estimated 1,400 secondary wood products producers in the states of Washington and Oregon, employing 33,000 people.⁴ Exports of secondary wood products increased nearly 200% from 1989 through 1995, reaching \$300 million.⁵

Canada, British Columbia, the states of Washington and Oregon, US government and academic organizations, and the Northwest forest products industry itself have all made a substantial effort to identify potential markets and export opportunities for their region's secondary wood products. Trade shows, conferences and workshops occur frequently, linking secondary manufacturers from the Northwest with Pacific Rim buyers, particularly from Japan. So far, Alaska has no comparable effort.

It's time for a new timber industry. In 1950, around the time the long-term timber contracts were signed with Ketchikan Pulp Company (KPC) and Alaska Pulp Corporation (APC), Southeast Alaska's population was around 25,000. It is now approaching 75,000, and demands on the forest from users other than the timber industry have increased enormously. At the same time, the timber base has shrunk. Because the Tongass is a National Forest, pressures and concerns from Americans outside Alaska will continue to play a major role in Tongass decision making.

The impending closure of the KPC pulp mill and ending of the last 50-year contract presents Southeast Alaskans the opportunity to build a new timber industry from the ground up, adopting what we think will work from BC and the PNW, and trying to create an industry that serves the needs of all Southeastern Alaskans and conserves our resources for the present and future. The challenge is to create a timber industry that produces a substantial number of timber jobs for Southeast Alaskans while remaining compatible with all the other uses of the Tongass--fishing, tourism, subsistence, fish and wildlife habitat, etc. To meet this challenge, we will need to take a new tack, and establish an industry that is very different from the one that was established for us by the long-term contracts.

²*Structure and Significance of the Value-added Wood Products Industry in British Columbia, Canada-British Columbia Partnership Agreement on Forest Resource Development, January 1993 at iii and 19.*

³CINTRAFOR Fact Sheet #13, August 1994.

⁴The Evergreen Partnership, *Prospectus* at 1.

⁵Greg Schellberg, Evergreen Partnership Executive Director, workshops sponsored by the Southeast Alaska Conservation Council in Ketchikan and Wrangell, February 1996.

An industry based on secondary manufacturing within the region is a necessity in Southeast Alaska. The new industry must produce local jobs by maximizing secondary wood product manufacturing, not by maintaining high levels of Tongass logging (half the logging jobs go to non-residents anyway). A modern timber industry, based on the free market and producing finished and intermediate products out of solid wood holds the promise of these benefits:

- The industry would comfortably exist on a lower logging level, thus helping ensure a stable timber supply. At the same time it would reduce threats to sensitive areas, conserve Tongass resources, and coexist with other segments of the economy.
- It would encourage economic diversity, rather than dependence on a single large company that could wind up effectively controlling the resource and calling the shots.
- It would produce more jobs for Southeast Alaskans on a lower cut. As configured below, the industry would produce as many as 18 direct jobs per million board feet utilized, similar to some regions in the PNW. The current Tongass timber industry produces only 5 jobs/mmbf.
- It would operate much closer to the free market, thus saving scarce government funding for other beneficial development projects.

Below, we take a first stab at modeling such an industry.

The Models

Construction of the Models

The models depict a Tongass timber industry based on secondary manufacturing, showing three different variations on a theme at each of three different logging levels--50 mmbf, 100 mmbf, and 150 mmbf.

I first modeled the sawn wood and waste/chips production at each of these logging levels. I then configured an industry and modeled the job outputs at each of these levels for (a) intensive secondary manufacturing (50% of the sawn product converted into intermediate and finished products); (b) moderate secondary manufacturing (40% of the sawn product converted into intermediate and finished products); and (c) lowest rate of secondary manufacturing (30% of the sawn product converted into intermediate and finished products). Thus, nine different scenarios are presented.

There is nothing magic about the particular industry configuration I chose. I felt it was reasonable; however, other configurations would have been just as reasonable. Designing a configuration is inherently speculative, because no such industry has ever existed in Southeast Alaska before.

General Results

The job numbers ranged from a low of 696 direct Tongass timber jobs at 50 million board feet (mmbf) logged and the lowest rate of secondary manufacture (14 jobs/mmbf), to a high of 2,729 direct Tongass timber jobs at 150 mmbf and intensive secondary manufacture (18 jobs per mmbf). The current Tongass-dependent timber industry produces only 5 jobs/mmbf, and in 1995 produced 1,216 direct jobs or just 3% of Southeast Alaska's total employment.

Secondary manufacturing produces very impressive job numbers. Even when I took the lowest rate of secondary processing and cut it in half on the assumption that it could take some time for the new

Tongass secondary industry to achieve the full rate of job production, total jobs still equaled 10 per mmbf. This rate is roughly double the current rate, and would provide all the direct timber jobs provided by the in the Tongass in 1995 (1,216)--but on a much lower cut of 122 mmbf.

In the modeled industry, logging and sawmilling provided only 33%-38% of the jobs. High-value-added operations, from doors and windows to furniture and miscellaneous cottage products, produced 62%-67% of the jobs.

The rate of local job production for Southeast Alaskans potentially achievable through secondary manufacturing dwarfs the jobs rate of the current industry. This new industry, very dissimilar from the current industry, is where Southeast Alaska needs to head.

Overall Assumptions

- The models address Tongass timber only. Native Corporation or State of Alaska timber can be added in as appropriate. Timber supply proportions: Cedar 12% (red 6% + yellow 6%); Hemlock 60%; Spruce 28%.
- Jobs are produced from the production of solid wood products only. There are no fiber-plant or other fiber-based jobs modeled. Solid wood products are finished to the same extent they are finished in B.C. and the PNW, from which the job numbers are largely derived.
- No round-log export. Cedar round-log export has been phased out. All logs are primary-processed within Southeast Alaska. Cedar, spruce and hemlock are sawn and remanufactured equally to the extent shown in each model.
- Small-diameter sawlogs are mainly sawed (rather than pulped).⁶ Overall, 80% of the timber supply is sawed. Sawmilling produces an average 30% overrun⁷ in lumber tally.
- Job numbers per unit volume derived from Forest Service ANILCA 706(a) reports; *Structure and Significance of the Value-added Wood Products Industry in British Columbia* (Canada-British Columbia Partnership Agreement on Forest Development, January, 1995 (FRDA Report 203)(hereinafter, *BC Wood*); personal visits to, and conversations with, Washington secondary manufacturers in May 1996; USFS, *Charting a Sustainable Future for Southeast Alaska* (January 1996); and data from the President's Forest Plan for the Pacific Northwest (FEMAT), 1993.

