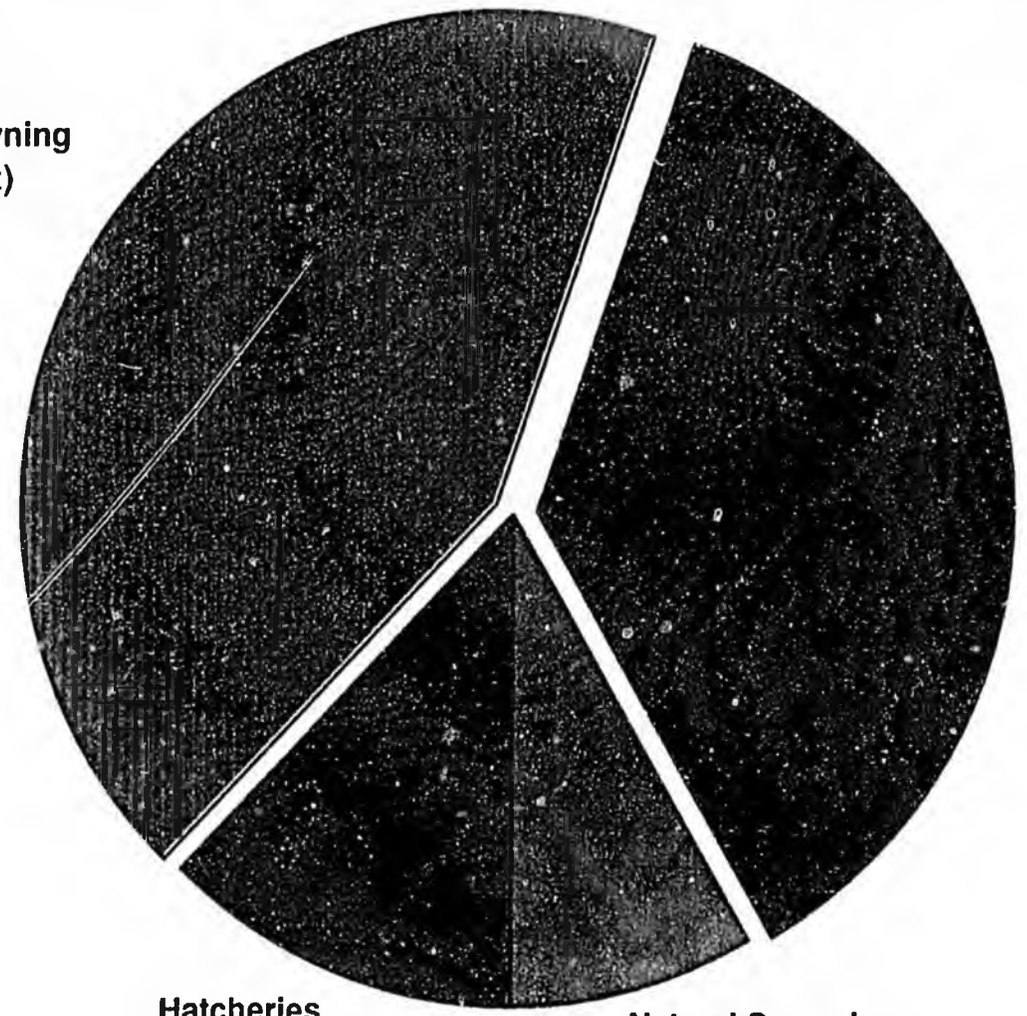
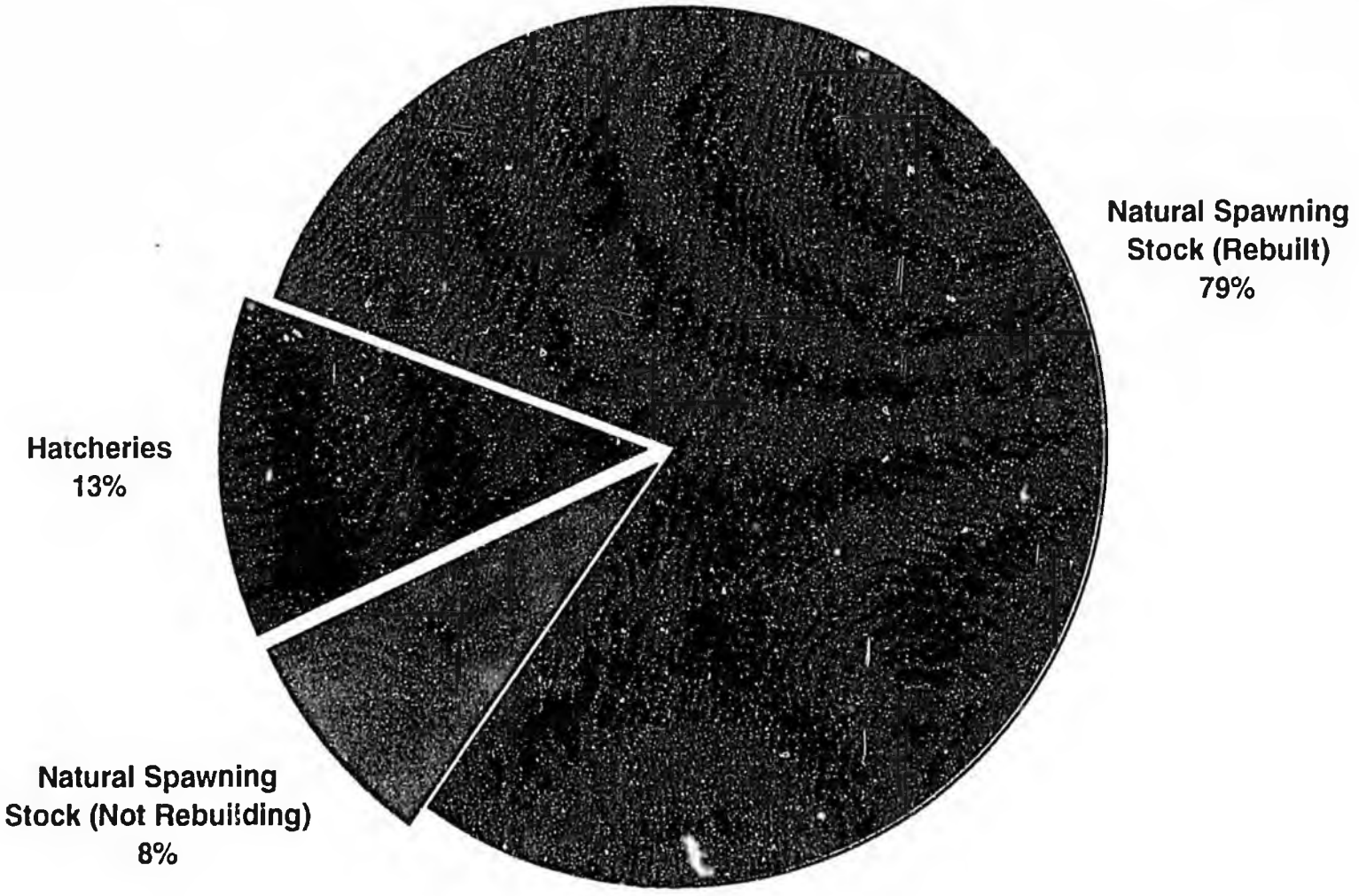
ALASKA LEGISLATURE COMMITTEE FILES 1995-1996 8672
8710 HOUSE RESOURCES

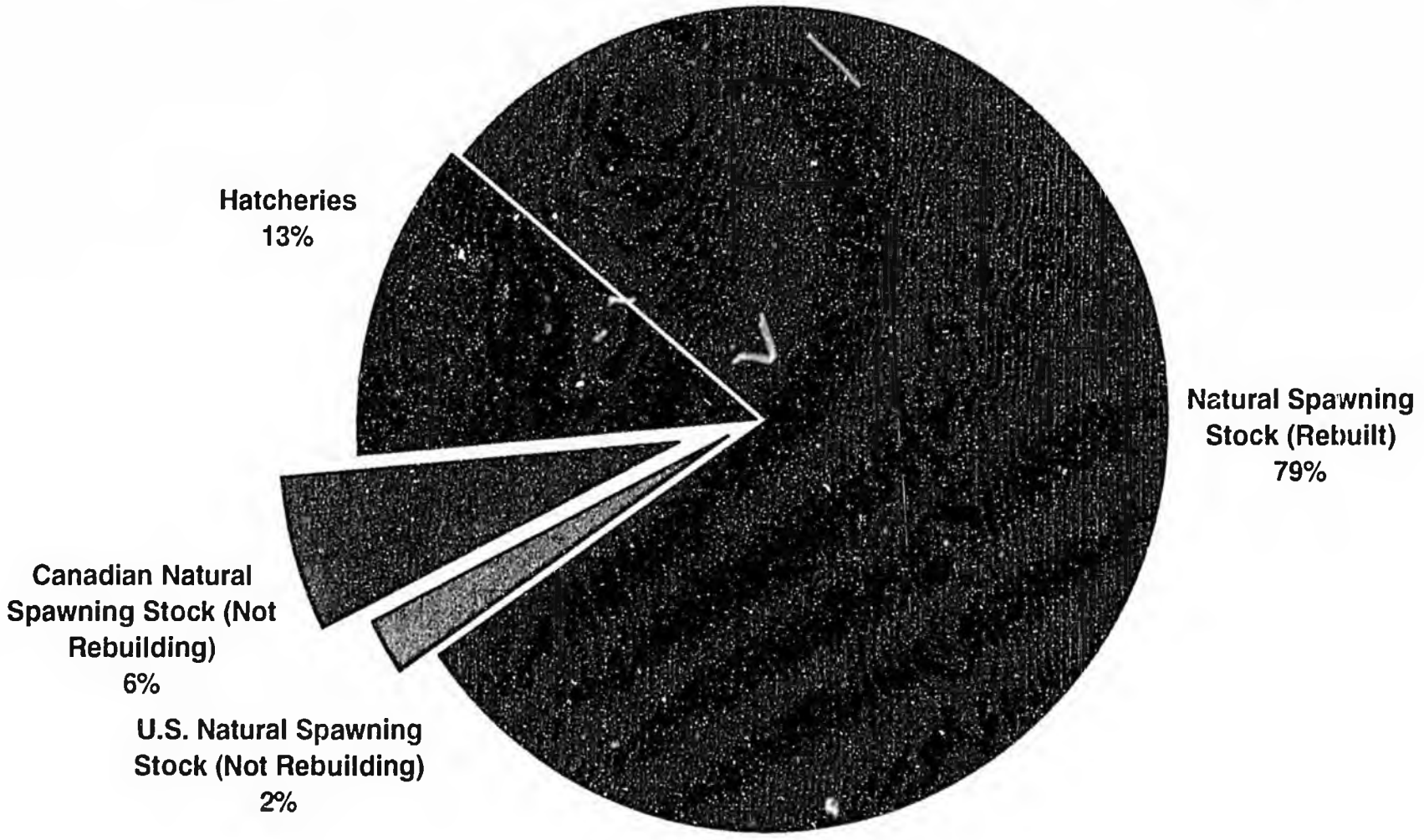
Percent Origin of Southeast Alaska Ceilinged Chinook Fishery