Essential caveats

- This is a first draft, a working document meant to illustrate some possibilities, provoke discussion, and provide a basis for efforts to recruit and move towards developing a new industry. The particular industry configurations modeled here are not final and could change. The fully developed high-value-added industry modeled here is a target that will take time to achieve. Nonetheless, it is the goal we should shoot for.

⁶Source: *Product Recovery From Hemlock "Pulpwood" From Alaska*. US Forest Service Pacific Northwest Forest and Range Experiment Station, January 1983.

⁷Note: Sawing small diameter hemlock sawlogs produces a 100% overrun in the Forest Service's 1986 lumber-yield test. We stick with the generally accepted 30% figure here.

- The modeling of the industry at any particular logging level does not in any way imply an endorsement of that logging level, or a judgment that that logging level is sustainable for all Tongass resources or is desirable for the forest. The purpose is to develop a snapshot of what could be done at that level.

Tongass logging level: 50 mmbf

		Total Roundwood	20% Unsaawable	80% Sawable	Saw Overrun	Total Sawn Product
12% Cedar (6% red, 6% yellow)	=	6 mmbf	1.2 mmbf	4.8 mmbf	X 1.3 =	6.2 mmbf
60% Hemlock	=	30 mmbf	6 mmbf	24 mmbf	X 1.3 =	31.2 mmbf
28% Spruce	=	14 mmbf	2.8 mmbf	11.2 mmbf	X 1.3 =	14.6 mmbf
Subtotals	=	50 mmbf	10 mmbf	40 mmbf	X 1.3 =	52 mmbf
Residual chips & waste =			<u>10-15 mmbf</u> 20-25 mmbf total chips and waste)*			<u>52 mmbf total sawn product</u>

Tongass logging level: 100 mmbf

		Total Roundwood	20% Unsaawable	80% Sawable	Saw Overrun	Total Sawn Product
12% Cedar (6% red, 6% yellow)	=	12 mmbf	2.4 mmbf	9.6 mmbf	X 1.3 =	12.5 mmbf
60% Hemlock	=	60 mmbf	12 mmbf	48 mmbf	X 1.3 =	62.4 mmbf
28% Spruce	=	28 mmbf	5.6 mmbf	22.4 mmbf	X 1.3 =	29.1 mmbf
Subtotals	=	100 mmbf	20 mmbf	80 mmbf	X 1.3 =	104 mmbf
Residual chips & waste =			<u>20-30 mmbf</u> 40-50 mmbf total chips and waste)*			<u>104 mmbf total sawn product</u>

Tongass logging level: 150 mmbf

		Total Roundwood	20% Unsaawable	80% Sawable	Saw Overrun	Total Sawn Product
12% Cedar (6% red, 6% yellow)	=	18 mmbf	3.6 mmbf	14.4 mmbf	X 1.3 =	18.7 mmbf
60% Hemlock	=	90 mmbf	18 mmbf	72 mmbf	X 1.3 =	93.6 mmbf
28% Spruce	=	42 mmbf	8.4 mmbf	33.6 mmbf	X 1.3 =	43.7 mmbf
Subtotals	=	150 mmbf	30 mmbf	120 mmbf	X 1.3 =	156 mmbf
Residual chips & waste =			<u>30-45 mmbf</u> 60-75 mmbf total chips and waste)*			<u>156 mmbf total sawn product</u>

*How can processing 50 mmbf log scale result in a greater total processed volume of lumber, chips and waste? Overrun. Another way of saying this is that board foot measure understates total cubic volume.

Jobs produced at 50 mmbf log scale: Intensive secondary manufacture (50%) (Scenario 1)

Assumptions: half the lumber product is sold in that form (export or local), and half is graded, sorted, and re-manufactured within Southeast Alaska into finished or semi-finished products. Total logging jobs: 100.

Logging jobs: 100

Total sawn product: 51 mmbf; Log homes 1 mmbf

Waste and chips: 20-25 mmbf

<u>Facility and Application</u>	<u>Amount of wood</u>	<u>Direct jobs per mmbf</u>	<u>Total jobs</u>
<i>Log homes:</i>	1 mmbf	41	41
<i>Breakdown milling: Sawmills, planer mills, drykilns</i> Dried and surfaced dimensional lumber for Alaska consumption and export--	25.5 mmbf	2	51
<i>Breakdown, grading, and remanufacturing:</i> <i>Sawmills, planer mills, drykilns,</i> <i>intensive grading in sortyard,</i> <i>remanufacturing: chop lines,</i> <i>finger-jointers, edge-glueers,</i> specialty and intermediate products, remanufactured clear components, source for:	25.5 mmbf	6	153
<i>Turning plant:</i>	1.5 mmbf	26.7	40
<i>Door plant:</i>	18 mmbf	17	306
<i>Window plant:</i>	3 mmbf	27.5	83
<i>Laminated beams:</i>	1 mmbf	11	11
<i>Furniture:</i>	1 mmbf	29	29
<i>Shingles:</i>	.5 mmbf	10	5
<i>Cabinets:</i>	.1 mmbf	558	56
<i>Cottage industry/other products:</i>	.4 mmbf	88	35
	Subtotal, secondary manufacture:		565

Subtotals

Logging	100
Log homes	41
Breakdown	51
Breakdown with intensive sorting and reman:	153
Intensive secondary manufacture:	<u>565</u>
Total jobs:	910
Jobs/mmbf log scale:	18

Notes:

1. The total jobs/mmbf number approximates the actual jobs/mmbf figure reported by the Forest Service for areas in Oregon where secondary manufacturing is prevalent (16 jobs/mmbf).
2. The door plant does not need all clear components. Thin veneers sliced from clear blocks cover lower-grade components, providing a clear appearance and greatly increasing the value of the product.
3. Sources of jobs/mmbf figures: Logging: USFS ANILCA 706 (a) reports; Log homes: *BC Wood*; Turning plant: actual turning plant north of Seattle; door plant: actual door plant in Tacoma; window plant: derived from review of Viking Lumber in USFS, *Charting a Sustainable Future for Southeast Alaska* (this figure understates the *BC Wood* figure); laminated beams: *BC Wood*; Furniture: *BC Wood*; Shingles: estimate of actual; Cabinets: *BC Wood*; Cottage industry/other products: estimate of actual.

Jobs produced at 50 mmbf log scale--moderate secondary manufacture (40%) (Scenario 2)

Assumption: 20% of the sawn product (10.2 mmbf) is high-grade flitch, which is exported. Half the remaining 40.8 mmbf (20.4 mmbf) is sold as domestic or export lumber and half (20.4 mmbf, or 40% of the total) is remanufactured within Southeast Alaska into finished or semi-finished products.

Logging jobs: 100

Total sawn product: 51 mmbf; Log homes: 1 mmbf

Waste and chips: 20-25 mmbf

<u>Facility and Application</u>	<u>Amount of wood</u>	<u>Direct jobs per mmbf</u>	<u>Total jobs</u>
<i>Log homes:</i>	1 mmbf	41	41
<i>Breakdown milling: Sawmills, planer mills, drykilns Dried and surfaced dimensional lumber and high-grade flitch for Alaska consumption and export--</i>	30.6 mmbf (10.2 + 20.4) (see above)	2	61
<i>Breakdown, intensive grading, and remanufacturing: Sawmills, planer mills, drykilns, intensive grading in sortyard, remanufacturing: chop lines, finger-jointers, edge-gluers, producing: specialty and intermediate products, remanufactured clear components, raw material for:</i>	20.4 mmbf (60% of total 51)	6	122
<i>Turning plant(s):</i>	1.5 mmbf	26.7	40
<i>Door plant(s):</i>	12.9 mmbf	17	219
<i>Window plant(s):</i>	3 mmbf	27.5	83
<i>Laminated beams:</i>	1 mmbf	11	11
<i>Furniture:</i>	1 mmbf	29	29
<i>Shingles:</i>	.5 mmbf	10	5
<i>Cabinets:</i>	.1 mmbf	558	56
<i>Cottage industry/other products:</i>	.4 mmbf	88	<u>35</u>
	Subtotal, secondary manufacture:		478

Subtotals

Logging	100
Log homes	41
Breakdown: domestic and export lumber:	61
Breakdown with intensive sorting and reman:	122
Intensive secondary manufacture:	<u>478</u>
Total jobs:	802
Jobs/mmbf log scale:	16

Notes:

1. The total jobs/mmbf number matches the actual jobs/mmbf figure reported by the Forest Service for areas in Oregon where secondary manufacturing is prevalent (16 jobs/mmbf).

Jobs produced at 50 mmbf log scale--lowest rate of secondary manufacture (30%) (Scenario 3)

Assumption: 40% of the sawn product (20.4 mmbf) is high-grade slicing flitch, which is exported. Half the remaining 30.6 mmbf, half (15.3 mmbf) is sold as domestic or export dimensional lumber and half (15.3 mmbf, or 30% of the total) is remanufactured locally into finished or semi-finished products.

Logging jobs: 100

Total sawn product: 51 mmbf; Log homes: 1 mmbf

Waste and chips: 20-25 mmbf

<u>Facility and Application</u>	<u>Amount of wood</u>	<u>Direct jobs per mmbf</u>	<u>Total jobs</u>
<i>Log homes:</i>	1 mmbf	41	41
<i>Breakdown milling: Sawmills, planer mills, drykilns</i>	35.7 mmbf	2	71
Dried and surfaced dimensional lumber for Alaska consumption and export--	(70% of total 51)		
<i>Breakdown, intensive grading, and remanufacturing: Sawmills, planer mills, drykilns, intensive grading in sortyard, remanufacturing: chop lines, finger-jointers, edge-gluers, specialty and intermediate products, remanufactured clear components, source for:</i>	15.3 mmbf (30% of total 51)	6	92
<i>Turning plant:</i>	1.5 mmbf	26.7	40
<i>Door plant:</i>	7.8 mmbf	17	133
<i>Window plant:</i>	3 mmbf	27.5	83
<i>Laminated beams:</i>	1 mmbf	11	11
<i>Furniture:</i>	1 mmbf	29	29
<i>Shingles:</i>	.5 mmbf	10	5
<i>Cabinets:</i>	.1 mmbf	558	56
<i>Cottage industry/other products:</i>	.4 mmbf	88	35
	Subtotal, secondary manufacture:		392

Subtotals

Logging	100
Log homes	41
Breakdown: domestic and export lumber:	71
Breakdown with intensive sorting and reman:	92
Intensive secondary manufacture:	<u>392</u>
Total jobs:	696
Jobs/mmbf log scale:	14

What if we don't get all this job production?

Assume, in the near-term, that only half the 30% available for secondary manufacturing actually received it, or alternatively that in the near term Southeast Alaska achieved only half the job production currently achieved in B.C. and the PNW for similar operations.

- Intensive secondary manufacturing jobs: $392/2 = 196$
- Total jobs: 500, or 10 jobs/mmbf

Current (1995) direct, Tongass-only timber job production: 1,216 total, or 5 jobs/mmbf on a cut of 222. Thus, even if only 15% of the cut received intensive secondary manufacturing, this industry would double the current jobs/mmbf figure, and a cut of 122 mmbf would provide all the jobs of the current industry.

Jobs produced at 100 mmbf log scale: Intensive secondary manufacture (50%) (Scenario 4)

Assumptions: half the lumber product is sold in that form (export or local), and half is graded, sorted, and re-manufactured within Southeast Alaska into finished or semi-finished products. Total logging jobs: 200.

Logging jobs: 200

Total sawn product: 102 mmbf; Log homes 2 mmbf

Waste and chips: 40-50 mmbf

<u>Facility and Application</u>	<u>Amount of wood</u>	<u>Direct jobs per mmbf</u>	<u>Total jobs</u>
<i>Log homes:</i>	2 mmbf	41	82
<i>Breakdown milling: Sawmills, planer mills, drykilns</i> Dried and surfaced dimensional lumber for Alaska consumption and export--	51 mmbf	2	102
<i>Breakdown, grading, and remanufacturing:</i> <i>Sawmills, planer mills, drykilns,</i> <i>intensive grading in sortyard,</i> <i>remanufacturing: chop lines,</i> <i>finger-jointers, edge-gluers,</i> <i>specialty and intermediate products,</i> <i>remanufactured clear components, source for:</i>	51 mmbf	6	306
<i>Turning plant(s):</i>	3 mmbf	26.7	80
<i>Door plant(s):</i>	36 mmbf	17	612
<i>Window plant(s):</i>	6 mmbf	27.5	165
<i>Laminated beams:</i>	2 mmbf	11	22
<i>Furniture:</i>	2 mmbf	29	58
<i>Shingles:</i>	1 mmbf	10	10
<i>Cabinets:</i>	.2 mmbf	558	112
<i>Cottage industry/other products:</i>	.8 mmbf	88	70
	Subtotal, secondary manufacture:		1,129