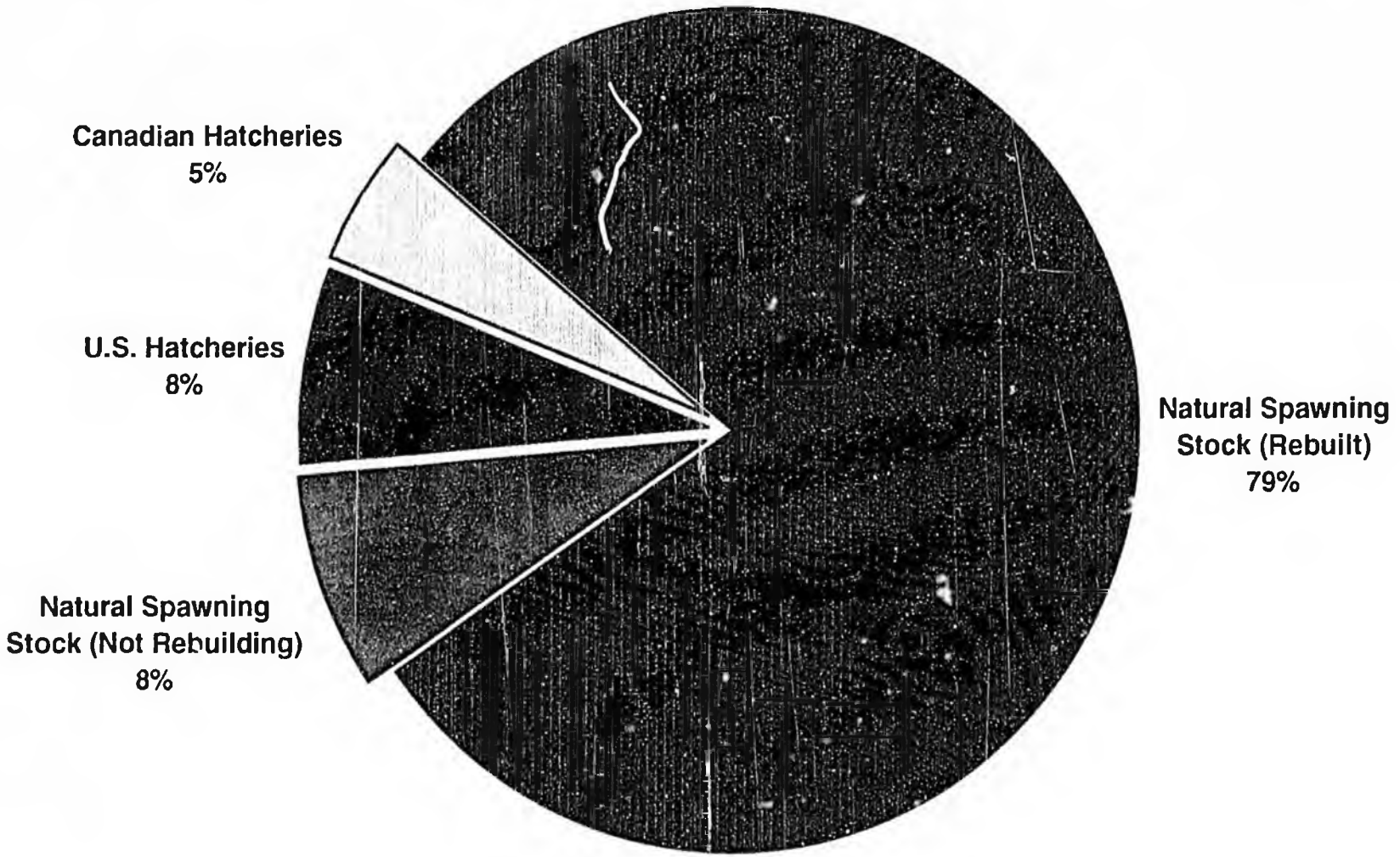
Percent Origin of Southeast Alaska Ceilinged Chinook Fishery



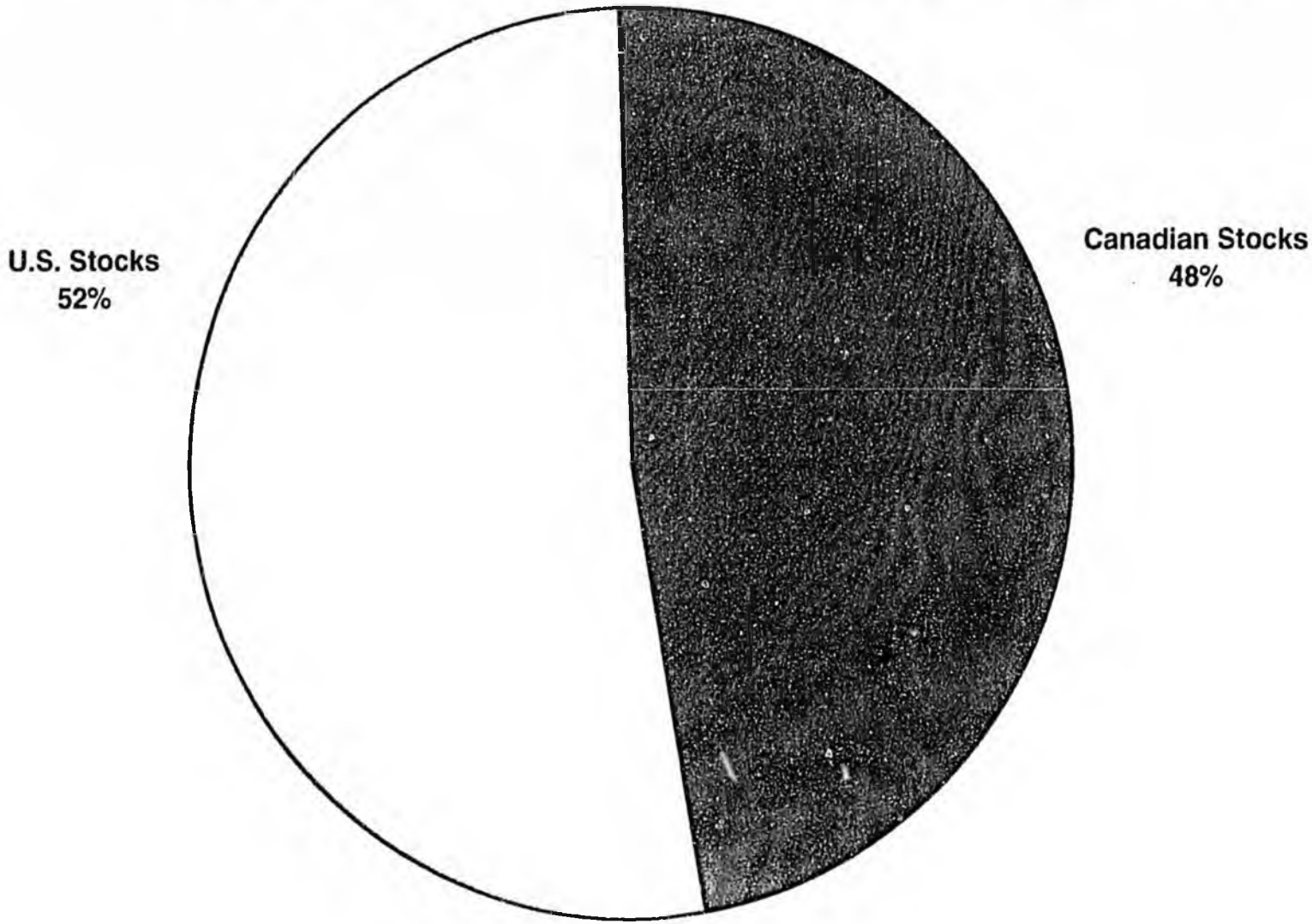
Percent Origin of Southeast Alaska Ceilinged Chinook Fishery



Percent Origin of Southeast Alaska Ceilinged Chinook Fishery



Percent Origin of Southeast Alaska Ceilinged Chinook Fishery



STELLAR SEA LIONS

3/29/95

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Mary Pagenkopf

House Resources
3-29-95 8:14 am
Tape #95-42, Side A, #000
Presentation on Stellar Sea Lions

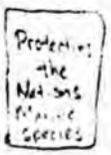
Decline of Marine Mammals in the North Pacific: What it means to the Alaska Fishing Industry

March 1995

I think it is fair to say that most people in Alaska don't appreciate how important commercial fisheries are to the State. Yet it is the largest private employer in Alaska, employing 23% of the State's work force. Commercial fisheries provides a quarter [24%] of the state's basic industry payroll, and is second only to the oil industry in its contributions to State government.

Over the last 5 years, the Alaska seafood harvest has stabilized at record levels of over 5 billion pounds per year. This represents more than half of all the seafood harvested in the United States, now making this fishery **the** largest fishery in the world.

I think you will agree that this is a rather glowing report card for commercial fisheries in Alaska. However, it hides the fact that all is not well in the North Pacific. While the amount of fish landed has risen to all time highs, the numbers of some marine mammals in Alaska have declined. Many people assume that commercial fisheries are to blame for their demise, and they would like to see it stopped.



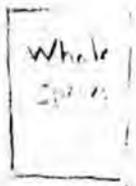
Marine Mammals are protected under two pieces of legislation:

-the Marine Mammal Protection Act (1972) and
-the Endangered Species Act (1973)

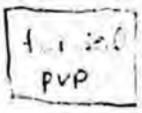
Both Acts became law in the early 1970s when the abundance of many marine mammals was high. It was also a time when urban America felt outraged over the Japanese whale harvest, the Canadian harp seal hunt, and the dolphin / tuna kill in the tropical Pacific.

The Marine Mammal Protection Act prohibits the taking of any marine mammal unless an exception has been made;

while, the Endangered Species Act protects animals whose survival is in jeopardy by prohibiting the harassment, injury or death of endangered or threatened species. Critical habitat must be designated and Federal agencies must ensure that their actions are not likely to adversely modify the critical habitat.

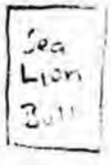


There are currently 15 species of whales and dolphins in Alaska and 7 species of seals and sea lions. As far as is known, dolphin populations remain healthy and the great whales are slowly recovering from the over-exploitation that ended in the 1960s. However, many of the pinnipeds that were once so abundant are now in decline in many parts of Alaska.