Subtotals

Logging	200
Log homes	82
Breakdown	102
Breakdown with intensive sorting and reman:	306
Intensive secondary manufacture:	<u>1,129</u>
Total jobs:	1,819
Jobs/mmbf log scale:	18

Notes:

1. The total jobs/mmbf number approximates the actual jobs/mmbf figure reported by the Forest Service for areas in Oregon where secondary manufacturing is prevalent (16 jobs/mmbf).
2. The door plant does not need all clear components. Thin veneers sliced from clear blocks cover lower-grade components, providing a clear appearance and greatly increasing the value of the product.
3. Sources of jobs/mmbf figures: Logging: USFS ANILCA 706 (a) reports; Log homes: *BC Wood*; Turning plant: actual turning plant north of Seattle; door plant: actual door plant in Tacoma; window plant: derived from review of Viking Lumber in USFS, *Charting a Sustainable Future for Southeast Alaska* (this figure understates the *BC Wood* figure); laminated beams: *BC Wood*; Furniture: *BC Wood*; Shingles: estimate of actual; Cabinets: *BC Wood*; Cottage industry/other products: estimate of actual.

Jobs produced at 100 mmbf log scale--moderate secondary manufacture (40%) (Scenario 5)

Assumption: 20% of the sawn product (20.4 mmbf) is high-grade flitch, which is exported. Half the remaining 81.6 mmbf (40.8 mmbf) is sold as domestic or export lumber and half (40.8 mmbf, or 40% of the total) is remanufactured within Southeast Alaska into finished or semi-finished products.

Total logging jobs: 200

Total sawn product: 102 mmbf; Log homes: 2 mmbf

Waste and chips: 40-50 mmbf

Facility and Application	Amount of wood	Direct jobs per mmbf	Total jobs
<i>Log homes:</i>	2 mmbf	41	82
<i>Breakdown milling: Sawmills, planer mills, drykilns</i> Dried and surfaced dimensional lumber and high-grade flitch for Alaska consumption and export--	61.2 mmbf (20.4 + 40.8) (60% of total)	2	122
<i>Breakdown, intensive grading, and remanufacturing:</i> <i>Sawmills, planer mills, drykilns,</i> <i>intensive grading in sortyard,</i> <i>remanufacturing: chop lines,</i> <i>finger-jointers, edge-glueers, producing:</i> specialty and intermediate products, remanufactured clear components, raw material for:	40.8 mmbf (40% of total)	6	245
<i>Turning plant(s):</i>	3 mmbf	26.7	80
<i>Door plant(s):</i>	25.8 mmbf	17	439
<i>Window plant(s):</i>	6 mmbf	27.5	165
<i>Laminated beams:</i>	2 mmbf	11	22
<i>Furniture:</i>	2 mmbf	29	58
<i>Shingles:</i>	1 mmbf	10	10
<i>Cabinets:</i>	.2 mmbf	558	112
<i>Cottage industry/other products:</i>	.8 mmbf	88	<u>70</u>
	Subtotal, secondary manufacture:		956

Subtotals

Logging	200
Log homes	82
Breakdown: domestic and export lumber:	122
Breakdown with intensive sorting and reman:	244
Intensive secondary manufacture:	<u>956</u>
Total jobs:	1,604
Jobs/mmbf log scale:	16

Notes:

1. The total jobs/mmbf number matches the actual jobs/mmbf figure reported by the Forest Service for areas in Oregon where secondary manufacturing is prevalent (16 jobs/mmbf).

Jobs produced at 100 mmbf log scale--lowest rate of secondary manufacture (30%)(Scenario 6)

Assumption: 40% of the sawn product (40.8 mmbf) is high-grade slicing flitch, which is exported. Of the remaining 61.2 mmbf, half (30.6 mmbf) is sold as domestic or export dimensional lumber and half (30.6 mmbf, or just 30% of the total) is remanufactured locally into finished or semi-finished products.

Logging jobs: 200

Total sawn product: 102 mmbf; Log homes: 2 mmbf

Waste and chips: 40-50 mmbf

<u>Facility and Application</u>	<u>Amount of wood</u>	<u>Direct jobs per mmbf</u>	<u>Total jobs</u>
<i>Log homes:</i>	2 mmbf	41	82
<i>Breakdown milling: Sawmills, planer mills, drykilns</i>	71.4 mmbf	2	143
<i>Dried and surfaced dimensional lumber for Alaska consumption and export--</i>	<i>(70% of total 102)</i>		
<i>Breakdown, intensive grading, and remanufacturing: Sawmills, planer mills, drykilns, intensive grading in sortyard, remanufacturing: chop lines, finger-jointers, edge-glueers, specialty and intermediate products, remanufactured clear components, source for:</i>	30.6 mmbf	6	184
	<i>(30% of total 102)</i>		
<i>Turning plant:</i>	3 mmbf	26.7	80
<i>Door plant:</i>	15.6 mmbf	17	265
<i>Window plant:</i>	6 mmbf	27.5	165
<i>Laminated beams:</i>	2 mmbf	11	22
<i>Furniture:</i>	2 mmbf	29	58
<i>Shingles:</i>	1 mmbf	10	10
<i>Cabinets:</i>	.2 mmbf	558	112
<i>Cottage industry/other products:</i>	.8 mmbf	88	<u>70</u>
	Subtotal, secondary manufacture:		782

Subtotals

Logging	200
Log homes	82
Breakdown: domestic and export lumber:	142
Breakdown with intensive sorting and reman:	184
Intensive secondary manufacture:	<u>782</u>
Total jobs:	1,390
Jobs/mmbf log scale:	14

What if we don't get all this job production?

Assume, in the near-term, that only half the 30% available for secondary manufacturing actually received it, or alternatively that in the near term Southeast Alaska achieved only half the job production currently achieved in B.C. and the PNW for similar operations.

- Intensive secondary manufacturing jobs: $772/2 = 386$
- Total jobs: 994, or 10 jobs/mmbf
- Current (1995) direct, Tongass-only timber job production: 1,216 total, or 5 jobs/mmbf on a cut of 222. Thus, even if only 15% of the cut received intensive secondary manufacturing, this industry would double the current jobs/mmbf figure, and a cut of 122 mmbf would provide all the jobs of the current industry.

Jobs produced at 150 mmbf log scale: Intensive secondary manufacture (50%) (Scenario 7)

Assumptions: half the lumber product is sold in that form (export or local), and half is graded, sorted, and re-manufactured within Southeast Alaska into finished or semi-finished products. Total logging jobs: 300.