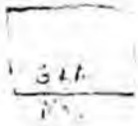
The northern fur seal, for example, which breeds on the Pribilof Islands in the middle of the Bering Sea, numbered about 2.5 million in 1950. Today, about 1 million remain and the specie has been declared *depleted* under the Marine Mammal Protection Act. It is not clear however, why this population declined, nor why it has failed to recover.

Harbour seals are also declining in many parts of Alaska. On Tugidak Island for example, the world's largest population of harbour seals dropped from 12,000 in 1976 to under 2,000 in 1988. Only in Bristol Bay and Southeast Alaska have their numbers remained healthy.



The third and greatest concern is over the disappearance of Steller sea lions from Alaska. Many feel this species is destined to become the spotted owl of the North Pacific. Stellers are now classified as *threatened*, and may soon be reclassified as *endangered* if recommendations made to the National Marine Fisheries Service are followed.

Based on sporadic census counts, it appears that the total sea lion population in 6 regions of Alaska rose from 185,000 in 1956 to 200,000 in the 1970s. It peaked at 225,000 in 1980 and fell to under 85,000 in 1990. This decline has continued to the present and is underway even as I speak. The only exception to this trend is in Southeast Alaska and British Columbia where the small populations have been increasing.



The population declines of all three species, harbour seals, northern fur seals and Steller sea lions appear to be geographically related to the Gulf of Alaska. Many people are assuming that commercial fisheries are ultimately responsible.

Consider for example the amounts of fish that have been removed from the Gulf of Alaska since 1950. The total catch of salmon, herring, groundfish, shrimp and

crabs rose from 100,000 metric tons to half a million in 1980. This represents over 1 billion pounds of sea food. Most of the catch is salmon and pollock.

At the same time that catches have risen, there has been a dramatic rise in the numbers of licenses issued and vessels involved in each of the fisheries.

Thus large amounts of fish are being removed while sea lions continue to decline.

As you might well imagine, there is considerable nervousness among sectors of the fishing industry over marine mammals and what the future might hold. There are those that claim it will be business as usual, while others are predicting the closure of Alaskan fisheries. No one knows how the legislation will be applied to protect Steller sea lions and their habitat, nor how this story is going to ultimately unfold.

In the summer of 1992, John Roos from the Pacific Seafood Processors Association wrote to northwest universities on behalf of a group of representatives from the fishing industry. He asked for proposals to study the decline of Steller sea lions.

From that initial request the North Pacific Universities Marine Mammal Research Consortium was formed with four members:

-the University of Alaska
-the University of British Columbia
-the University of Washington, and
-Oregon State University.

The Consortium's mandate is to undertake a long term program of research on the relation between fisheries and marine mammals in the North Pacific. Most of the initial focus is on the Steller sea lion.

The Consortium has built on the foundation of research conducted by the National Marine Fisheries Service and the Alaska Department of Fish and Game, and has developed a research program to address the major hypotheses put forward to explain the cause of the Steller sea lion population decline.

Ten hypotheses have been proposed of which 5 have largely been discredited. These include storms, pollution and toxins, and entanglement and shooting.

The Consortium's research program is addressing the remaining 5. A

parasitologist at the University of British Columbia is examining parasites from sea lion stomachs and faeces, while the leading world expert on sea lion diseases from Oregon State University has proposed a long term study to evaluate the contributing role of disease to the population decline.

The predation hypothesis is particularly intriguing. A dead killer whale washed ashore in Prince William Sound in the summer of 1992. Its stomach contained these 14 flipper tags from Steller sea lions. We therefore began a study at the University of British Columbia to determine whether killer whale predation could significantly affect sea lion numbers.

Stomach contents collected over the past 20 years were compiled from 8 stranded killer whales in Alaska and 14 in British Columbia. They support the view that there are two distinct killer whale races in the eastern North Pacific with non-overlapping diets. In all, 258 of the marine mammal eating *transient* whales were identified between Washington and western Alaska.

A computer simulation model found that killer whale predation may currently account for a significant portion of the total annual mortality of sea lions in Alaska. When sea lion populations exceed 100,000, the effects of killer whale predation on sea lion dynamics appear minimal. However, at levels of 50,000 sea lions or less, the effects are more significant, and may be sufficient to drive a population decline.

Three other possible explanations for the sea lion decline are

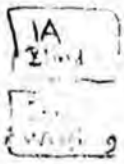
1) human disturbance
2) abherrent behavioral changes, and
3) the hypothesis that everyone is looking at the hardest, nutritional stress.

The Consortium proposed a 5-year research plan in 1993 with 3 major components designed to test these hypotheses:

the first is field studies,
the second is captive studies,
and the third is laboratory and data analyses.

The essence of our field program is to compare a healthy rookery with a declining rookery. We therefore began work at Forrester Island in Southeast Alaska where sea lions are healthy, and at Sugarloaf near Kodiak where they are declining.

The Consortium's field studies are being done with the collaboration and financial support of the Alaska Department of Fish and Game and involves many people.

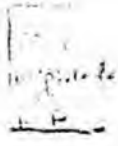


At our study sites we have access to animals to make direct behavioural observations, and to capture and track them at sea using satellites.

We are also collecting sea lions scats to identify diet from the remaining fish bones and would like to sample fish from around our study sites. One interesting finding is that the diet of sea lions at the healthy site appears to be very similar to that of the declining site. The number one item on the sea lion menu in both areas appears to be pollock.

A major question is how much food do sea lions need to eat? To answer this we captured sea lion pups and brought them to the Vancouver Aquarium. They are now a year and a half old and weigh over 200 pounds each.

From our six animals, we are finding that their basal energy needs are not constant, but cycle over the course of a year. With a grant from the Alaska Science and Technology Foundation, we will be building a swim mill to measure the energetic needs of the sea lions while swimming at different speeds.



We are also measuring their digestive efficiency to determine whether for example, pollock is as good a food source as say herring. We are also trying to identify what and how much sea lions are eating in the wild by feeding the captive animals different foods and observing which bony hard bits survive the digestive process.

The culmination of these studies will be a calculation that considers seasonal and annual activity budgets for sea lions at both the individual and population levels, and makes predictions about the amount of food they need.

Other Consortium studies include an analysis of fishing activities around sea lion rookeries being done at Oregon State University. This is the most thorough analysis of its kind to date.

Two novel studies at the University of Alaska are considering whether the population decline is related to an ecosystem shift.

One is examining whiskers from sea lions collected over the past 40 years. What sea lions ate can be identified from the ratios of carbon and nitrogen isotopes that are present in their whiskers. Carbon and nitrogen isotopes are concentrated up through the food chain. It is therefore possible to tell from what level of the food chain the sea lions ate by simply measuring the isotopic ratio in the whiskers. Identifying a shift in isotope levels would support the hypothesis that sea lions have changed their diet.

The second study is considering whether whaling is responsible for the decline of sea lions. The removal of whales in the eastern Bering Sea and Gulf of Alaska that ended in the 1960s left thousands of tons of euphausids and fish larvae for other predators to eat. An initial calculation indicates that approximately 100,000 tons per day of additional biomass was made available to other consumers by the removal of fin, sei, and sperm whales from the Bering Sea alone. This amount is about the same as the daily consumption of 5,000,000 tons of fish. This may mean that today's abundance of pollock may be linked to the removal of whales, and may have restructured the food base available to sea lions and other seals.

Solving the mystery of the disappearing sea lions is not a trivial task, but one that requires a concerted effort and an open mind. University resources are being put to the task with the support of industry.

The Marine Mammal Research Consortium was formed with Industry support to address issues related to marine mammal / fishery interactions in the North Pacific. With this in mind, we have undertaken a solid field program, a strong captive research program, and a major analytical research initiative.

Concern about interactions between marine mammals and commercial fisheries in Alaska is receiving more and more attention from the public. It is an issue that is not likely to go away, but one that needs good scientific research to be resolved.

I thank you for your attention.

Dr. Andrew W. Trites

Dr. Trites received his B.Sc. in Ecology and Mathematics at McGill University in Montreal in 1980, his M.Sc. in Zoology from the University of British Columbia in 1984 and his Ph.D. in Zoology from the University of British Columbia in 1990.

He is currently Assistant Professor of the Fisheries Centre and Zoology Department at the University of British Columbia. Since 1992 Dr. Trites has served as Director of the Marine Mammal Research Unit and Research Coordinator for the North Pacific Universities Marine Mammal Research Consortium. From 1990 to 1992 he was NSERC Post-Doctoral Fellow, Fisheries & Oceans Canada, Pacific Biological Station in Nanaimo, B. C. From 1982 to 1992 he worked as a private consultant.

The North Pacific Universities Marine Mammal Research Consortium was formed by a broad-based coalition of North Pacific fishing industry groups in 1992 . The industry groups joined forces to fund an independent research effort whose immediate priority was to piece together the Steller sea lion puzzle. The consortium was formed with four participating institutions: The University of Alaska, The University of British Columbia, the University of Washington and Oregon State University. The mission of the Consortium is to undertake a long term program of research on the relation between fisheries and marine mammals in the North Pacific Ocean and Eastern Bering Sea. Studies focus initially on the biology of the Steller sea lion and could include research on the effects of species interactions and oceanographic conditions on changes in sea lion abundance. The scope of the Consortium could subsequently be broadened to include other marine mammals and possibly sea birds.

Dr. Trites resides in Vancouver, B. C. is married and has two children.

The North Pacific Universities Marine Mammal Research Consortium

Major changes have taken place in the population dynamics of marine life in the North Pacific. Stocks of crab and herring have declined, while pollock and salmon populations have increased dramatically. At the same time, some marine mammals have flourished while others have declined.

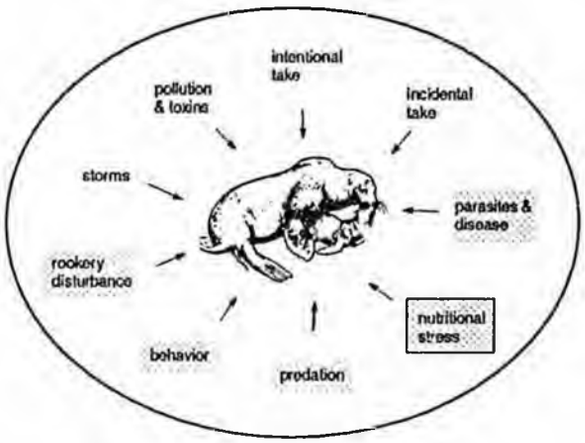
Nowhere are the changes more evident than in the Gulf of Alaska and Bering Sea, where the Steller sea lion population has undergone a dramatic - and mysterious - decline over the past two decades.

No one knows why Steller sea lions are declining in the North Pacific. But many have speculated that commercial fishing may be to blame. As a result, the National Marine Fisheries Service (NMFS) has placed some restrictions on commercial fishing in the Bering Sea and the Gulf of Alaska. Unfortunately for the fishing industry, many of the fishing restrictions have been implemented without sufficient data or the funding for the research that would provide complete data on the possible effects that fishing might have had on Steller sea lions.

Research: An Urgent Priority

Both the fishing industry and regulators know that resource management decisions should be steered by credible scientific data, *not* speculation and emotion. For this reason, a broad-based coalition of North Pacific fishing industry groups joined forces to fund an independent research effort. The immediate priority is to piece together the Steller sea lion puzzle.

The North Pacific Universities Marine Mammal Research Consortium is spear-heading the industry sponsored research program. It is a multi-disciplinary team of scientists from the Universities of Alaska, British Columbia, and Washington, as well as Oregon State University. The team is studying the biology, feeding ecology and developmental phases of Steller sea lions. They are working to understand the factors affecting sea lion survival and the relationship between commercial fishing and marine mammals in the North Pacific. With time, the scope of research will be broadened to include other marine mammals such as harbor seals and whales.



Disappearing Sea Lions

Steller sea lions are declining and have fallen by over 65% since 1980. Once numbering about 225,000; fewer than 85,000 remain in Alaska today. In 1990, Steller sea lions were listed as a *threatened* species under the U.S. Endangered Species Act. Consideration is now being given to changing the classification to *endangered*. Such an action will likely have major ramifications for all sectors of the fishing industry.

Why Steller sea lions have declined in Alaska remains unresolved. Possible causes are shown in the above diagram. Of the leading hypotheses (shaded boxes), most of the Consortium's attention is focussed on nutritional stress which could be caused by competition with other species for food, or by natural and/or human induced changes in the ecosystem. For the most part, data to assess each of the possibilities is currently limited.

A broad-based coalition of North Pacific fishing industry groups have joined forces to fund an independent research effort whose immediate priority is to piece together the Steller sea lion puzzle

In the spring of 1993, the Consortium began a 5-year program to conduct research on Steller sea lions that builds on the work carried out by the National Marine Fisheries Service, the Alaska Department of Fish and Game (ADF&G), and Fisheries and Oceans, Canada. It combines the skills and talents of university scientists and is designed to complement ongoing research.

The research program contains three components: field studies, captive studies, and laboratory and data analysis.

The essence of the field program is a comparison of a healthy sea lion rookery in Southeast Alaska with a declining rookery near Kodiak Island; and is being done in collaboration with the ADF&G.

Captive studies began with the capture of 6 Steller sea lion pups from a Canadian rookery, and held in research facilities donated by the Vancouver Aquarium. The captive studies are providing data about nutritional requirements that cannot be established in the wild, and a means of testing and developing new techniques for studying sea lions and their diet in the wild.

The third group of studies comprise analysis of historical data sets and development of new laboratory techniques for processing biological samples.

The research program is designed to address the leading hypotheses put forward to explain the decline of Steller sea lions in Alaska. In addition it also considers other aspects of the North Pacific ecosystem, including assessment of population abundance.

The research program is overseen by a Management Committee comprising representatives of universities, industry and government agencies. A Research Committee composed of research leaders at the various universities and government agencies is responsible for conducting the research and for reporting on progress to the Management Committee.

Commercial Fisheries

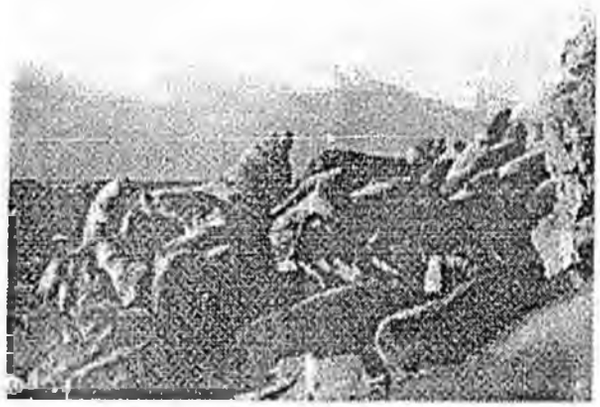
The Marine Mammal Protection Act was amended by Congress on April 30, 1994. Significant changes were made to the current regime governing marine mammals caught incidentally to commercial fishing. The amendments are not yet fully implemented, but should be in place by September 1995. Until then, the Interim Exemption to the prohibition on incidental take due to commercial fishing remains in effect.

Our research program is designed to address the leading hypotheses put forward to explain the decline of Steller sea lions in Alaska

The new law will require that all owners or operators of commercial vessels in all fisheries report incidental death or injury of marine mammals to NMFS on a postage paid form (currently being developed) within 48 hours after the end of each fishing trip. NMFS will also be required to assess the status of every population of marine mammals in U.S. waters. The review must describe the commercial fisheries that are likely to have contact with a particular stock, and estimate the number of animals that can be removed without interfering with its ability to reach or maintain optimum sustainable levels.

Changing the classification of Steller sea lions from *threatened* to *endangered* could have major ramifications for all sectors of the fishing industry

Within 90 days of enactment of the amendments, NMFS is required to publish a list of fisheries that interact with marine mammals. Each fishery will be categorized by its rate of incidental mortality or serious injury to marine mammals as frequent, occasional or unlikely. Vessels in the first two categories will register with NMFS and receive a decal that must be displayed. NMFS can permit the taking of endangered and threatened species for 3-year periods provided that it has a negligible impact on the stock and that a recovery plan has been or is being developed for the species.



The amendments allow persons to prevent marine mammals from damaging private or public property, or from endangering personal safety, as long as the animal is not killed or injured. However, the amendments prohibit intentionally killing or injuring a marine mammal. Acceptable and non-acceptable deterrence methods should be published by NMFS later this year. In addition, the 1994 amendments reaffirms the *zero* mortality rate goal caused by incidental takes and specifies that all fisheries must attain the goal within 7 years.

1994 Census

Results of this summers Steller sea lion census were recently released by NMFS and ADF&G. They paint a rather dismal picture. Pup numbers declined in all regions of Alaska, with the sharpest drop (20%) in the central Aleutians (from 1991/92 to 1993/94). Counts of adults and juveniles are also down, dropping 5% per year since the last survey in 1992.

Of particular concern is an apparent decline in pup numbers in southeast Alaska, which until now was considered to be healthy and increasing. However no decline was noted in numbers of juveniles and adults. It is not clear whether the decline that began in the Aleutians is moving southward.

You Can Help

Funding of $300,000 per year for the Consortium's research program is provided by the North Pacific Marine Science Foundation, formed especially for the purpose. In 1994, tax deductible contributions to the Foundation came from a wide spectrum of donors representative of the industry.

Many members of the fishing industry have decided the time has come for them to take action if their industry is to survive. They urge you to also become involved by encouraging you and your associations to pledge financial support so that incomplete scientific data does not undermine the future of the North Pacific fisheries. Contributions can be sent to:

North Pacific Marine Science Foundation
c/o Farrell A. Born, CPA
2150 6th Ave North, Suite 202
Seattle, WA 98109

Additional information about the Foundation can be obtained from John Roos (206) 281-1667. For further information on on the research program, call or write to Dr. A.W. Trites at the address below. We would be pleased to answer your questions or to send you more information.

The North Pacific Universities Marine Mammal Research Consortium
Fisheries Centre, University of British Columbia, Room 18,
6248 Biological Sciences Road, Vancouver, B.C. Canada V6T 1Z4

tel: (604) 822-8181; fax: (604) 822-8180; e-mail: consortium@bcu.ubc.ca

University of Alaska
University of British Columbia
University of Washington
Oregon State University

The North Pacific Universities Marine Mammal Research Consortium

ANNUAL REPORT
1993

THE UNIVERSITY OF ALASKA
THE UNIVERSITY OF BRITISH COLUMBIA
THE UNIVERSITY OF WASHINGTON
OREGON STATE UNIVERSITY

The North Pacific Universities
Marine Mammal Research Consortium
The University of British Columbia
6248 BioSciences Road
Vancouver, BC
V6T 1Z4 Canada

Telephone: (604) 822-8181
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THE PROBLEM

Over the past few decades, major changes have occurred in the abundance of seals, whales and seabirds breeding in the North Pacific. In Alaska, northern fur seals are now *depleted*, while Steller sea lions are *threatened*, and harbour seal numbers are greatly reduced. Similar declines have been reported in some seabird breeding colonies. In British Columbia, Steller sea lion numbers seem stable, but harbour seal populations have increased rapidly. Further south, striking increases are also being observed in the range and abundance of elephant seals and California sea lions.

Such large scale changes may be a natural phenomenon or may be causally connected with similar changes occurring concomitantly in a number of commercial fisheries. All told, they stand to impact the economic development of commercial fisheries throughout the North Pacific.

NORTH PACIFIC MARINE SCIENCE FOUNDATION

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Dr. Alan Springer	University of Alaska
Dr. Andrew W. Trites	University of British Columbia

THE CONSORTIUM

In the summer of 1992, John Roos (Vice President of the Pacific Seafood Proce ssors Association) writing on behalf of a group of representatives of the fishing industry, requested Pacific northwest universities to submit proposals for research concerning the decline in abundance of Steller sea lions in the Gulf of Alaska and the Bering Sea. From that request, the *North Pacific Universities Marine Mammal Research Consortium* was formed with four participating institutions: The University of Alaska, The University of British Columbia, The University of Washington, and Oregon State University.

The mission of the Consortium is *to undertake a long term program of research on the relation between fisheries and marine mammals in the North Pacific Ocean and Eastern Bering Sea. Studies will focus initially on the biology of the Steller sea lion and could include research on the effects of species interactions and oceanographic conditions on changes in sea lion abundance. The scope could subsequently be broadened to include other marine mammals and possibly sea birds.*

BACKGROUND

Why Steller sea lions have declined in Alaska remains unresolved. Possible causes are shown in Figure 1 and include increased incidence of parasites and disease, predation by killer whales, meteorological changes (i.e., frequency of storms), pollution and toxic substances, entanglement in marine debris, incidental and intentional take by man, nutritional stress through competition with man or other species for food, or nutritional stress caused by natural and/or human-induced changes in the abundance, quality and distribution of prey. For the most part, data to assess each of the possibilities is currently limited.

In 1990, the Steller sea lion was listed as a *threatened* species under the *US Endangered Species Act*. A team appointed by the National Marine Fisheries Service developed a recovery plan in 1992 to review factors that may have affected the sea lion population and to identify actions needed to stop the decline and encourage population growth. Since then, the National Marine Fisheries Service has initiated a status review of Steller sea lions to determine whether a change in classification from *threatened* to *endangered* is warranted (November 1993).