Logging jobs: 300

Total sawn product: 153 mmbf; Log homes 3 mmbf

Waste and chips: 60-75 mmbf

<u>Facility and Application</u>	<u>Amount of wood</u>	<u>Direct jobs per mmbf</u>	<u>Total jobs</u>
<i>Log homes:</i>	3 mmbf	41	123
<i>Breakdown milling: Sawmills, planer mills, drykilns</i> Dried and surfaced dimensional lumber for Alaska consumption and export--	76.5 mmbf	2	153
<i>Breakdown, grading, and remanufacturing:</i> <i>Sawmills, planer mills, drykilns,</i> <i>intensive grading in sortyard,</i> <i>remanufacturing: chop lines,</i> <i>finger-jointers, edge-gluers,</i> <i>specialty and intermediate products,</i> <i>remanufactured clear components, source for:</i>	76.5 mmbf	6	459
<i>Turning plant(s):</i>	4.5 mmbf	26.7	120
<i>Door plant(s):</i>	54 mmbf	17	918
<i>Window plant(s):</i>	9 mmbf	27.5	248
<i>Laminated beams:</i>	3 mmbf	11	33
<i>Furniture:</i>	3 mmbf	29	87
<i>Shingles:</i>	1.5 mmbf	10	15
<i>Cabinets:</i>	.3 mmbf	558	167
<i>Cottage industry/other products:</i>	1.2 mmbf	88	<u>106</u>
	Subtotal, secondary manufacture:		1,694

Subtotals

Logging	300
Log homes	123
Breakdown	153
Breakdown with intensive sorting and reman:	459
Intensive secondary manufacture:	<u>1,694</u>
Total jobs:	2,729
Jobs/mmbf log scale:	18

Notes:

1. The total jobs/mmbf number approximates the actual jobs/mmbf figure reported by the Forest Service for areas in Oregon where secondary manufacturing is prevalent (16 jobs/mmbf).
2. The door plant does not need all clear components. Thin veneers sliced from clear blocks cover lower-grade components, providing a clear appearance and greatly increasing the value of the product.
3. Sources of jobs/mmbf figures: Logging: USFS ANILCA 706 (a) reports; Log homes: *BC Wood*; Turning plant: actual turning plant north of Seattle; door plant: actual door plant in Tacoma; window plant: derived from review of Viking Lumber in USFS, *Charting a Sustainable Future for Southeast Alaska* (this figure understates the *BC Wood* figure); laminated beams: *BC Wood*; Furniture: *BC Wood*; Shingles: estimate of actual; Cabinets: *BC Wood*; Cottage industry/other products: estimate of actual.

Jobs produced at 150 mmbf log scale--moderate secondary manufacture (40%) (Scenario 8)

Assumption: 2% of the total logged is devoted to log homes. 20% of the sawn product (30.6 mmbf) is high-grade flitch, which is exported. Half the remaining 122.4 mmbf (61.2 mmbf) is sold as domestic or export lumber and half (61.2 mmbf, or 40% of the total) is remanufactured within Southeast Alaska into finished or semi-finished products.

Total logging jobs: 300

Total sawn product: 153 mmbf; Log homes: 3 mmbf

Waste and chips: 60-75 mmbf

<u>Facility and Application</u>	<u>Amount of wood</u>	<u>Direct jobs per mmbf</u>	<u>Total jobs</u>
<i>Log homes:</i>	3 mmbf	41	123
<i>Breakdown milling: Sawmills, planer mills, drykilns</i>	91.8 mmbf	2	184
<i>Dried and surfaced dimensional lumber and high-grade flitch for Alaska consumption and export--</i>	(30.6 + 61.2) (60% of total)		
<i>Breakdown, intensive grading, and remanufacturing:</i>	61.2 mmbf	6	367
<i>Sawmills, planer mills, drykilns,</i>	(40% of total)		
<i>intensive grading in sortyard,</i>			
<i>remanufacturing: chop lines,</i>			
<i>finger-jointers, edge-glueers, producing:</i>			
<i>specialty and intermediate products,</i>			
<i>remanufactured clear components, raw material for:</i>			
<i>Turning plant(s):</i>	4.5 mmbf	26.7	120
<i>Door plant(s):</i>	38.7 mmbf	17	658
<i>Window plant(s):</i>	9 mmbf	27.5	248
<i>Laminated beams:</i>	3 mmbf	11	33
<i>Furniture:</i>	3 mmbf	29	87
<i>Shingles:</i>	1.5 mmbf	10	15
<i>Cabinets:</i>	.3 mmbf	558	167
<i>Cottage industry/other products:</i>	1.2 mmbf	88	106
	Subtotal, secondary manufacture:		1,434

Subtotals

Logging	300
Log homes	123
Breakdown: domestic and export lumber:	184
Breakdown with intensive sorting and reman:	367
Intensive secondary manufacture:	<u>1,434</u>
Total jobs:	2,408
Jobs/mmbf log scale:	16

Notes:

1. The total jobs/mmbf number matches the actual jobs/mmbf figure reported by the Forest Service for areas in Oregon where secondary manufacturing is prevalent (16 jobs/mmbf).

Jobs produced at 150 mmbf log scale--lowest rate of secondary manufacture (30%)(Scenario 9)

Assumption: 40% of the sawn product (61.2 mmbf) is high-grade slicing flitch, which is exported. Of the remaining 91.8 mmbf, half (45.9 mmbf) is sold as domestic or export dimensional lumber and half (45.9 mmbf, or just 30% of the total) is remanufactured locally into finished or semi-finished products.

Logging jobs: 300

Total sawn product: 153 mmbf; Log homes: 3 mmbf

Waste and chips: 60-75 mmbf

<u>Facility and Application</u>	<u>Amount of wood</u>	<u>Direct jobs per mmbf</u>	<u>Total jobs</u>
<i>Log homes:</i>	3 mmbf	41	123
<i>Breakdown milling: Sawmills, planer mills, drykilns</i>	107.1 mmbf	2	214
<i>Dried and surfaced dimensional lumber for Alaska consumption and export--</i>	<i>(70% of total 102)</i>		
<i>Breakdown, intensive grading, and remanufacturing:</i>	45.9 mmbf	6	275
<i>Sawmills, planer mills, drykilns, intensive grading in sortyard, remanufacturing: chop lines, finger-jointers, edge-glueers, specialty and intermediate products, remanufactured clear components, source for:</i>	<i>(30% of total 102)</i>		
<i>Turning plant(s):</i>	4.5 mmbf	26.7	120
<i>Door plant(s):</i>	23.4 mmbf	17	398
<i>Window plant(s):</i>	9 mmbf	27.5	248
<i>Laminated beams:</i>	3 mmbf	11	33
<i>Furniture:</i>	3 mmbf	29	87
<i>Shingles:</i>	1.5 mmbf	10	15
<i>Cabinets:</i>	.3 mmbf	558	167
<i>Cottage industry/other products:</i>	1.2 mmbf	88	<u>106</u>
	Subtotal, secondary manufacture:		1,174

Subtotals

Logging	300
Log homes	123
Breakdown: domestic and export lumber:	214
Breakdown with intensive sorting and reman:	275
Intensive secondary manufacture:	<u>1,174</u>
Total jobs:	2,086
Jobs/mmbf log scale:	14

What if we don't get all this job production?