Funding of $300,000 per year for the research program of the Consortium is provided by the North Pacific Marine Science Foundation, formed especially for the purpose. Contributions to the Foundation have come from a wide spectrum of donors representative of the industry.

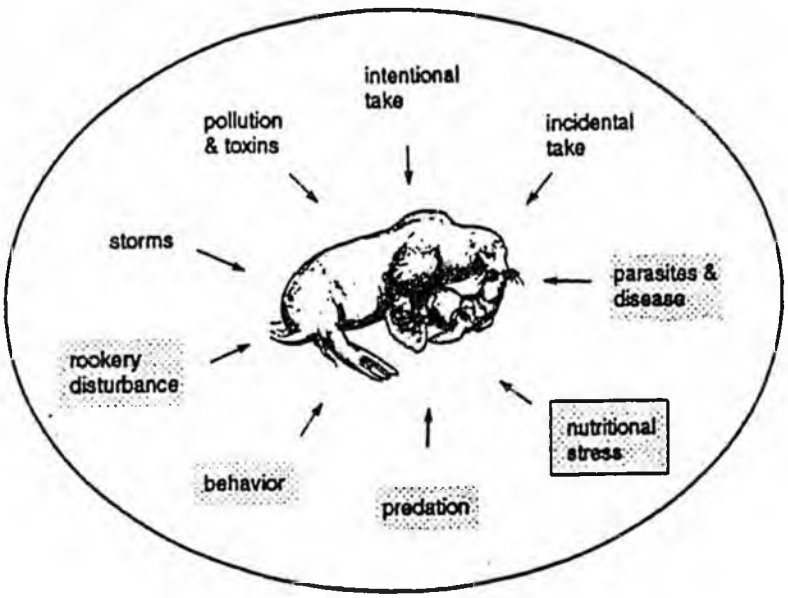
The research program is overseen by a Management Committee comprising representatives of universities, industry and government agencies. A Research Committee composed of research leaders at the various universities and government agencies is responsible for preparing a proposal for research each year and for reporting on progress to the Management Committee.

The Consortium is aided greatly in its work by the guidance and assistance provided by the United States National Marine Fisheries Service, the Alaska Department of Fish and Game, and Fisheries and Oceans Canada.

The first four months of the Consortium's work (September 1 to December 31, 1992) was devoted primarily to developing a research program for 1993. This report

concerns the accomplishments of that first full year of operation and briefly sketches the work proposed for 1994.

Figure 1



Future contributions of the Consortium will lead to a better understanding of the population biology of the Steller sea lion and, in due course, to other marine mammals of the North Pacific. The interactions of fisheries and marine mammals are the subject of intensive research in many parts of the world. They will be a major focus of research in the North Pacific for many years to come. The Consortium brings university resources to help to resolve the issues that arise.

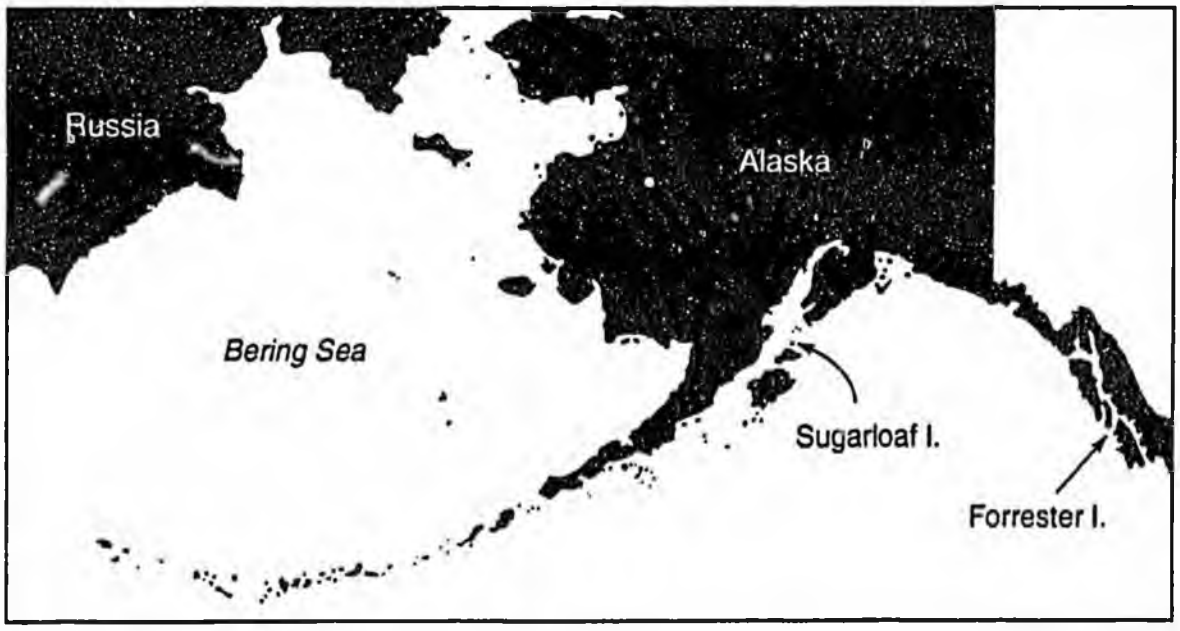
The Marine Mammal Research Unit of the Fisheries Centre at the University of British Columbia administers the Consortium. Core staff of the Consortium consists of an overseer (Dr. P. A. Larkin), a research coordinator (Dr. A. W. Trites) and a part-time administrative manager (P. Rosenbaum).

THE FIVE YEAR RESEARCH PLAN

In January 1993, the Consortium developed a five year research plan to study marine mammal/fishery interactions in the North Pacific: most notably, the effects of commercial fisheries, species interactions and oceanographic conditions on changes in sea lion abundance. The program contains three components: (1) field studies, (2) captive studies, and (3) data analysis and laboratory studies. The essence of the field studies is comparison of a healthy sea lion rookery and a declining rookery at Forrester Island and Sugarloaf Island respectively (Figure 2). Captive studies on Steller sea lions held at the Vancouver Public Aquarium are providing data about nutritional requirements that cannot be established in the wild, and a means of testing and developing new techniques for studying sea lions in the wild. Analysis of historical data sets and development of new laboratory techniques for processing biological samples comprise the third group of studies.

The studies are a balance of short term and long term projects designed to help test the various hypotheses put forward to explain the decline of Steller sea lions (Figure 1). The studies are integrated and draw on the expertise and talents of university-based physiologists, ecologists, marine mammalogists, fisheries specialists and oceanographers. Only a concerted effort and a commitment to long term research will determine the causes of changes in the North Pacific and Bering Sea ecosystems in general, and of abundance of marine mammals in particular. Solutions are not likely to come quickly and will need a sustained effort. Our five year research plan contributes to this end.

Figure 2



RESEARCH UNDERTAKEN

Census techniques

A study at the University of British Columbia by Drs. R.G. Gosine, L. Gamage, and A.W. Trites considered alternative technology for aerial counting based on video filming and digitized still photographs. Computer algorithms were developed to discriminate sea lions from background image information. An algorithm for tracking sea lions between successive image frames was also developed and tested on a limited number of scenes from the 1992 Aleutian Islands survey conducted by the National Marine Fisheries Service.

Computer counts were made from typical image sequences for a range of terrains (e.g., sandy beach, rocky haulout) and compared to manual sea lion counts from slides. The study showed that the computer accurately counted single sea lions but was unable to correctly count the number of sea lions lying on top of each other. Further work is needed to overcome this problem. Further development of color analysis is also needed.

Computer counts are extremely fast and consistent. A computer-assisted census count (where the computer queries an operator when it cannot distinguish an object) might improve the accuracy and speed of counts from aerial photographs or video tape.

A statistical study at the University of Washington, directed by S. Mathews, examined possible sources of error in the estimation of populations of Steller sea lions from photographic surveys. Using data provided by the National Marine Fisheries Service, the study found no significant biases in the population estimates.

Predation by Killer Whales

The stomach of a dead killer whale that washed ashore in Prince William Sound in 1992 contained 14 flipper tags from Steller sea lions. Predation on sea lions has also been noted from stomach contents of stranded killer whales from other parts of Alaska and British Columbia. Killer whales have been observed attacking sea lions. In view of these observations, we began a study to ask: (1) to what extent does killer whale predation affect sea lion numbers, and (2) has this predation contributed significantly to the recent decline of sea lions in Alaska?

Dr. John Ford and Mr. Lance Barrett-Lennard are using photographic data to estimate numbers and distribution of transient killer whales frequenting nearshore waters from southeastern Alaska to the western Aleutians. Published and unpublished accounts of killer whale stomach contents and observations of predation are being used to estimate predation rates on sea lions of various ages. To obtain additional information about predation rates, questionnaires were distributed to fish and wildlife personnel and to researchers working on sea lions, killer whales, and other marine mammals. The energetic requirements of captive killer whales will be used to determine typical feeding rates. An attempt will be made to model possible minimum and maximum killer whale predation. When completed, the study will provide the first estimates of potential impact of killer whales on Steller sea lion populations.

Human Disturbance and Behavioral Changes

Steller sea lions are easily scared from their rookeries and haulout sites. While animals commonly return after having been disturbed, the effect of prolonged disturbances is not known. Efforts to capture and study Steller sea lions in the wild might be, therefore, a contributing factor to the population decline.

To determine the effect of human disturbance, we began a collaborative study with the Alaska Department of Fish and Game at two sites on Forrester Island, one of which was disturbed on three occasions (by researchers studying pup energetics), and the other which people did not enter.

Preliminary results suggest that disturbances early in the breeding season have little effect, but after the third disturbance late in the season females left with their pups and did not return. It is not clear what the effect might be in following years.

These studies will be continued in 1994 when adults will be driven again from the rookery on three occasions (at two week intervals).

In 1993 we also began to establish protocols for behavioral observations. Behavioral observations in 1994 will contrast reproductive behavior of Steller sea lions at two sites: Forrester Island, where sea lion abundance has been stable or increasing, and at Sugarloaf Island, where sea lion numbers are in decline. Field support and assistance is being provided by the Alaska Department of Fish and Game. The behavioral observations are also designed to test for signs of nutritional stress and to detect aberrant behavior at various densities.

Disease and Parasites

The role of parasites and infectious diseases in the biology of Steller sea lion populations has yet to be evaluated adequately. It is known that disease can affect health, reproductive capacity, and contributes to mortality, but the impact on population dynamics is not clear.

A preliminary study to identify and quantify the presence of parasites from examination of sea lion scats (faeces) collected in Southeast Alaska commenced in 1993. In 1994, researchers at the University of British Columbia will continue to evaluate parasite loads from Southeast Alaska and will begin the same analysis on scats collected at Sugarloaf Island.

Dr. A. Smith at Oregon State University proposed a five year research program to determine whether disease is causing or contributing to the population decline of Steller sea lions. His laboratory has experience with two classes of pathogens known to infect Steller sea lions, *Leptospira interrogans* and a series of caliciviruses known collectively as San Miguel sea lion virus. Both agents are active in marine mammal and other mammal populations, where they are associated with abortion and neonatal death. This study will begin when funds are available.

Nutritional Stress

D. Calkins and E. Goodwin of the Alaska Department of Fish and Game concluded that Steller sea lions were physically smaller in the mid 1980s than the mid 1970s, a conclusion supported by body measurements of sea lions caught in trawls. Both findings suggested that sea lions may have had inadequate nutrition during the 1980s. Simulation studies by the National Marine Fisheries Service (A. York) further suggest that young sea lions may have had a higher incidence of mortality. These and other findings have led to the hypothesis that a shortage of food during the winter may cause pups to die of starvation or other problems associated with food stress.

This hypothesis has received major attention by government agencies as well as by Consortium researchers. Our approach is four fold: (1) verify changes in body size; (2) determine energy requirements; (3) examine how diet may have changed between sites and over time; and (4) determine whether the forage base has changed with time and, if so, explore whether the change is related to fisheries and/or natural changes in the ecosystem.

Verifying Changes in Body Size

Existing morphometric data are currently being re-analyzed by the Alaska Department of Fish and Game. We are attempting to collect additional data from sea lions taken in the subsistence harvest in a project coordinated by Dr. A. Springer of the University of Alaska. While few specimens were collected in 1993, more are expected as contacts grow in the hunting community.

Another approach to determining how conditions may have changed from previous decades is to measure the annuli of sea lion teeth. Dr. D. Sampson from Oregon State University has proposed such a study. Growth records embedded in the teeth of Steller sea lions would be quantified between sites and over time to test whether a significant change occurred in growth rates, and age of sexual maturity. This study will begin as soon as funding is obtained.

Changes in growth also may be shown in bones in the form of "Harris lines" which appear when young animals are stressed and bone growth slows or ceases. Dr. Springer has proposed a pilot study of the utility of Harris lines in 1994.

Determining Energy Requirements

In 1993, three male and two female Steller sea lion pups were taken from a Canadian rookery and transferred to the Vancouver Public Aquarium. Plans to capture an additional six to ten pups in 1994 are currently on hold because additional funding from outside agencies and foundations has not yet been secured.

Over the next four years the captive animals will be used to determine (1) metabolic rates; (2) nutritional levels for required energy turnover rates; (3) digestive efficiency of different diets such as pollock and herring; (4) their relationship with growth, body composition, blubber thickness, fat distribution, organ maturation level and reproductive maturation (using ultrasound technology); and (5) biases in the use of sea lion scats to determine diet in the wild. Subsequently, a mathematical model will be developed that considers seasonal and annual activity budgets for sea lions at both individual and population levels.

Although the first year of this project was intended to serve as a "shakedown" period, substantial progress was made in 1993. Modifications to the Vancouver Public Aquarium were completed to accommodate the pups, and growth and body morphology has been monitored on an ongoing basis (pups are weighed and measured daily; blood chemistry is done once every two weeks, the autumn moult is being documented to determine the best time to attach recording instruments to animals in the wild). To assess energetic needs, we have acquired a flow-through respirometry system and have built a basic metabolism chamber to use with it. The system has been on-line and collecting data since early October.

Examining Changes in Diet and Foraging Success

Dr. A. Springer of the University of Alaska enlisted the aid of native subsistence hunters to acquire specimens from St. Paul Island (Pribilof Islands) for diet studies. Samples from two juveniles taken by hunters and three beach-cast adults were obtained. Additional samples from several more specimens taken by hunters are awaiting shipment from St. Paul to Fairbanks. In addition, the Aleutian East Borough is assisting in contacts with hunters from Akutan, Nikolski and other villages.

A collaborative study was undertaken with Alaska Department of Fish and Game to collect scats on Forrester Island. Approximately 200 samples were taken at Forrester, and an additional 200 from four other haulout sites in Southeast Alaska. The scats are currently being processed at

Fisheries and Oceans Canada facilities to determine parasite loads and diet (based on identifying bony prey structures). Bones will be identified by Pacific ID in Victoria. Raw data sheets will be distributed to Alaska Department of Fish and Game and National Marine Fisheries Service. A report summarizing findings is planned for the spring.

In 1994 we will continue collecting scats from Forrester Island and will begin a concerted effort to describe the diet of sea lions at Sugarloaf in the eastern Gulf of Alaska where major population declines have occurred.

There are many hidden biases in determining diet from scats. For example, otoliths are easily identified by species but for some species may be partially or even totally digested. Dr. A. W. Trites and P. Cottrell began a study on harbour seals held at the Vancouver Public Aquarium and will do a similar study in 1994 on captive Steller sea lions once they are weaned.

Over 4,000 fish were consumed during the experimental period, from which over 50,000 elements (hard parts) were recovered. Only 53% of otoliths were recovered from consumed prey (34% from herring, 64% from chinook smolts, 74% from pollock, 67% from hake, and 26% from smelt). Other structures (such as vertebrae in herring) appeared more consistently in scats. Correction indices based on contingency analysis of different prey structures can be calculated for species that are consumed whole (herring and smelt). Greater biases exist for larger fish whose heads are ripped off and not eaten (pollock, salmon and hake).

A novel study to determine whether the decline of Steller sea lions is related to a shift in diet was proposed by Dr. D. Shell at the University of Alaska. In a pilot study in 1993, the ratio of carbon and nitrogen isotopes was measured in whiskers from Steller sea lions collected over the past 20 to 40 years to determine whether long-term shifts occurred in food sources and in trophic levels at which Steller sea lions fed. An identified shift would support the hypothesis that changes in diet may have played an important role in the recent population declines. This study will continue through 1994.

Studying the feeding behavior of pups and lactating females might reveal whether Steller sea lions are food stressed in the eastern and western Gulf of Alaska. First steps were taken in 1993 for a comparative study of the foraging biology and behavioral ecology of juveniles and adult females in both the eastern Gulf of Alaska (Sugarloaf Island), and in southeastern Alaska (Forrester Island) where no population decline has occurred.

At Forrester Island, protocols were developed for making behavioral observations. The Alaska Department of Fish and Game erected a cabin and field station on the island. With their leadership a second field camp will be set up at Sugarloaf in 1994. A biologist from the Consortium and from the Alaska Department of Fish and Game will be paired on each of the two study sites in 1994 and 1995. The study will measure the time that pups, cows and bulls rest while ashore, male investment (size of territories, length of bull's tenure, number of copulations), and maternal investment (number of suckling juveniles, time spent nursing pups, length and start of mother's first feeding trip, sex ratio of pups born).

A second study is proposed on juvenile winter behavior to determine whether mothers can adequately nourish their pups during lactation and/or whether weaned juveniles are able to successfully forage on their own. The Alaska Department of Fish and Game plans to deploy satellite tags on juveniles in October and November, 1994, and have indicated that they will provide logistical support and financial assistance to a graduate student. We anticipate that the work will involve at-sea tracking of juveniles and "on-shore" monitoring of daily and seasonal changes in juvenile abundance at Cape St. Elias (located east of Prince William Sound on the southern tip of Kayak Island).

In 1993 we developed and field tested a portable data logger for attachment to Steller sea lions to record location, diving depth, swim speed, and changes in stomach temperature (an index of feeding activity). Backpack-data loggers and stomach temperature telemeters were tested on captive California sea lions and proved capable of recording when and how much prey were ingested. At Forrester Island, three female Steller sea lions were equipped with data loggers and temperature sensors. One of the three made a feeding trip on which four dramatic drops in stomach temperature were recorded, indicating prey ingestion events. Although further field trials are needed, the system has provided the first conclusive record of foraging by a wild sea lion, a significant breakthrough in determining where and when sea lions feed.

The capabilities of the data loggers are being expanded to include heart rate and stomach pH measurements (indices of metabolic rate and prey type, respectively). Testing of the devices and heart rate units will be done by R. Andrews (University of British Columbia) on captive California sea lions held in Santa Cruz and on captive juvenile Steller sea lions in Vancouver. The 1994 research plan calls for studies of the foraging behavior and energetics of adult female Steller sea lions with young pups in the summer; and of females and pups near the time of weaning in winter. We will collaborate with D. Calkins of the Alaska Department of

Fish and Game and researchers from the University of Alaska, and Texas A&M University to deploy the electronic devices on five sea lions at Forrester Island in the summer and five adults and five juveniles at Cape St. Elias in the winter. Data concerning development of independent foraging by juveniles in winter will be relayed by satellite and radio transmission.

Changes in the Forage Base

The University of Alaska and the University of Washington are jointly preparing a proposal to sample and determine abundance of forage fish near the two primary field sites. At the same time, a project will try to establish what fishing activity occurred around sea lion rookeries, and how much fish was removed over the past decade.

Population trends of sea lions at different rookeries differ perhaps because of different levels of disturbance from nearby fishing operations or different histories of local prey abundance. In 1993 a study was begun by Dr. D. Sampson at Oregon State University to test these conjectures by analyzing historical and current fishing activities near selected sea lion rookeries.

The first part of the study involved compiling and analyzing data on catch and fishing effort from commercial fisheries operating near sea lion rookeries during the 1970s and 1980s. Previous analyses of commercial fisheries data have focussed on removals of groundfish, particularly pollock, or have looked at coarsely aggregated catch and effort data for various fisheries. This project concentrates on cumulative and seasonal levels of fishing effort and relative catch rates at different sites for as many different fisheries as possible. Analyses have started with data provided by the National Marine Fisheries Service on the quarterly catch and effort data from the observers, since 1979, on foreign, joint-venture, and domestic groundfish vessels. Fish ticket data (landings receipts) are being obtained from the Alaska Department of Fish and Game to document monthly landings and number of fishing trips by statistical area for domestic fisheries for groundfish, salmon, herring, halibut, shrimp, and crab. The data compilation, tabulation, and preliminary analyses of these two data sets will be completed by March 1994 with additional analyses completed during the remainder of 1994.

The second part of this study will compile and analyze information from commercial fishing operations near the primary field sites (Forrester and Kodiak regions). Although protected areas have been established around sea lion rookeries and major haulouts west of 140° west longitude to limit disturbances by the groundfish fishery,

other fisheries such as those for herring and salmon still operate near these sites. At the end of each field season, data from the Alaskan fish tickets on the landings and number of fishing trips will be compiled and examined to document differences in the amount of nearby fishing activity and, possibly, the relative levels of local prey abundance.