Assume, in the near-term, that only half the 30% available for secondary manufacturing actually received it, or alternatively that in the near term Southeast Alaska achieved only half the job production currently achieved in B.C. and the PNW for similar operations.

- Intensive secondary manufacturing jobs: 1,174/2 =587
- Total jobs: 1,499, or 10 jobs/mmbf
- Current (1995) direct, Tongass-only timber job production: 1,216 total, or 5 jobs/mmbf on a cut of 222. Thus, even if only 15% of the cut received intensive secondary manufacturing, this industry would double the current jobs/mmbf figure, and a cut of 122 mmbf would provide all the jobs of the current industry.

TESTIMONY OF WALT SHERIDAN BEFORE THE ALASKA HOUSE OF REPRESENTATIVES ON HJR32: A RESOLUTION RELATING TO THE TONGASS LAND MANAGEMENT PLAN AND TO CONTINUED CONGRESSIONAL OVERSIGHT OF THAT PLAN.

MARCH 25, 1997

MR. CHAIRMAN, I CONGRATULATE YOU ON THE INTRODUCTION OF HJR32 AND FOR HOLDING THESE HEARINGS. THEY COULDN'T BE MORE TIMELY.

HJR32 DOES A COUPLE OF THINGS. FIRST, IT ENCOURAGES THE US FOREST SERVICE TO BRING THE DECADE-LONG TONGASS LAND MANAGEMENT PROCESS TO A CLOSE. AND SECONDLY, IT PUTS THE ALASKA STATE LEGISLATURE ON RECORD SUPPORTING AN ANNUAL TIMBER HARVEST LEVEL OF AT LEAST 300 MMBF.

WHY THE RUSH AND WHY 300? I WOULD LIKE TO BRIEFLY TALK ABOUT EACH OF THESE QUESTIONS.

FIRST OF ALL, BRINGING THE TONGASS PLAN TO CONCLUSION - NOW - IS BY NO STRETCH OF THE IMAGINATION A RUSH. THEY HAVE BEEN WORKING ON THE PLAN FOR OVER A DECADE - A DECADE DURING WHICH WE'VE SEEN THE LOSS OF OVER HALF OF THE DIRECT TIMBER INDUSTRY EMPLOYMENT IN SOUTHEAST ALASKA.

FURTHERMORE, THE FAILURE OF THE FOREST SERVICE TO PRODUCE A REVISED TONGASS PLAN HAS PUT THE ECONOMIC LIVES OF THE PEOPLE AND COMMUNITIES OF SOUTHEAST ALASKA ON HOLD.

THE REVISED PLAN WILL LET THE PEOPLE AND COMMUNITIES OF SOUTHEAST ALASKA KNOW WHAT RESOURCES FROM THE TONGASS NATIONAL FOREST WILL BE AVAILABLE FOR THE NEXT TEN TO FIFTEEN YEARS - RESOURCES AROUND WHICH THEY CAN RE-BUILD THEIR ECONOMIC FUTURES. THE REVISED PLAN WILL PROVIDE A DEGREE OF CERTAINTY AND PREDICTABILITY - ALL NECESSARY ELEMENTS FOR ATTRACTING INVESTMENT IN NEW PLANTS AND EQUIPMENT. WITHOUT A DEGREE OF CERTAINTY, INVESTMENT DOLLARS ARE SIMPLY NOT AVAILABLE. THIS IS THE SITUATION WE HAVE BEEN IN FOR SEVERAL YEARS.

THERE ARE ALSO INDICATIONS THE FOREST SERVICE IS UNDER INTENSE PRESSURE FROM THE US FISH AND WILDLIFE SERVICE TO DRASTICALLY REDUCE HARVEST ON THE TONGASS IN RESPONSE TO CONCERNS ABOUT GOSHAWKS AND WOLVES. THERE IS NO NEW SCIENCE WHICH TO BASE THESE CONCERNS OVER WHAT WAS AVAILABLE LAST YEAR WHEN THE FOREST SERVICE ISSUED THE DRAFT TONGASS PLAN ALLOWING A HARVEST LEVEL OF 297 MMBF AND FWS ISSUED ITS FINDING THAT GOSHAWKS AND WOLVES WOULD NOT BE ENDANGERED AT THAT LEVEL OF HARVEST.

A SECOND IMPORTANT ELEMENT OF HJR32 WOULD PUT THE ALASKA LEGISLATURE ON RECORD AS SUPPORTING A MINIMUM ANNUAL HARVEST LEVEL FROM THE TONGASS OF 300 MMBF - THE SAME AMOUNT OF HARVEST RECENTLY ENDORSED BY THE GOVERNOR'S TIMBER TASK FORCE.

THE QUESTION IS. WHY 300?

NOW THAT THE MILLS WITH THEIR LONG-TERM SUPPLY CONTRACTS ARE GONE. WHY CAN'T WE RESTRUCTURE A TIMBER INDUSTRY BASED ON VALUE ADDED PROCESSING AND PRODUCE THE SAME OR MORE JOBS ON A MUCH SMALLER AMOUNT OF TIMBER?

THE ANSWER TO THESE QUESTIONS IS WE CAN RESTRUCTURE A TIMBER INDUSTRY AROUND VALUE ADDED PROCESSING BUT ONLY IF WE CAN SUSTAIN SUFFICIENT INFRASTRUCTURE AND PRIMARY MANUFACTURING CAPABILITY TO EFFICIENTLY LOG, TRANSPORT AND PROCESS THE RAW MATERIALS NEEDED BY THE VALUE ADDED SEGMENT OF THE INDUSTRY. ACCORDING TO INDUSTRY EXPERTS AND THE GOVERNOR'S TIMBER TASK FORCE, AN ANNUAL HARVEST LEVEL OF 300 MMBF IS THE MINIMUM NECESSARY TO ACCOMPLISH THIS.

VALUE ADDED PROCESSING IS NOT A TERM WITH A PRECISE MEANING. ARGUABLY, ANY PROCESSING WHICH ADDS VALUE TO A LOG WOULD MEET THE CRITERION FOR BEING A VALUE ADDED PROCESS.

CERTAINLY, CONVERTING LOW-VALUE CULL MATERIAL INTO A PRODUCT FROM WHICH RAYON DRESSES CAN BE MADE, AS WAS THE CASE WITH THE TWO NOW EXTINCT PULP MILLS, WOULD QUALIFY AS VALUE ADDED. HOWEVER, AS USED IN THE CURRENT DEBATE, VALUE ADDED PROCESSING HAS COME TO MEAN PROCESSING WHICH PRODUCES MORE, AND OFTEN SUBSTANTIALLY MORE, JOBS PER HARVESTED TREE THAN IN THE PAST. EXAMPLES USED INCLUDE DOOR AND WINDOW FRAMES, MOLDINGS AND MUSICAL INSTRUMENTS.

VALUE ADDED PROCESSING HAS BECOME THE APPLE PIE OF THE TONGASS DEBATE. EVERYONE IS FOR IT. CARRYING THE APPLE PIE ANALOGY A BIT FURTHER, SOME FORGET APPLE PIE IS BUT THE END PRODUCT OF A HIGHLY COMPLEX PROCESS. APPLES MUST BE GROWN, HARVESTED, PROCESSED AND TRANSPORTED. THE SAME WITH THE FLOUR, SUGAR, SPICES, ETC. REMOVE ANY ONE OF THESE ELEMENTS AND YOU NO LONGER HAVE AN APPLE PIE. CAUSE ANY ONE OR MORE OF THESE ELEMENTS TO BECOME INEFFICIENT AND THE PRICE OF APPLE PIE MAY BECOME UNCOMPETITIVE. THE SAME RULES APPLY TO ESTABLISHING A VALUE ADDED TIMBER INDUSTRY IN SOUTHEAST ALASKA.

HIGHER VALUED PRODUCTS, BE THEY FINISHED LUMBER, MOLDING OR GUITAR FACES, TYPICALLY CAN BE MADE ONLY FROM THE HIGHER GRADES OF WOOD - GRADES WHICH REPRESENT ONLY A SMALL FRACTION

OF THE AVERAGE FOREST STAND. IN OTHER WORDS, A FAIRLY SUBSTANTIAL AMOUNT OF VOLUME MUST BE HARVESTED AND PROCESSED INTO OTHER THAN THESE SO CALLED VALUE ADDED PRODUCTS IF THE VALUE ADDED PRODUCTS ARE TO MAKE A SIGNIFICANT CONTRIBUTION TO THE CREATION OF JOBS.

HIGH VALUE SPECIALTY PRODUCT MANUFACTURERS DO NOT REQUIRE LARGE VOLUMES OF WOOD BUT THESE MANUFACTURERS ALSO HAVE LITTLE ABILITY TO ACQUIRE EVEN THESE RELATIVELY SMALL AMOUNTS OTHER THAN AS ONE OF MANY OUTPUTS FROM AN INTEGRATED FOREST INDUSTRY. IT WOULD BE TOTALLY UNREASONABLE TO EXPECT THE HIGH VALUE SPECIALTY PRODUCT MANUFACTURER TO GO INTO THE ROAD BUILDING, LOGGING AND SAWMILLING BUSINESS IN ORDER TO ACQUIRE THE RELATIVELY SMALL VOLUME OF HIGH QUALITY RAW MATERIALS NEEDED. CONVERSELY, THE INTEGRATED INDUSTRY NEEDED TO SUPPLY THE RAW MATERIAL NEEDS OF THE HIGH VALUE ADDED MANUFACTURER MUST PROCESS ENOUGH QUANTITY OF MATERIAL TO REALIZE SOME MEASURE OF ECONOMY OF SCALE IN ORDER TO STAY IN BUSINESS.

EQUALLY IMPORTANT, WE MUST HAVE SOME WAY OF DEALING WITH THE LOW QUALITY LOGS WHICH CAN ACCOUNT FOR AS MUCH AS HALF OF THE TYPICAL TONGASS FOREST STAND. WE CAN'T SIMPLY LOG AROUND THE LOW QUALITY MATERIAL, TAKING ONLY THE BEST, AS TO

DO SO WOULD LEAVE A LEGACY FOR OUR CHILDREN AND GRANDCHILDREN OF DEGRADED FOREST STANDS MADE UP PRIMARILY OF LOW GRADE DEFECTIVE MATERIAL. NOT AN ACCEPTABLE OUTCOME.

UTILIZATION OF THESE FOREST STANDS, WHICH ARE A MIX OF HIGH AND LOW VALUE MATERIAL REQUIRES REASONABLE OUTLETS FOR BOTH THE HIGH VALUE MATERIAL AS WELL AS THE LOWER VALUE LOGS AND RESIDUAL MATERIAL. WITH THE CLOSE OF THE PULP MILLS, A SERIOUS GAP HAS BEEN CREATED IN THE ABILITY OF INDUSTRY TO EFFECTIVELY UTILIZE THE DIVERSE RANGE OF MATERIALS - IN PARTICULAR, PULP LOGS AND RESIDUAL CHIPS FROM SAWMILLING OPERATIONS.

A KEY COMPONENT OF ANY PLAN TO REESTABLISH A TIMBER INDUSTRY IN SOUTHEAST ALASKA MUST INCLUDE A STRATEGY FOR THE UTILIZING THESE PULP LOGS AND RESIDUAL CHIPS - RESPONSIBLE CONSERVATION AND STEWARDSHIP PRINCIPLES DEMAND NOTHING LESS. WITH YESTERDAY'S CLOSING OF THE KPC PULP FACILITY, THERE IS NO LOCAL MARKET FOR THIS MATERIAL. FURTHERMORE, AT LEAST IN THE NEAR TERM, THERE MAY BE NO ECONOMIC EXPORT MARKET EITHER. MANY INDUSTRY ANALYSTS PREDICT THAT THIS TREND WILL BE LONG-TERM, ADDING YET ANOTHER IMPETUS TO THE NEED FOR THE PROCESSING OF THIS MATERIAL IN SOUTHEAST ALASKA. ANY OPTION WHICH FAILS TO INCLUDE REALISTIC OPPORTUNITIES FOR THE

UTILIZATION OF PULP LOGS AND RESIDUAL CHIPS MAY NOT BE VIABLE FROM EITHER A CONSERVATION, ECONOMIC OR SOCIAL PERSPECTIVE.