Another possible explanation for the decline of Steller sea lions is that an ecosystem shift changed the food base in the North Pacific in the mid 1970s. One hypothesis, for example, is that mass removals of whales from the North Pacific in recent times contributed to ecosystem change and declines in the abundance of pinnipeds and seabirds. The International Whaling Commission reports that between 1950 and 1975 over 45,000 fin whales were harvested in the North Pacific. "Best guess" estimates indicate the population fell some 90% from a pre-exploitation level of about 50,000 whales to under 5,000. Approximately 75% of the harvest came from the Gulf of Alaska, Bering Sea, and Kamchatka Peninsula area. The harvest was concentrated on feeding grounds at the edge of the continental shelf in the Gulf of Alaska and Bering Sea and along the Aleutian Archipelago where the whales fed on large calanoid copepods, euphausiids, and small schooling fishes such as juvenile pollock. Removal of these whales may have changed the composition and abundance of forage fish available to the Steller sea lion and other marine mammals by reducing predation on young pollock and increasing the amount of euphausiids and copepods available to other fish species.

Dr. A. Springer (University of Alaska) has begun a thorough analysis of whaling records and models of whale consumption and population dynamics to test the notion that whaling was a contributing cause of recent changes in the Bering Sea. In 1994 information on harvest using the detailed records of the International Whaling Commission, obtained from National Marine Fisheries Service, will be refined. Population estimates for fin and sei whales will be derived from a mathematical model. Carbon budget and food web models, with appropriate spatial scales, will then be developed to evaluate possible effect of the removals on the pelagic ecosystem.

Acknowledgements

The Consortium has been greatly aided in its work by the guidance and assistance provided by the US National Marine Fisheries Service, the Alaska Department of Fish and Game, and Fisheries and Oceans Canada. We are particularly grateful for the field support provided by the Alaska Department of Fish and Game and for the assistance of Fisheries and Oceans Canada in capturing the Steller sea lion pups for captive studies.

We extend our thanks to the Vancouver Public Aquarium and its staff who provided us with research space and expertise in training and caring for the pups. As well, we thank the subsistence hunters from the Pribilof Islands and Aleutians East Borough for collecting and providing scientific data from subsistence hunts.

We are also grateful to the members of the Research and Management Committees for the many hours they have spent preparing, reviewing and molding the Consortium's research plans.

Finally, we wish to thank our many and varied donors for their support and interest.

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Funding received to date

1992	$32,000
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12	[illegible]	DE Hasbrouck	Po Box 3008 KTN		247 8280			X
13	Mamie Markle	Mamie Markle Seamen	POBx 8743, Ktn		225-3416			X
14	Barbara Mahn	Barbara Mahn	469 Forest Park Dr		5-7562			X
15	Ed Mahn / Edward O Mahn	Ed Mahn	469 Forest Park Dr		225 7562			✓
16	Dick Inglis	Dick Inglis — Log-N-Road Engineering	82 S.Pt Higgins Rd. Ketchikan, AK		225-2778			✓
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3	Robert E Lindekugel	Robert E. Lindekugel	419 6th Street #328		586-6992			
4	Dale Pittman	ALASKA CRUISE / AWRTA	Box 7814 Ketchikan		225-3498			
5	Bruce H. Wallace	BRUCE WALLACE / commercial fishing	P.O. Box 8572 KETCHIKAN AK		225-6547			
6	Fred Athorp	Fred Athorp / fishing commercial	#10 Creek St Ketchikan, AK.		225-3452			
7	Cheryll Athorp	Cheryll Athorp F.V. Commercial fish	#10 Creek ST KTN, AK		225-3452			
8	Kathy Miller	Kathy Miller Miller Time AWIT	P.O. 9602 Ktn AK		225-9280			
9	Rena R Miller	Rena R Miller M&M Repair AWIT	12697 NTG Ktn Ak		247-1451			
10	Bill Hardcastle	Bill Hardcastle Self	1612 Sharp Ktn		225-6853			
11	Sandra J Mesko	Sandra J Mesko AWIT	PO Box 1445 Ward Cove AK		225-1010			
12	Ernesta Ballard	ERNESTA BALLARD KTN CHAMBER	705 MAIN ST KTN		247 0846			
13	David Arnoldsmith	David Arnoldsmith USFS	Fed. Building Ktn		228 6304			
14	Frederick Norris	FREDERICK NORRIS	POB 24628 JNU		586-8884			
15	Sherrie Slick	SHERRIE SLICK	109 MAIN ST. KTN		225-6880			
16	Chief Tara	CHIEF TARA	Box 8080 KTN		225-6157			
17	Gene E. Feind	Gene E. Feind	P.O. Box 8693 Ktn.		247-8685			
18	Steve Ambrose	Steve Ambrose	Box 32975		780-5269			

LEGISLATIVE TELECONFERENCE NETWORK
SIGN-IN SHEET

SPONSOR: _____

SUBJECT: _____

START/END TIME: _____ DATE: _____

	SIGNATURE	PRINTED NAME / REPRESENTING	MAIL ADDRESS ZIP	PHONE	BILL	Testify	Observe
1	L. H. Shipley	Linn Shipley	POB 5115 Ketchikan, AK 99901	247-3425			X
2	J. Arriola	KEN ARRIOLA	POB 3323 KTN AK 99901	225 3323			
3	C. LaPerriere	CONNIE LA PERRIERE	PO Box 9062 Ketchikan AK 99901	225-4094			X
4	Marvel L.	Marvel Laperriere	Box 9062 KTN AK	225-4094			
5	Margaret Clabby	Margaret Clabby	7960 S. Tongass Ktn AK	225-0800		X	
6	Arne R. Pihl	ARNE R. PIHL	PO Box 8524 Ketchikan AK	225-7511			X
7	William C. Thomas Sr	William C Thomas SR	" " 5196 " "	225-4853		X	
8	Betsey Prudett	Betsey Prudett	Box one KTN	225-8829			X
9	Bob Elliot	Construction Machinery Inc	Box 699 Ward Cove AK 99928	247-2228			X
10	Allyn Hayes	Ketchikan Pulp Co.	P.O. Box 722 Ward Cove AK 99928	225-2151			X
11	Gene Eide						X
12	Constance Griffith	CONSTANCE GRIFFITH / Self	2509 4th Ave. Ketchikan AK 99901	225-5069			X
13	Gordon Nelson		862 JACKSON St KTN. AK 99901	225-4872			V
14	Kathleen J. Nelson	KATHLEEN J. NELSON	862 JACKSON ST. KTN. AK 99901	225-4872			X
15	Robert L Dotson	ROBERT L DOTSON	6015 Dotson Ln S KTN AK 99901	225-7917			X
16	Trevor F Dotson	Trevor F Dotson -	6015 Dotson Ln S. KTN - AK 9901				X
17	Tom Cashen	Tom Cashen / Comm of Labor	3200 Foster Juneau 99801	465-2700			X
18	Bob Lohr		PO Box 72 U.S. IA	225-9349			

LEGISLATIVE TELECONFERENCE NETWORK
SIGN-IN SHEET

SPONSOR: _____

SUBJECT: _____

START/END TIME: _____ DATE: _____

	SIGNATURE	PRINTED NAME / REPRESENTING	MAIL ADDRESS ZIP	PHONE	BILL	Testify	Observe
1		Christopher Westwood ADNR Forestry	2030 Sealevel Dr. #217, KTN, AK 99901	225-3070			✓
2		Chris Nelson Metlakatla Indian Timber Enterprises	P.O. Box 7052 Ketchikan AK 99901	247-7052			✓
3		ALAIRE STANTON KETCHIKAN	334 FRONT KTN 99901				
4		PAT ROWLAND SISD	BOX 18111 Coffman Cove 99918	329-2211			
5		Owen Graham	Box 9023 Ketchikan 99901	225-2151			
6		Chris Gates	111 Steelman St Ketchikan AK	225-6114			
7		Melvin L. Clarke	RT2 Box 7 KTN AK				
8		K.A. Swiger / STANDUP	P.O. Box 23645, KTN	225-8627			
9		Don Finney	Box 739 Ward Cove, AK 99928	247-9598			✓
10		Helen Finney	Box 739 Ward Cove AK 99928	247-8598			✓
11		Caryl Williams	Box 6374 - Ketchikan	225-5246			✓
12		Steve Williams	3828 Evergreen Ave Ketchikan AK 99901	225-1573			✓
13		MIKE SALLEE	PO Box 7603 KTN	[illegible]			
14		Thyes Shaub	217 Second St Juneau 99801	463-5118			✓
15		SAYERS McALPIN	P.O. Box 5665, KTN AK 99901	225-2694			
16		MARGARET E. PETERSON	PO Box 324 KTN AK 99901	225-0514			
17		Matilda Kushnick	Rt 2 Box 7 Herman KTN-AK 99901	225-2058		✓	
18		STEVE SAMS	Box 23669 KTN AK 99901	225-3428			✓

Alaska State Legislature

HOUSE RESOURCES COMMITTEE

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

SOUTHEAST FOREST PRODUCTS FOCUS
February 16, 1995
Panel Participants

1. Independent Operators Panel

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

2. Long Term Timber Panel — during Q + A only

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

3. Grass Roots Community Panel

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

4. Community Leadership Panel

No text yet

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

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

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

B-11

Introductory Comments
Southeast Forest Products Focus

1. Call to order

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

2. Welcome

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

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

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

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

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

3. Introduction of panelists

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

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

After slide show:

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

After Rep. Phillips:

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

After Sen. Taylor:

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

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

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

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

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

Q + A period:

Answers are limited to 2 minute.

B.VI

CLOSING COMMENTS

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

insert A →

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

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

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

Sept 94 -90 m

Debbie

Insert A

I Want to close by Referring back to some of the opening remarks. Speaker Phillips spoke of the relationship between production, the economy, and Civilization.

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

People spoke today of trust and [redacted] credibility.

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

Knowledge certainly has.

Thank you for all of your testimony.

Alaska State Legislature

HOUSE RESOURCES COMMITTEE

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

SOUTHEAST FOREST PRODUCTS FOCUS
Ketchikan, Alaska
February 18, 1995

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

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

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

Q & A period (30 min)

Buffet lunch @ Cape Fox Lodge

1:30 Tour of Ketchikan Pulp Company mill

2:45 Shipyard tour

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

TESTIMONY OF

STEVE SELEY, JR. SEABORNE LUMBER COMPANY

FOR THE ALASKA STATE HOUSE OF REPRESENTATIVES

NATURAL RESOURCE COMMITTEE MEETING

WESTMARK CAPE FOX LODGE

KETCHIKAN, ALASKA

FEBRUARY 18, 1995

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

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

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

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

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

THE SBA TIMBER SALE PROGRAM WAS DESIGNED IN 1973 TO ENSURE THAT REGIONAL SMALL BUSINESS TIMBER OPERATORS WOULD HAVE A SUPPLY OF TIMBER TO MEET THE DEMAND OF THEIR PROCESSING FACILITIES, ELIMINATING LARGER CORPORATE INTERVENTION. THIS CONCEPT WAS FORMALIZED IN AN AGREEMENT [1] ENTERED INTO ON MARCH 18, 1977 BETWEEN SBA REPRESENTATIVE ART MASON AND THEN-REGIONAL FORESTER JOHN SANDOR AND WAS CALLED THE "AGREEMENT BETWEEN DEPARTMENT OF AGRICULTURE AND THE SMALL BUSINESS ADMINISTRATION FOR THE DEVELOPMENT AND OPERATION OF A SMALL BUSINESS PROGRAM IN THE SALE OF NATIONAL FOREST TIMBER RELATED PRODUCTS". THIS MARKED THE BEGINNING OF THE SBA VERSION OF A LONG TERM TIMBER SALE CONTRACT. THE AGREEMENT STATED THAT "THE FOREST SERVICE AND SMALL BUSINESS ADMINISTRATION HAVE AGREED TO A SET-ASIDE PROGRAM OF APPROXIMATELY 80 MMBF OF SAW TIMBER (AVERAGE ANNUAL TARGET VOLUMES) FOR THE TONGASS".

IN 1986, THIS AGREEMENT WAS AMENDED[2] TO CAUSE THE FOREST SERVICE TO FOLLOW CLOSER THE TARGET VOLUME OF 80 MMBF, ESPECIALLY SINCE THE ENTIRE INDUSTRY HAD JUST WITNESSED DEPRESSED TIMBER VOLUMES IN THE PREVIOUS 1984 AND 1985 TIMBER SALE YEARS. IT WAS AGAIN AMENDED[3] IN 1993 DUE TO TWO SBA MILL

[1]Exhibit A Decisional statement of March 18, 1977
[2]Exhibit B Small Business set-aside program, 10/1/86 - 9/30/90
[3]Exhibit C Extension of Agreement on Small Business sales.

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

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

TODAY, MY PRIMARY CONCERN LIES WITH THE CURRENT SUPPLY OF SBA TIMBER AND THE FACT THAT THE FISCAL YEAR 1995 TIMBER SALE SCHEDULE[4] FALLS SHORT OF MEETING THE USFS COMMITMENT TO THE SMALL BUSINESS ADMINISTRATION AND THOSE OF US WHO DEPEND ON THAT SUPPLY OF TIMBER.

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

[4]Exhibit D FY 95 SBA sale offering schedule

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

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

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

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

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

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

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

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

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

THE LEVEL OF TIMBER THE USFS PLANS TO OFFER THE SBA TIMBER OPERATORS OVER THE NEXT TWO YEARS FALLS SHORT OF MEETING THE SBA PROCESSING CAPACITY. THE VOLUMES FOR BOTH YEARS AS CURRENTLY PLANNED[6], WILL FAIL TO MEET THE 80 MMBF PROMISED THAT WE SO DESPERATELY SEEK.

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

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[5]Exhibit E SBA mills: Employment and production report
[6]Exhibit H Murkowski press release

TO SURVIVE AND AT THE SAME TIME PAY THE HIGHEST AVERAGE STUMPAGE PRICES [7]AND CONTINUALLY UPGRADE AND IMPROVE OUR MANUFACTURE CAPABILITY TO MEET THE MARKET DEMAND FOR A VARIETY OF PRODUCTS. COUPLED WITH THIS 80 MMBF DEMAND SHOULD COME TIMELINESS OF SBA TIMBER SALE OFFERINGS, SALES AREAS LOCATED GEOGRAPHICALLY EQUAL TO THE TOTAL VOLUMES SOLD OFF THE TONGASS AND TIMBER SALES THAT ARE ECONOMICALLY VIABLE. FOR WITHOUT THESE DEMANDS MET, THE SBA TIMBER INDUSTRY AND SUPPORTING OPERATORS WILL SURELY BE ELIMINATED.

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

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

Ketchikan Pulp Company
A wholly owned subsidiary of Louisiana-Pacific Corporation

Post Office Box 6600
Ketchikan, Alaska 99901
U.S.A.

TEL 907/225-2151
FAX 907/225-8260

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

Before The

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

OVERSIGHT HEARING
February 18, 1995
Ted Ferry Civic Center

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

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

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

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

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

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

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

2) the amount of timber under contract has decreased significantly over the last 5 years to levels which leave us no flexibility due to weather or markets, and in addition, the amount of road construction to perform harvesting has increased;

3) the Forest Service timber offerings to KPC have been moved to the end of the fiscal year, which effectively means timber offerings are not accessible for another 6 to 12 months, due to timing restrictions and road building.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I. HCA's and the science upon which they were developed have numerous flaws:

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

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

B) The current goshawk assessment being done by the Forest Service is showing that almost all of the telemetry points gathered by ADF&G over the last several years, shows that goshawks are NOT in interior productive old growth. Rather, as you would expect, they are predominately found at the edge of openings which is exactly what you would anticipate considering the prey species they seek. Further, note that the Draft Plan Amendment EA map for HCA's shows that only 3 percent of located goshawk nests fall within the mapped large and medium HCA's. Do goshawks need large tracks of old growth? I would say that all indications are NO.

C) Marten are an introduced species to most of the islands of SE AK. Hence, there is no legal obligation for the Forest Service to manage for them. The National Forest Management Act implementing regulations (36 CFR 219.19) call for ensuring habitat to have viable populations of native and "desired" non-native species. Further, there are numerous natives in SE AK that suggest that marten have essentially wiped out the ptarmigan and grouse populations; species that some natives consider subsistence resources and some natives suggest that they would much prefer over marten. Therefore, a) should the Forest Service be managing for marten on the islands? b) does the data indicate that marten need large tracts of old growth on specific spacings to ensure viability? I suggest the answer is NO.

D) Bottom Line - The so-called "science" supporting an HCA strategy to ensure viable wildlife populations is crumbling and perhaps never existed in the first place. It is merely a hypothesis that is, over time, being shown to be false. Therefore, there is no evidence to suggest that an additional 21 percent of the Tongass LUD III/IV timber base needs to be removed from timber harvest consideration in order to have HCA's.

II. However HCA's are not the only problem, the Goshawk Guidelines are also of concern.

A) The Plan Amendment draft EA for HCA's called for 8.4 mile and 2 mile no timber harvest zones around found nests, and no harvest within 95 percent of the harmonic mean of telemetered areas.

B) The October '94 Goshawk Workshop that the Forest Service held concluded that 2.9 mile radiuses of no timber harvest around goshawk nests as an interim measure was more appropriate.

C) The current goshawk assessment underway by the Forest Service is showing that few telemetry points reside in interior old growth, rather the goshawks are found in edge habitats searching for stellar jays and other species. Hence, there is no data to support 2.9 mile radiuses. For example there has been active nests in second growth documented on Douglas Island near downtown Douglas.

D) Bottom Line - there is no concluding scientific evidence that large tracks of land should be set aside from timber harvest (4-12 percent of the LUD III/IV timber base) in the interim to protect goshawks.

III. Decision on the Plan Amendment EA

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

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

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

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

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

1) the 1979 Tongass Plan, as amended by TTRA, has:

a) 38 percent of the productive old growth in Congressional withdrawals (Tongass Plan Revision SDEIS, pp. 3-165-166)

b) Of the 3.14 million acres of productive old growth outside of Congressional withdrawals, only 1.94 million is suitable to consider for timber harvest; hence the difference (1.2 million acres) will not be harvested.

c) Hence, about 63 percent of the productive old growth on the Tongass National Forest will never be logged.

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

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

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

THANK YOU

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Tongass Sportfishing Assoc.

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

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

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

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

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

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

TESTIMONY BY

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

BEFORE

Alaska State House Resources Committee

Ketchikan, Alaska
February 18, 1995

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

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

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

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

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

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

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

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

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

1. change their opinion that HCA withdrawals are "insignificant" to our region , to roll back the HCA implementations of June 30, 94. and

2. provide an adequate and reliable amount of timber to meet the needs of southeast Alaska's forest products industry.

THANK YOU

TESTIMONY BY

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

BEFORE

Alaska State House Resources Committee

Ketchikan, Alaska
February 18, 1995

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

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

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

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

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

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

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

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

THANK YOU

STATEMENT OF PHIL JANIK

REGIONAL FORESTER, ALASKA REGION

FOREST SERVICE

UNITED STATES DEPARTMENT OF AGRICULTURE

Before the

Resource Committee

Alaska House of Representatives

Alaska State Legislature

February 18, 1995
Ketchikan, Alaska

Mr. Chairman & Committee members:

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

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

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

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

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

Here are but a few highlights from the Tongass:

* About 80% of all salmon harvested in Southeast Alaska are produced in the streams and lakes of the Tongass providing the major source of salmon to the sport, commercial, and subsistence fishers.

* Timber harvesting on the Tongass represents about 50% of that harvested in Southeast Alaska annually.

* The Tongass has some of the richest mineral deposits and largest operations of its kind anywhere in the national forest system.

* The tourism industry and recreation use now draw over 500,000 visitors a year to Southeast Alaska. This use has doubled in the past 15 years. The Inside Passage is the most visited attraction in the state, much of this due to the beauty of the Tongass. In addition to simply "Tongass watching" from a cruise ship or marine ferry, the Tongass offers 149 cabins for recreation and emergency use, 505 miles of hiking trails, numerous opportunities for canoeing or kayaking, helicopter tours, flight seeing, fishing, and other adventure sports and wildland experiences. The explosion of tourism in Southeast Alaska has exceeded all expectations of economic benefits to communities, while also challenging agency and communities in managing the increased use.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1) Rescheduling of the 1994 and 1995 timber sales to preserve options for addressing scientific recommendations and wildlife concerns that have emerged.

2) Preparing an amendment to the existing Tongass Plan with interim measures to guide project-level activities until the Tongass Plan revision is completed.

3) Completing the Tongass Plan revision to directly address the resource concerns that have been raised and to address the socio-economic implications.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

TESTIMONY OF

KIRK DAHLSTROM, VIKING LUMBER

FOR THE ALASKA STATE HOUSE OF REPRESENTATIVES

NATURAL RESOURCE COMMITTEE MEETING

AT THE WESTMARK CAPE FOX LODGE

KETCHIKAN, ALASKA

FEBRUARY 18, 1995

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

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

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

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

After purchasing the mill, spending $800,000 and six months on reconstruction, Viking began operation of the sawmill two months ago in December. Our whole log chipping operation will start operating in April with an investment of over two million dollars. These two operations will need 60 - 70 million board feet (mmbf) of timber to run at full production. Our sawmill produces lumber that is truly for value added products. Every million board foot we produce will put 20 people, yearly, to work in manufacturing plants, making doors, windows, and moldings.

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

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

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

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

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