AT THE 300 MMBF HARVEST LEVEL, THERE WOULD BE SUFFICIENT VOLUME TO JUSTIFY THE ESTABLISHMENT OF A MINIMUM FACILITY TO PROCESS THE LOW GRADE LOGS AND RESIDUAL CHIPS. A HARVEST LEVEL OF 300 MMBF ALSO PROVIDES SUFFICIENT VOLUME TO SUPPORT AT LEAST MINIMALLY EFFICIENT HARVESTING OPERATIONS, SAWMILLING, PLANING AND AT LEAST ONE DRY KILN OPERATION IN SOUTHEAST ALASKA - ALL NECESSARY IF THE RAW MATERIALS FOR FURTHER VALUE ADDED PROCESSING ARE TO BE AVAILABLE. WITH THIS INFRASTRUCTURE IN PLACE, OPPORTUNITIES FOR ADDITIONAL VALUE ADDED FACILITIES WOULD BE LIMITED ONLY BY THE IMAGINATION OF THE ENTREPRENEURIAL COMMUNITY TO DEFINE VIABLE BUSINESS OPPORTUNITIES. THE RAW AND SIMI-PROCESSED MATERIALS NEEDED FOR SUCH VALUE ADDED PRODUCTS WOULD BE AVAILABLE.

THE NEXT OBVIOUS QUESTION IS CAN 300 MMBF OF TIMBER BE HARVESTED ANNUALLY FROM THE TONGASS WITHOUT INCURRING UNACCEPTABLE ENVIRONMENTAL COSTS. IN OTHER WORDS CAN WE CONTINUE TO PRODUCE RECORD NUMBERS OF FISH, MAINTAIN VIABLE POPULATIONS OF WILDLIFE, INCLUDING GOSHAWKS AND WOLVES, AND STILL CUT 300 MMBF OF TIMBER EACH YEAR.

I BELIEVE THE ANSWER IS A RESOUNDING YES AND SO DID THE FOREST SERVICE AT LEAST THROUGH APRIL 5 OF LAST YEAR WHEN THEY ISSUED THEIR DRAFT TONGASS PLAN.

ACCORDING TO THE FOREST SERVICE, 300 MMBF OF TIMBER CAN BE HARVESTED FROM THE TONGASS ON AN ANNUAL BASIS IN PERPETUITY WITHOUT SIGNIFICANT ADVERSE ENVIRONMENTAL EFFECTS TO FISH, WILDLIFE OR OTHER IMPORTANT RESOURCES. THIS WAS THE CONCLUSION OF THE THREE TONGASS FOREST SUPERVISORS IN ANNOUNCING THEIR RECOMMENDED ALTERNATIVE ON APRIL 5 OF LAST YEAR. THE FOREST SUPERVISOR'S ALTERNATIVE, WITH AN ECONOMIC ALLOWABLE SALE QUANTITY OF 297 MMBF, WAS CHARACTERIZED BY THE SUPERVISORS AS REFLECTING "---A BALANCED JUDGMENT IN HOW BEST TO RESOLVE THE ISSUES FACING THE TONGASS BECAUSE IT IS BASED ON THE ANALYSIS CONDUCTED BY THE INTERDISCIPLINARY TEAM AND THE SCIENTISTS, WITH THE INPUT OF (THESE) OTHER AGENCIES".

AGAIN ACCORDING TO THE FOREST SERVICE THE DRAFT TONGASS PLAN WITH ITS RECOMMENDED HARVEST LEVEL OF 297 MMBF "---WAS DEVELOPED WITH MUCH GREATER INVOLVEMENT BY FOREST SERVICE RESEARCH SCIENTISTS AND REPRESENTATIVES OF THE ENVIRONMENTAL PROTECTION AGENCY AND FISH AND WILDLIFE SERVICE THAN ANY PREVIOUS FOREST PLANING PROPOSAL".

WITH RESPECT TO THE EFFECTS OF THE FOREST SUPERVISOR'S RECOMMENDED ALTERNATIVE ON WILDLIFE, THE SUPERVISORS STATED "WE BELIEVE, AFTER A THROUGH REVIEW OF THE PANEL ASSESSMENTS AND RELATED WORK IN THE REVISED SUPPLEMENT, THAT OUR PREFERRED ALTERNATIVE, IF IMPLEMENTED FOR 10-15 YEARS, WILL MAINTAIN THE VIABILITY AND DISTRIBUTION OF WILDLIFE SPECIES ACROSS THE TONGASS."

THERE HAS BEEN NO "NEW" SCIENCE SINCE THE FOREST SUPERVISORS REACHED THIS CONCLUSION. CLEARLY, A 300 MMBF HARVEST LEVEL FROM THE TONGASS IS ATTAINABLE WHILE MEETING ENVIRONMENTAL CONSTRAINTS AND OUR STEWARDSHIP AND SUSTAINABILITY RESPONSIBILITIES.

CONCLUSION

THE GOVERNOR'S TIMBER TASK FORCE HAS RECOMMENDED THE FOREST SERVICE SELECT A PLAN WHICH ALLOWS FOR A HARVEST LEVEL FROM THE TONGASS OF AT LEAST 300 MMBF ANNUALLY IN ORDER TO REESTABLISH AN INDUSTRY CAPABLE OF UTILIZING THE FULL RANGE OF TIMBER FROM THE TONGASS AND OF PROVIDING THE RAW AND SIMI-PROCESSED MATERIAL NEEDED FOR NEW VALUE ADDED INDUSTRIES TO BECOME ESTABLISHED. THE TASK FORCE'S RECOMMENDATION IS SUPPORTED BY THE TONGASS FOREST SUPERVISOR'S RECOMMENDED ALTERNATIVE. AN ANNUAL HARVEST LEVEL OF 300 MMBF IS ATTAINABLE

WHILE PROTECTING FISH, WILDLIFE AND THE OTHER IMPORTANT
RESOURCES OF THE TONGASS AND SOUTHEAST ALASKA.

PASSAGE OF HJR32 WILL SEND AN IMPORTANT MESSAGE TO THE
FOREST SERVICE AND, MORE IMPORTANTLY, THE ADMINISTRATION, THAT
ALASKANS WANT TO GET ON WITH THEIR PERSONAL AND ECONOMIC
LIVES INCLUDING THE OPPORTUNITY TO ESTABLISH A VALUE ADDED
TIMBER INDUSTRY THAT IS ECONOMICALLY VIABLE AND
ENVIRONMENTALLY SOUND.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY.