

ALASKA LEGISLATURE COMMITTEE FILES

1995-1996

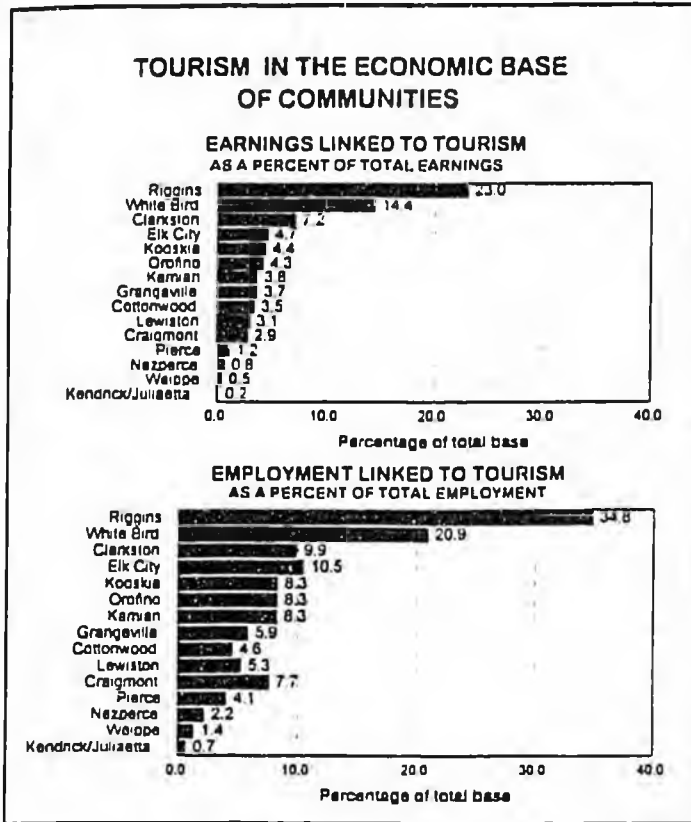
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HOUSE RESOURCES

205

FIGURE 7



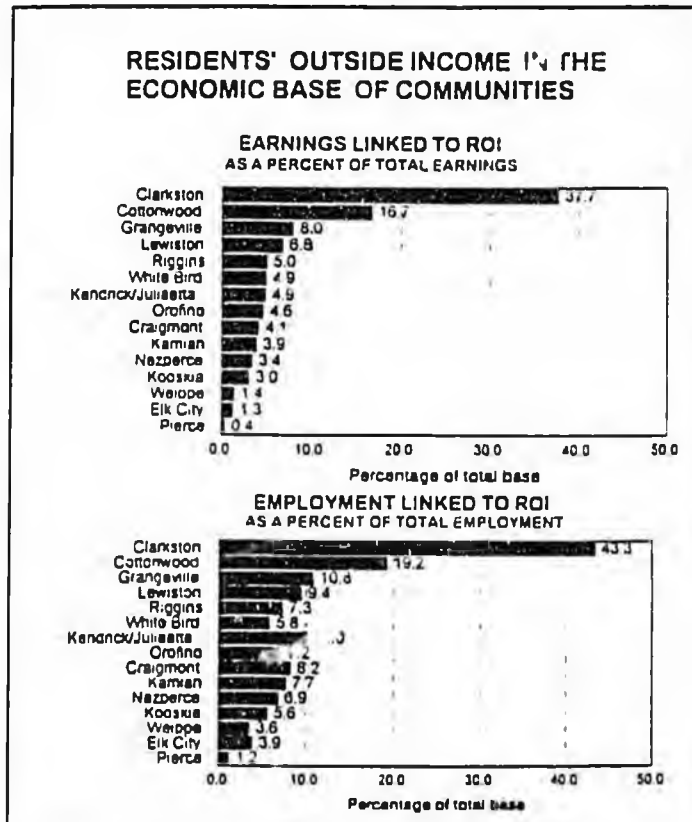
Visitors and Tourism

Northcentral Idaho hosts a variety of outdoor recreation opportunities and local businesses have grown to serve the needs of tourists. We identify the tourism sector by the non-resident sales of eating and drinking places, retail trade establishments, hotels and motels, and outfitters and guides.⁸ Figure 7 shows the 1994 role of tourism in the economic base of northcentral Idaho communities. Greater Riggins (from Pinehurst to Slatecreek) is the most dependent on tourism, providing 23% of all earnings and 35% of all jobs. White Bird, which includes Hoot's Cafe on Highway 95, ranks second. Tourism provides more jobs than earnings, indicating below average earnings in the tourism sectors.

Residents' Outside Income (ROI)

Residents with income from outside affect local job and income creation the same way as traditional export industries -- local spending of outside monies creates jobs and incomes in the resident-serving economy. Residents with outside income can be roughly grouped in 4 categories: (1) retired families with retirement income, (2) families living on savings or on non-labor income (dividends, interest, and rent), (3) the indigent and unemployed living on public assistance, and (4) out-commuters. Figure 8 shows the role of residents' outside income (ROI) in the 1994 economic base of our communities. Clarkston, Washington, is the most dependent. It is a bedroom community for Lewiston, and Clarkston's heavy dependence on ROI reflects out-commuting. Cottonwood ranks second because of a large presence of retirees. Other communities have far less dependence on ROI. As a workers' town, Pierce has only about one percent of its earnings and employment linked to ROI.

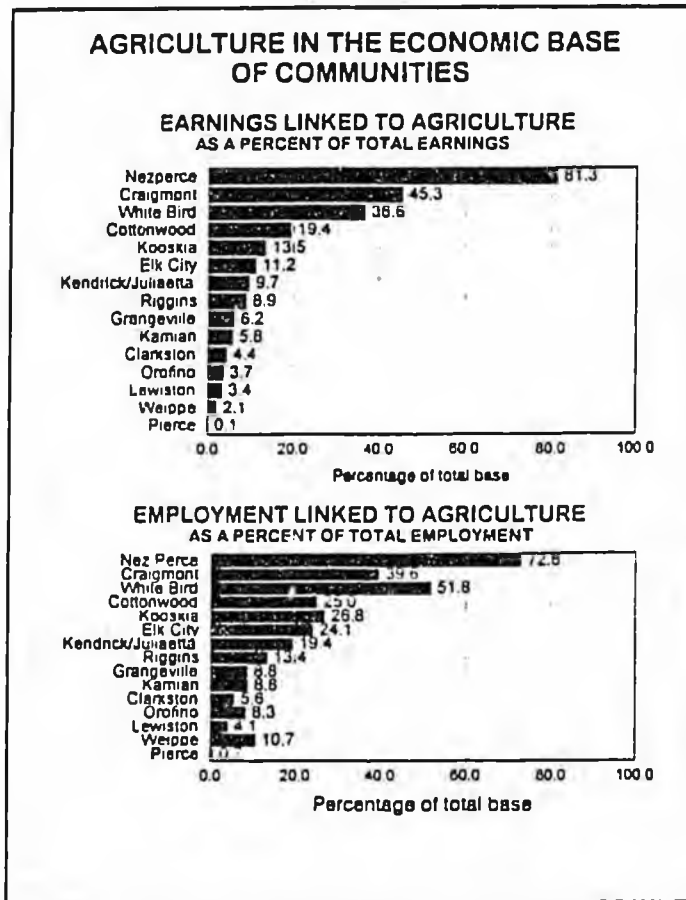
FIGURE 8



Agriculture

Our community boundaries are broad, extending beyond city limits to include surrounding settlements and isolated homesteads. Many outlying areas

FIGURE 9



include significant agricultural land, and farm activity can appear prominent in a rural community's economic base. Figure 9 shows the role of agriculture by community. Nezerperce (in Lewis County) ranks first with 81% of its earnings and over 72% of its jobs linked to agriculture. Craigmont is second, followed by White Bird.

Diversity and Specialization

Our analysis shows that rural resource communities tend to be very specialized. Pierce, Weippe, Kendrick, Juliaetta, Kamiah, Kooskia, and Elk City are overwhelmingly wood products oriented. Nezerperce and Craigmont are agricultural towns. Riggins has a significant and growing tourism economy. Single-sector towns are sensitive to market ups and downs -- mining and timber towns are famous for booms and busts. Tourism towns are seasonally unstable.

Trade centers, such as Lewiston, and to a smaller extent Grangeville and Orofino, are more diversified. Changes in the hinterland are felt in trade centers, but to a lesser degree. Their impacts are mitigated by economic diversity. Retirement and bedroom communities have lower incomes, but generally exhibit more stability.

Diversification is often prescribed for economic stabilization. Increasing the variety of sectors implies that a decrease in one will have less impacts. Another approach is to replace unstable sectors with stable ones. Both approaches may have limited applicability in northcentral Idaho. Towns founded on timber or agriculture are often poorly suited for other activities. Pierce is ideally located for wood processing, but is too remote for commuting, and it has limited services and a climate weighing against retirement. It is insufficiently unique to attract tourism, except hunting and fishing.

PROJECTIONS TO YEAR 2000

If current federal timber policies continue, several sawmills will close in northcentral Idaho causing job and income losses. However, by year 2000 other changes will also take place, so we built independent projections of economic growth into our economic analysis.

We Translate Regional Growth into Community Growth

We obtained county-level projections from the U.S. Department of Commerce (1992), Idaho Power Company (1996), and extrapolated historic trends for each economic sector. From these we constructed a consensus forecast at the community level.⁹

Table 3 shows the forecast growth rates for employment, earnings, and residents' income. Rates vary depending on the mix of sectors in a community.

**TABLE 3 GROWTH IN COMMUNITY ECONOMIES
1994 TO 2000
ANNUAL AVERAGE PERCENT**

	Employment	Earnings	Residents' Income
Grangeville	1.30	1.00	2.40
Cottonwood	1.30	1.10	2.30
Kooskia	0.80	0.50	2.40
Craigmont	1.00	0.40	2.30
Nezperce	0.50	0.20	1.80
Elk City	0.70	0.30	2.10
White Bird	1.60	1.10	3.90
Riggins	2.40	1.50	3.40
Lewiston	1.40	1.00	2.10
Orofino	1.00	0.60	2.00
Kamiah	1.00	0.50	1.80
Pierce	0.30	0.10	0.70
Weippe	0.30	0.10	1.60
Clarkston	2.30	1.80	3.80
Kendrick/Juliaetta	0.40	0.20	2.20

We illustrate the outcome of our community forecasts in Table 4 for Grangeville. Three sectors have no growth expectations: agriculture, wood products, and federal government. Zero growth in agriculture and federal government are projections of the U.S. Department of Commerce. Zero growth in wood products is an "artificial" assumption to establish a baseline for our later analyses.¹⁰

Most other sectors are forecast to grow 1-2% per year. Our analysis

Beyond tourism, many argue that the salvation of declining rural communities is the attraction of quality-of-life migrants, and we assume this grows 5% per year (34% over 6 years).

TABLE 4 GRANGEVILLE PROFILE AND PROJECTIONS

Community Income Account						
	1994 (\$1,000)	2000 (\$1,000)	%			
Inside Income						
Earnings	\$85,057	\$88,900	5.9%			
Property Income	\$6,323	\$6,802	7.8%			
Outside Income						
Property Income	\$13,525	\$18,125	34.0%			
Transfer Payments	\$16,188	\$21,693	34.0%			
Total Residents' Income	\$101,093	\$115,520	14.3%			
Earnings and Employment by Industry						
INDUSTRY	1994 EARN	2000 EARN	%	1994 EMPLOY	2000 EMPLOY	%
Ag	\$3,689	\$3,678	0.2%	261	262	0.4%
Mining	\$2,861	\$2,946	3.0%	63	65	3.1%
Construction	\$3,619	\$3,738	3.2%	206	213	3.2%
Food Processing	\$66	\$75	14.6%	3	4	14.6%
Manufacturing	\$1,157	\$1,210	4.6%	76	80	5.1%
Wood/Paper	\$10,387	\$10,388	0.0%	227	227	0.0%
Communications	\$584	\$658	12.7%	42	47	12.5%
Transportation	\$4,116	\$4,450	9.1%	207	225	9.1%
Auto/Trucks	\$1,337	\$1,473	10.1%	37	41	10.2%
Trade	\$8,298	\$9,531	14.9%	551	636	15.3%
Finance	\$1,284	\$1,363	6.1%	122	130	6.6%
Health/Caring	\$1,195	\$1,509	26.2%	116	148	25.1%
Recreation	\$490	\$629	28.3%	50	62	25.2%
Consumer Services	\$1,382	\$1,586	13.4%	95	108	13.6%
Business Services	\$1,152	\$1,289	11.9%	54	60	11.2%
Social Services	\$4,762	\$5,438	14.2%	325	372	14.3%
Local Govt	\$1,861	\$2,001	7.5%	69	66	7.5%
State Govt	\$5,535	\$5,620	1.5%	265	269	1.5%
Fed Govt	\$11,302	\$11,302	0.0%	356	356	0.0%
TOTAL	\$65,057	\$68,900	5.9%	3,149	3,402	8.0%

includes two parts of the economy not covered in other forecasts—tourism and residents' outside income. In recent years tourism in Idaho has been growing in excess of 5% per year, and we assumed a continuation of this trend (Harris, 1995).

Beyond tourism, many argue that the salvation of declining rural communities is the attraction of quality-of-life migrants (Rasker, 1995). A large part of such migrant income would appear under residents' outside income, and we assume this grows 5% per year (34% over 6 years).¹¹

Economic Adjustment Takes Time

We chose 2000 as the year for reporting impacts to allow time for economic adjustment. Our timber analysis predicts mill closures as early as 1996. However, the effects will not be immediate. Workers' unemployment benefits, savings, and other resources provide an adjustment period. We assume full adjustment by year 2000 with the exhaustion of replacement incomes and out migration of the unemployed.

FEDERAL POLICY AND LOCAL MILLS

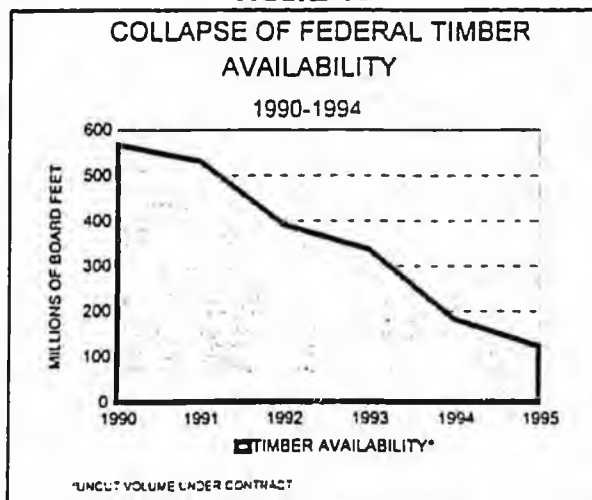
To assess community impacts, resource policy or market changes must be converted into changes in the geographic use of raw materials. Our timber policy analysis consists of two major components: (1) We predicted how policy changes cause new patterns of log availability and (2) We predicted how each wood products mill would react to changing log prices and availability.

Timber Market Distortions

Federal timber policies control local timber markets because they dominate the

resource. Idaho National Forests have 67% of suitable timber acres and 73% of the suitable inventory.¹² The combined Clearwater and Nez Perce National Forest plans proposed an annual sales volume (allowable sale quantity) of 281 million board feet (MMBF) per year. By our reference years of 1991-1993, their average annual harvests had dropped to 190 MMBF per year of which only 103 MMBF of logs was consumed locally. Figure 10 and Figure 11 show how rapidly National Forest timber policies are changing. Their new timber sales dropped to 21 MMBF by 1995 while local milling capacity declined slowly. We use net uncut volume under contract as a primary index of local timber availability over time. Figure 10 shows that it is declining rapidly, and new Forest Service policies have caused local stumpage and log prices to rise quickly.¹³

FIGURE 10



We predict that the current timber sales reduction policy will reduce local National Forest harvests from 281 MMBF proposed in forest plans to 3 MMBF of local use by year 2000.

FIGURE 11



Projecting New Log Flow Patterns

Mills in the Clearwater timber shed used 272 MMBF per year of sawlogs from all sources in 1991-1993. Studies of private and public forest log flows and sawmill surveys showed that mills had unique patterns of dependence on particular forest ownerships and districts. We forecast total log availability for year 2000 assuming the National Forest timber sales reduction policy would continue. This reduces local federal contributions to only 3 MMBF per year by 2000. State sales had been elevated for the last decade, substituting for some of the National Forest shortfall, but they cannot be sustained. By 2000 their reduction should reach 30 MMBF. Private forest owners initially responded to the price increases but

FIGURE 12

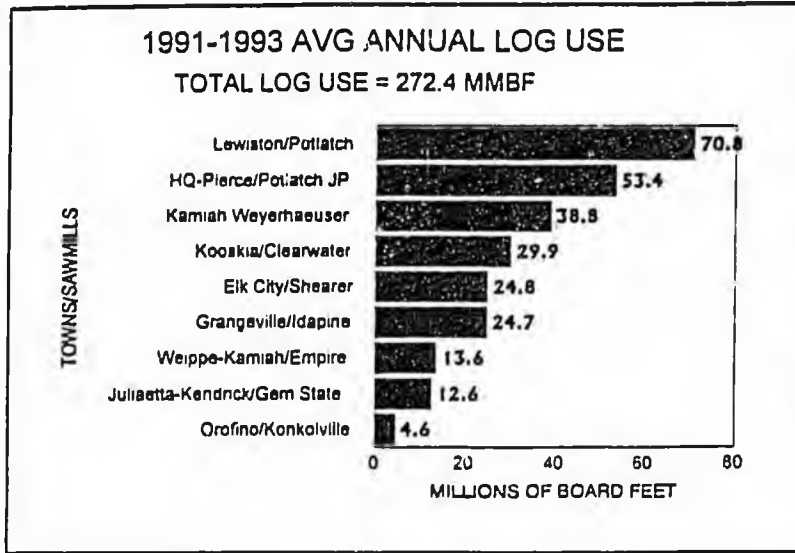
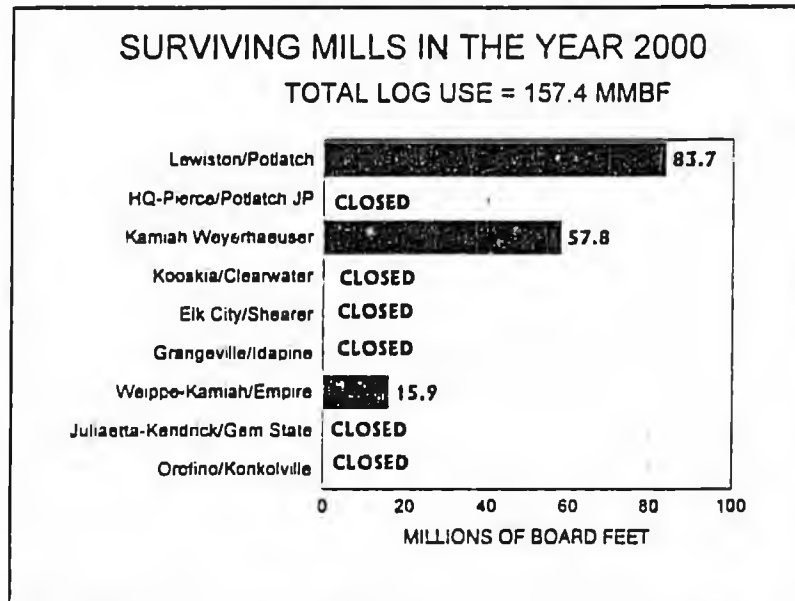


FIGURE 13



these peaked at 15 MMBF per year. Although significant local price increases would normally attract log and timber imports, federal policy has sharply reduced harvests in most western timbersheds. Logs from all sources (federal, state, and private) should decline from 272 MMBF in 1991-1993 to 158 MMBF per year (-42%) by the year 2000. The sales reduction scenario is plausible, however, as National Forest log flows are politically unstable, we also explored four alternative scenarios that are also feasible.¹⁴

Harvest Reductions Affect Local Sawmills

Rising log prices reduce profit margins and threaten mill survival. This aggravates a financial squeeze that characterizes the 1990s.¹⁵

We evaluate the viability of sawmills given changes in their individual financial and technical conditions. We forecast weak mill closures or reduced log consumptions. Some historically strong competitors (usually the larger mills with integrated forest ownerships) actually gain market share.¹⁶ Assuming current federal timber policies continue, Figure 12 and Figure 13 show the results of our timber sales reduction scenario.

Mill viability depends on many factors beyond our analysis. In this example, the closure of the Pierce plywood mill instead of the Lewiston sawmill is problematic. In a dozen simulations other closure rankings occur and occasionally different communities are impacted. However, long-run gross log use capacity has to eventually match the reduced log availability caused by federal forest policy changes and only the location of impact varies.

Other Federal Policy Market Effects

Sawmills produce large volumes of hog fuel, wood chips and planer shavings as by-products of lumber production. Under the timber sales reduction scenario, these raw materials decline so costs for the biofuel energy, particle and flake board, and pulp and paper industries increase significantly.¹⁷

Once timber availability stabilizes, reduced price competition should lower stumpage prices. Surviving mills should again be profitable. However, lower long-run stumpage prices will reduce state and private forestry returns and make federal ecosystem management less feasible.

TABLE 5 GRANGEVILLE EMPLOYMENT IMPACT OF TIMBER SALES REDUCTION SCENARIO

INDUSTRY	TOTAL EMPLOYMENT					
	1994 ACTUAL	2000 BASELINE	2000 SCENARIO	CHANGE FROM 2000	% CHANGE FROM 2000	% CHANGE FROM 1994
	(1)	(2)	(3)	(4)	(5)	(6)
			(3)-(2)	(4)/(2)	(3-1)/(1)	
Ag	262	262	260	(2)	-0.9%	-0.9%
Mining	63	65	60	(5)	-7.9%	-5.1%
Construction	206	213	195	(18)	-8.9%	-5.7%
Food Processing	3	4	3	(1)	-19.2%	-7.4%
Manufacturing	76	80	70	(9)	-11.8%	-7.3%
Wood/Paper	227	227	40	(187)	-82.3%	-82.3%
Communications	42	47	40	(7)	-15.7%	-5.2%
Transportation	207	225	175	(51)	-22.4%	-15.4%
Public Utilities	37	41	29	(12)	-29.3%	-22.3%
Trade	551	636	511	(125)	-19.7%	-7.4%
Finance	122	130	102	(28)	-21.8%	-16.4%
Hotels/Dining	118	148	137	(11)	-7.8%	15.8%
Recreation	50	62	58	(4)	-7.2%	16.2%
Consumer Services	95	108	85	(23)	-20.9%	-10.2%
Business Services	54	60	48	(12)	-19.7%	-10.8%
Social Services	325	372	297	(75)	-20.3%	-8.9%
Local Govt	89	96	71	(25)	-26.2%	-20.8%
State Govt	265	269	254	(15)	-5.8%	-4.2%
Fed Govt	356	356	356	0	0.0%	0.0%
TOTAL	3,149	3,402	2,790	(613)	-18.0%	-11.4%

TABLE 6 REGION-WIDE EMPLOYMENT IMPACT OF TIMBER SALES REDUCTION SCENARIO

COMMUNITY	TOTAL EMPLOYMENT					
	1994 ACTUAL	2000 BASELINE	2000 SCENARIO	CHANGE FROM 2000	% CHANGE FROM 2000	% CHANGE FROM 1994
	(1)	(2)	(3)	(4)	(5)	(6)
			(3)-(2)	(4)/(2)	(3-1)/(1)	
GRANGEVILLE	3,149	3,402	2,790	(613)	-18.0%	-11.4%
COTTONWOOD	1,123	1,209	1,130	(79)	-6.5%	0.8%
KOOSKIA	1,281	1,343	887	(456)	-33.9%	-30.8%
CRAIGMONT	554	588	583	(4)	-0.7%	5.2%
NEZPERCE	312	321	317	(5)	-1.4%	1.7%
ELK CITY	558	582	414	(168)	-28.8%	-25.7%
WHITE BIRD	170	186	167	(18)	-9.8%	-1.8%
RIGGINS	595	679	662	(17)	-2.5%	11.2%
LEWISTON	19,539	21,163	20,871	(292)	-1.4%	6.8%
ORONO	3,528	3,744	3,116	(628)	-16.8%	-11.7%
KAMAH	1,455	1,540	1,701	181	10.4%	16.9%
PIERCE	580	591	150	(441)	-74.8%	-74.2%
WEIPPE	378	384	337	(48)	-12.5%	-11.0%
CLARKSTON	5,244	5,997	5,981	(16)	-0.3%	14.0%
KENDRICK/JULIAETTA	655	672	365	(308)	-45.8%	-44.4%
TOTAL	39,121	42,399	39,469	(2,930)	-6.9%	0.9%

ECONOMIC IMPACT OF CURRENT TIMBER POLICIES

Given a continuation of current federal timber policies, we predict that 6 northcentral Idaho sawmills will close by year 2000 (Figure 13). Each mill closure affects individual community economies. We begin our analysis of the *timber sales reduction scenario* with a detailed look at Grangeville, a milltown and trade center. We summarize the impacts to other communities.

Effects on a Single Community

We estimate an *impact-to-jobs* and an *impact-to-incomes* report for each community. Table 5 is the impact-to-jobs report for Grangeville.¹⁸ The first column shows actual employment by sector. In 1994, Grangeville provided 3,149 full- and part-time jobs. Column 2 projects employment to 2000 with wood products employment held artificially constant. With no economic disruptions, total employment in Grangeville should grow to 3,402 jobs.

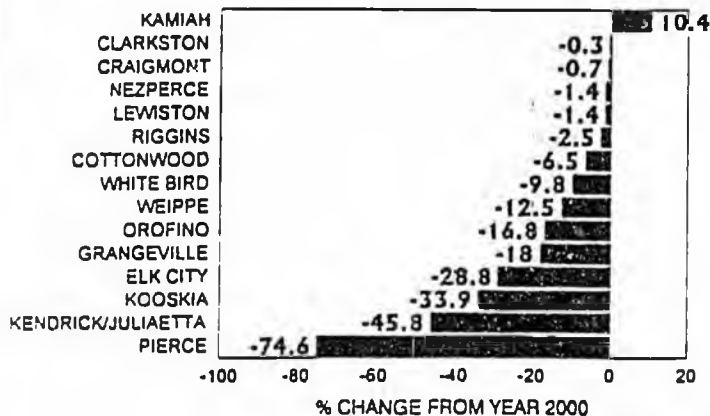
Column 3 shows Grangeville employment in 2000 given the Idaho mill shutdown, plus other predicted mill closures within Grangeville's trading area (Figure 2). Mill closures and logging reductions throughout this area will affect Grangeville. By year 2000, out-migration, re-employment, and other adjustments should have run their course. Even with growth in other sectors, Grangeville could lose 613 jobs and have 18% fewer jobs because of sawmill closures. The far-right column relates 2000

TABLE 7 REGION-WIDE EARNINGS IMPACT OF TIMBER SALES REDUCTION SCENARIO

COMMUNITY	TOTAL EARNINGS (\$1,000)					
	1994	2000	2000	CHANGE	%CHANGE	%CHANGE
	ACTUAL	BASELINE	SCENARIO	FROM 2000	FROM 2000	FROM 1994
	(1)	(2)	(3)	(4)	(5)	(6)
				(3)-(2)	(4)/(2)	(3-1)/(1)
GRANGEVILLE	\$65,057	\$68,900	\$53,696	(\$15,214)	-22.1%	-17.9%
COTTONWOOD	\$21,401	\$22,823	\$20,981	(\$1,842)	-8.1%	-2.0%
KOOSKIA	\$30,729	\$31,562	\$15,404	(\$16,158)	-51.2%	-49.9%
CRAIGMONT	\$13,681	\$14,028	\$13,878	(\$150)	-1.1%	1.4%
NEZPERCE	\$7,530	\$7,686	\$7,541	(\$145)	-2.0%	-0.6%
ELK CITY	\$14,566	\$14,827	\$8,046	(\$6,781)	-45.7%	-44.8%
WHITE BIRD	\$3,082	\$3,279	\$2,606	(\$672)	-20.5%	-15.4%
RIGGINS	\$11,391	\$12,448	\$11,887	(\$561)	-4.5%	4.4%
LEWISTON	\$42,293	\$52,808	\$517,382	(\$5,416)	-1.0%	5.1%
OROFINO	\$75,285	\$78,192	\$62,335	(\$15,857)	-20.3%	-17.2%
KAMIAH	\$23,270	\$30,052	\$34,944	\$4,882	16.2%	19.4%
PIERCE	\$18,266	\$18,399	\$3,307	(\$15,092)	-82.0%	-81.9%
WEIPPE	\$10,115	\$10,191	\$8,903	(\$1,288)	-12.6%	-12.0%
CLARKSTON	\$106,607	\$118,744	\$118,489	(\$245)	-0.2%	11.2%
KENDRICK/JULIAETTA	\$21,065	\$21,339	\$8,332	(\$13,007)	-61.0%	-60.4%
EARNINGS TOTAL	\$820,398	\$875,297	\$887,712	(\$87,555)	-9.0%	-3.9%

FIGURE 14

**TIMBER SALES REDUCTION SCENARIO
PERCENT OF JOBS LOST FROM YEAR 2000**



employment to 1994. Despite growth forecast in other parts of the economy, overall Grangeville will provide 11% fewer jobs in 2000 than it did in 1994. Note that sectors oriented to tourism (amusement, recreation, motels, dining) increase by 16%. However, declines from mill shutdowns overshadow these growth sectors.

Consequences for All Communities

Table 6 and Figure 14 summarize job impacts for all communities. The effect of mill closures across the entire northcentral region is a loss of 7% of all year 2000 jobs. The effect on timber-based communities is much greater. The loss in Kooskia could be 34%. Kendrick/Juliaetta is forecast to lose 46% of its year 2000 job base, while a Pierce mill closure could cause a stunning 75% loss.

The job loss in Kooskia could be 34% from the timber sales reduction scenario. Kendrick/Juliaetta is forecast to lose 46%, while a Pierce mill closure could cause a stunning 75% loss.

One community actually gains under the *timber sales reduction scenario*. Kamiah could grow from 1,455 jobs in 1994 (column 1) to 1,540 jobs in 2000 with no-changes in sawmill activity (column 2). As shown in Table 6 and Figure 14, the loss of 6 sawmills in other communities actually improves the competitive position of the Kamiah mill -- its log consumption increases from its 1991-1993 level of 39 MMBF to 58 MMBF in year 2000 (Figures 12 and 13). The increased mill activity, and associated multiplier effect augments Kamiah's year 2000 employment by another 161 jobs.

Kamiah is unusual. Outside of the internal timber industry redistribution that strengthens this community, our analysis finds no opportunity for any other community to benefit from sawmill shutdowns.

As shown in column 5, all communities other than Kamiah lose employment. The losses shown in Table 6 (column 6) occur in spite of projected growth in some other sectors. We assumed tourism and residents' outside income grow at 5% per year. Therefore industries catering to tourists and the needs of outside income recipients also grow at 5% per year. Some workers who lose jobs will find employment in growing sectors. However, these are already implicitly included in our analysis.

Table 6 (column 6) shows the net change in year 2000 employment relative to 1994. Several communities besides Kamiah may be gainers. Riggins loses 17 logger and related jobs (column 4), but still manages to provide 11% more jobs (column 6) than it did in 1994. The 5% tourism growth embedded in our baseline projections locally outstrips area sawmill losses. Relative to their 1994 levels, growth in other sectors could compensate for timber-linked losses in Lewiston, Craigmont, Nezperce, and Cottonwood. All other communities

(Grangeville, Kooskia, Elk City, White Bird, Orofino, Pierce, Weippe, Kendrick, and Juliaetta) should have fewer total jobs in 2000 than in 1994.

Table 7 is the *timber sales reduction scenario* in terms of impacts-to-earnings. The loss of earnings is everywhere greater than the job loss. Job losses are 7% while region-wide earnings losses are 9%. Losses of high-paying timber jobs and no growth in high-paying federal government jobs will not be compensated by relatively brisk growth (5% per year) in low-paying trade and service sectors.

HIGH AMENITY ALTERNATIVE

Given the uncertainty regarding endangered species recovery, ecosystem management and other land use issues, the *timber sales reduction scenario* is the most likely through year 2000. However, public resource policy is politically unstable, and a wide variety of other timber policies are

TABLE 8 REGION-WIDE EMPLOYMENT IMPACT OF FOREST PLAN HIGH AMENITY ALTERNATIVE

COMMUNITY	TOTAL EMPLOYMENT					
	1994 ACTUAL (1)	2000 BASELINE (2)	2000 SCENARIO (3)	CHANGE FROM 2000 (4)	%CHANGE FROM 2000 (5)	%CHANGE FROM 1994 (6)
				(3)-(2)	(4)/(2)	(3-1)/(1)
GRANGEVILLE	\$3,149	\$3,402	\$3,810	\$408	11.99%	20.98%
COTTONWOOD	\$1,123	\$1,209	\$1,254	\$45	3.78%	11.73%
KOOSKIA	\$1,281	\$1,343	\$1,360	\$17	1.30%	6.19%
CRAIGMONT	\$554	\$588	\$796	\$209	35.58%	43.71%
NEZPERCE	\$312	\$321	\$324	\$3	0.81%	3.94%
ELK CITY	\$558	\$582	\$736	\$154	26.49%	31.88%
WHITE BIRD	\$170	\$186	\$196	\$10	5.63%	15.02%
RIGGINS	\$595	\$679	\$689	\$10	1.42%	15.67%
LEWISTON	\$19,539	\$21,163	\$21,434	\$271	1.28%	9.70%
OROFINO	\$3,528	\$3,744	\$4,186	\$443	11.82%	18.66%
KAMIAH	\$1,455	\$1,540	\$1,588	\$48	3.11%	9.15%
PIERCE	\$580	\$591	\$525	-\$34	-5.75%	-7.78%
WEIPPE	\$378	\$384	\$420	\$36	9.38%	11.21%
CLARKSTON	\$5,244	\$5,997	\$5,013	-\$18	-0.27%	-14.68%
KENDRICK/JULIAETTA	\$655	\$572	\$720	\$48	7.10%	9.83%
TOTAL	\$39,121	\$42,399	\$44,151	\$1,752	4.13%	12.88%

ERRATUM--TABLE 8

The dollar sign in columns 1-4 should not appear. The units are number of employed persons.

The high amenity alternative would provide enough local timber to keep existing mills operating at their 1994 levels, plus generate volume to supply five new mills

possible. One management option proposed in both the Nez Perce and Clearwater National Forest plans was labeled the *high amenity alternative*. It was designed as an environment friendly alternative, and proposed a timber harvest considerably lower than the *Forest Plan preferred alternative*. Illustrating the dramatic change in public forest management since the forest plans, the *high amenity alternative* projected an annual ASQ of 216 MMBF, ten times higher than the 21 MMBF per year actual average National Forest sales during 1995.

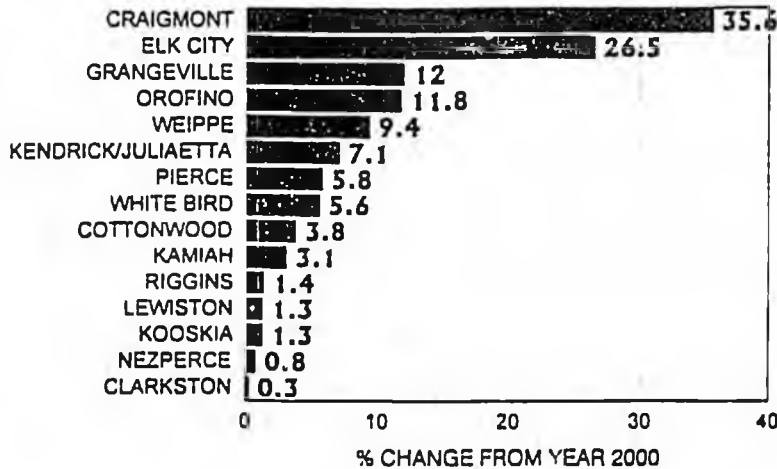
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TABLE 9 REGION-WIDE EARNINGS IMPACT OF HIGH AMENITY ALTERNATIVE

TOTAL EARNINGS (\$1,000)						
COMMUNITY	1994 ACTUAL (1)	2000 BASELINE (2)	2000 SCENARIO (3)	CHANGE FROM 2000 (4)	% CHANGE FROM 2000 (5)	% CHANGE FROM 1994 (6)
				(3)-(2)	(4)/(2)	(3-1)/(1)
GRANGEVILLE	\$65,057	\$68,900	\$80,140	\$11,241	16.3%	23.2%
COTTONWOOD	\$21,401	\$22,823	\$23,880	\$1,058	4.6%	11.6%
KOOSKIA	\$30,729	\$31,562	\$32,141	\$579	1.8%	4.6%
CRAIGMONT	\$13,681	\$14,028	\$21,983	\$7,955	56.8%	60.8%
NEZPERCE	\$7,580	\$7,686	\$7,785	\$99	1.2%	2.6%
ELK CITY	\$14,588	\$14,827	\$21,078	\$6,250	42.2%	44.7%
WHITE BIRD	\$3,082	\$3,279	\$3,665	\$386	11.8%	18.9%
RIGGINS	\$11,391	\$12,448	\$12,770	\$322	2.6%	12.1%
LEWISTON	\$492,293	\$522,808	\$528,851	\$6,043	1.2%	7.4%
OROFINO	\$75,285	\$78,192	\$89,960	\$11,768	15.1%	19.9%
KAMIAH	\$29,270	\$30,062	\$31,424	\$1,362	4.5%	7.4%
PIERCE	\$18,266	\$18,399	\$19,447	\$1,048	5.7%	6.9%
WEIPPE	\$10,115	\$10,191	\$11,245	\$1,054	10.3%	11.2%
CLARKSTON	\$106,607	\$118,744	\$118,988	\$244	0.2%	11.6%
KENDRICK/JULIAETTA	\$21,065	\$21,339	\$23,257	\$1,918	9.0%	10.4%
EARNINGS TOTAL	\$920,398	\$975,297	\$1,026,624	\$51,327	5.3%	11.9%

FIGURE 15

**FOREST PLAN HIGH AMENITY ALTERNATIVE
PERCENT CHANGE IN JOBS FROM YEAR 2000**



Idaho economy if federal timber harvests resumed contributing to local log availability, we estimated the community impacts as if the original *high amenity alternative* were in operation. This would provide enough local timber to keep existing mills operating at their 1994 levels, plus generate volume to supply five new mills the size of the former Idapine Grangeville mill.

We cannot predict where new mills might appear. Our simulation assumed over half of the additional volume would be consumed in-area. We

Northcentral Idaho tourism would have to quadruple from its 1994 level to replace lost timber earnings.

hypothetically located new mills at Craigmont, Orofino, Elk City, and Grangeville, and reopened the Idapine mill at Grangeville. Given the uncertainty of new mill investments, the additional volume might be purchased outside the area, and thus provide only increased logging opportunities.

Table 8, Table 9, and Figure 15 summarize the *high amenity alternative* job and earnings impacts.¹⁹ The impacts of this scenario are the reverse of the *timber sales reduction scenario*.

Where the *timber sales reduction scenario* leads to a loss of 7% of all jobs by year 2000 (Table 6), the *high amenity alternative* could cause a 4% job gain (Table 8). Similarly, the *timber sales reduction scenario* cause a loss of 9% of region-wide earnings (Table 7), while the *high amenity alternative* would cause a 5% increase in earnings (Table 9).

A scenario that might shift federal timber management authority to the Idaho Department of Lands has almost identical positive effects.

CAN TIMBER INCOME BE REPLACED?

Resource-based recreation and quality-of-life migration are often suggested as replacements for losses in timber and other forest commodity activities. Tourism has been growing rapidly in Idaho, so has the flight of people and capital from urban to rural areas.

Our year 2000 baseline projections already contain growth in many sectors including a brisk 5% per year growth in tourism and retired and leisure in-migrants. Some, but not all displaced timber workers will find jobs in the growing sectors. Others who leave will sell their homes to retired and leisure in-migrants, and to in-migrants seeking jobs in the growing sectors. These offsetting effects are already represented in our impact estimates.

Our *timber sale reduction scenario* forecasts a loss of 9% of all northcentral

Not all communities can become tourist towns.

Idaho earnings (Table 7). We asked: What tourism increase would be necessary to replace this earnings loss? Although the question is artificial, it explores the tourism replacement hypothesis.

The 9% loss is \$88 million in regional earnings (Table 7). We developed a *tourism-replaces-timber scenario* by increasing tourist expenditures proportionally until the original \$88 million earnings loss is compensated. This zeroes out the year 2000 region-wide earnings loss. Table 10 summarizes the impact to jobs, while Table 11 summarizes the impact to earnings. Lost timber and related industry earnings replacement would require a 257% tourism increase over its year 2000 baseline level. This is in addition to the 5% per year tourism increase already included in our year 2000 baseline projection. That means that northcentral Idaho tourism would have to grow 291% beyond its 1994 level (a quadrupling).

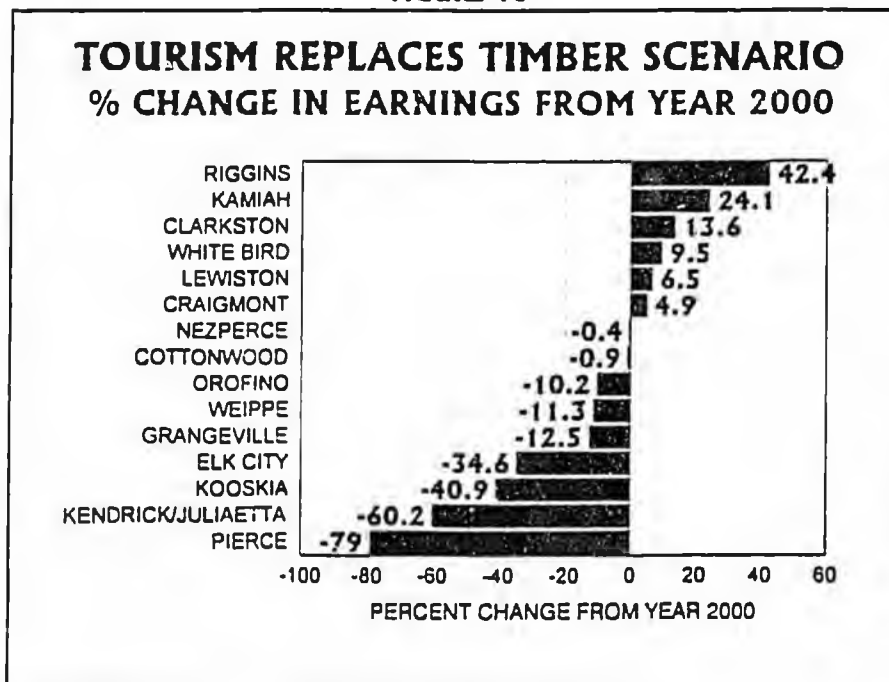
TABLE 10 REGION-WIDE EMPLOYMENT IMPACT OF TOURISM REPLACES TIMBER SCENARIO

COMMUNITY	TOTAL EMPLOYMENT					
	1994 ACTUAL (1)	2000 BASELINE SCENARIO (2)	2000 SCENARIO (3)	CHANGE FROM 2000 (4)	%CHANGE FROM 2000 (5)	%CHANGE FROM 1994 (6)
			(3)-(2)	(4)/(2)	(3-1)/(1)	
GRANDEVILLE	3,149	3,402	3,331	(71)	-2.1%	5.8%
COTTONWOOD	1,123	1,209	1,258	49	4.1%	12.1%
KOOSKIA	1,281	1,343	1,163	(180)	-13.4%	-8.2%
CRAIGMONT	554	588	678	90	15.4%	22.3%
NEZPERCE	312	321	332	11	3.5%	6.7%
ELK CITY	558	582	572	(10)	-1.8%	2.4%
WHITE BIRD	170	186	258	72	38.9%	51.2%
RIGGINS	595	679	1,188	510	75.1%	93.6%
LEWISTON	19,539	21,163	23,445	2,283	10.8%	20.0%
CROFORD	3,528	3,744	3,880	137	3.7%	10.0%
KAMIAH	1,455	1,540	1,956	416	27.0%	34.4%
PIERCE	580	591	208	(382)	-64.7%	-64.0%
WEIPPE	378	384	350	(35)	-9.1%	-7.5%
CLARKSTON	5,244	5,997	7,291	1,295	21.8%	39.0%
KENDRICK/JULIAETTA	655	672	379	(293)	-43.6%	-42.1%
TOTAL	39,121	42,399	46,289	3,890	9.2%	18.3%

**TABLE 11 REGION-WIDE EARNINGS IMPACT OF TOURISM REPLACES
TIMBER SCENARIO**

TOTAL EARNINGS (\$1,000)						
COMMUNITY	1994 ACTUAL (1)	2000 BASELINE SCENARIO (2)	2000 SCENARIO (3)	CHANGE FROM 2000 (4)	%CHANGE FROM 2000 (5)	%CHANGE FROM 1994 (6)
				(3)-(2)	(4)/(2)	(3)-(1)
GRANGEVILLE	\$65,057	\$68,900	\$60,272	(\$8,628)	-12.5%	-7.4%
COTTONWOOD	\$21,401	\$22,823	\$22,623	(\$199)	-0.9%	5.7%
KOOSKIA	\$30,729	\$31,562	\$18,654	(\$12,908)	-40.9%	-39.3%
CRAIGMONT	\$13,681	\$14,028	\$14,721	\$693	4.9%	7.6%
NEZPERCE	\$7,590	\$7,696	\$7,662	(\$34)	-0.4%	1.0%
ELK CITY	\$14,566	\$14,827	\$9,696	(\$5,132)	-34.6%	-33.4%
WHITE BIRD	\$3,082	\$3,279	\$3,591	\$313	9.5%	16.9%
RIGGINS	\$11,391	\$12,448	\$17,724	\$5,277	42.4%	55.6%
LEWISTON	\$492,293	\$522,808	\$556,584	\$33,775	6.5%	13.1%
OROFINO	\$75,265	\$78,192	\$70,190	(\$8,002)	-10.2%	-6.8%
KAMIAH	\$29,270	\$30,062	\$37,308	\$7,247	24.1%	27.9%
PIERCE	\$18,266	\$18,369	\$3,665	(\$14,534)	-79.0%	-78.8%
WEIPPE	\$10,115	\$10,191	\$9,036	(\$1,155)	-11.3%	-10.7%
CLARKSTON	\$106,607	\$118,744	\$134,931	\$18,187	13.6%	26.6%
KENDRICK/JULIAETTA	\$21,065	\$21,339	\$8,488	(\$12,851)	-60.2%	-69.7%
EARNINGS TOTAL	\$920,398	\$975,297	\$975,346	\$0	0.0%	6.0%

FIGURE 16



We do not speculate on the likelihood of this increase. We focus our attention on the pattern of specific community effects. While region-wide earnings could be compensated by tourism, the response of individual communities varies greatly (Figure 16). A community's ability to attract visitors depends on its location and recreation resources, and these are reflected in the relative size of the existing tourist economy.

The communities that experience the greatest absolute increase are those that start with the greatest recreation resources. With 23% of all 1994 earnings linked to tourism, Riggins is the most tourism-oriented of all our communities (Figure 7). It has a strategic location on the Salmon River for float-boat companies and other river recreation, and U.S. Highway 95 for capturing the business of pass-through travelers. As a result Riggins gains most under our 291% increase in tourism, increasing its community-wide year 2000 earnings by 42% (Table 11).

Contrast this with Pierce. The community is remote and its surrounding woodlands are not unique. Its little visitor activity is generated from seasonal hunters and anglers who account for only 1% of earnings (Figure 7). On the other hand, the Pierce plywood mill is one of the region's largest wood users, and accounts for 91% of all

Pierce earnings (Figure 6).²⁰

Under the *timber sales reduction scenario* this mill closes and 82% of the community's total year 2000 earnings are lost (Table 7). A 291% increase in tourism generates little added earnings because Pierce

has so little tourism to begin with. It is unlikely that tourism could ever replace timber in Pierce's economy.

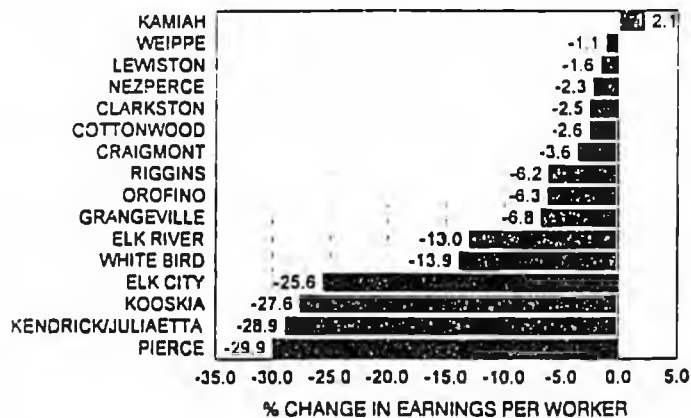
The Riggins and Pierce cases are extreme but illustrate two important points. First, not all communities can become tourist towns. The attractiveness and endowment of recreation resources varies widely. Second, some communities are more specialized and will have a harder time replacing lost timber income.²¹

TABLE 12 EARNINGS PER WORKER

COMMUNITY	1994 ACTUAL	2000 BASELINE	% CHANGE 1994
GRANGEVILLE	\$20,659	\$20,252	-2.0%
COTTONWOOD	\$19,062	\$18,879	-1.0%
KOOSKIA	\$23,991	\$23,506	-2.0%
CRAIGMONT	\$24,687	\$23,878	-3.3%
NEZPERCE	\$24,359	\$23,955	-1.7%
ELK CITY	\$26,105	\$25,478	-2.4%
WHITE BIRD	\$18,092	\$17,673	-2.3%
RIGGINS	\$19,134	\$18,335	-4.2%
LEWISTON	\$25,196	\$24,704	-1.9%
OROFINO	\$21,339	\$20,885	-2.1%
KAMIAH	\$20,120	\$19,520	-3.0%
PIERCE	\$31,508	\$31,139	-1.2%
WEIPPE	\$26,755	\$26,507	-0.9%
ELK RIVER	\$11,108	\$11,084	-0.2%
CLARKSTON	\$20,329	\$19,801	-2.6%
KENDRICK/JULIAETTA	\$32,139	\$31,749	-1.2%
TOTAL	\$23,486	\$22,966	-2.2%

FIGURE 17

% LOSS IN EARNINGS PER WORKER FROM 1994
TIMBER SALES REDUCTION SCENARIO



TRENDS IN EARNINGS PER WORKER

Public forest policy affects earnings per worker under all scenarios (Table 12). Column 1 shows actual earnings per worker in 1994. The region-wide average of \$23 thousand has a high community variance, ranging from a low of \$18 thousand in White Bird to a high of \$32 thousand in Kendrick/Juliaetta. The communities with lower than average earnings per worker are more dependent on tourism and residents' outside income. Businesses catering to the needs of tourists and residents with outside income are generally lower paying trade and service industries. In contrast, communities with higher than average earnings per worker are timber communities. Column 2 shows earnings per worker projected to year 2000 (in constant 1994 dollars). Tourism and residents' outside income are projected to grow at above average rates (5% per year), while high paying sectors including the federal government and timber are projected with either zero growth or low growth. As a result, every community exhibits a trend to a lower paying economy. Column 3 shows the decline from 1994 in percentage terms.

Figure 17 shows how earnings per worker would change from 1994 to the year 2000 under the *timber sale reduction*

FIGURE 18

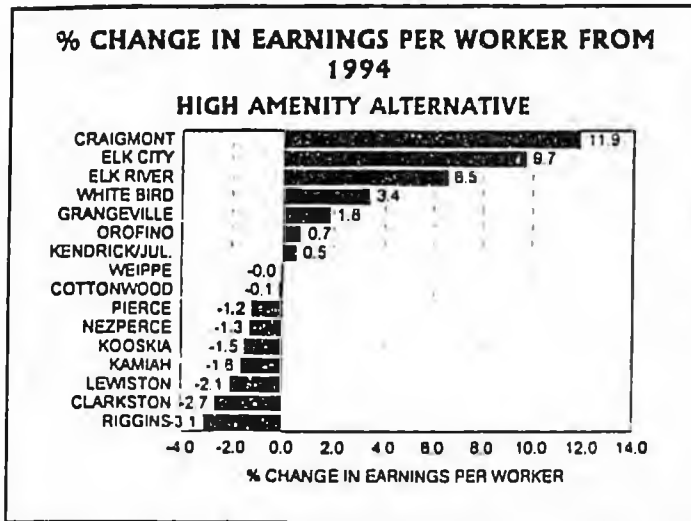
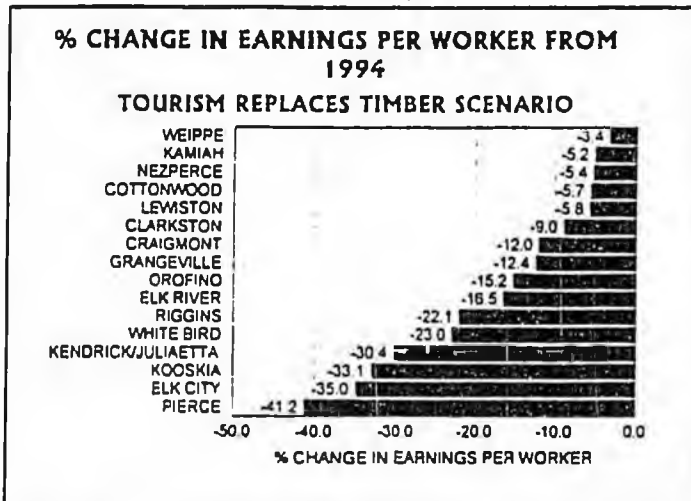


FIGURE 19



Replacing high paying timber jobs by many more low paying jobs in the tourist sectors pauperizes the economy.

scenario. Figures 18 and 19 refer to similar changes under the *high amenity* and the *tourism replaces earnings* scenarios. Earnings per worker are directly related to wood products activity and inversely related to tourism. The *high amenity alternative* actually has the largest remaining harvests and the lowest loss in earnings per worker (-1%) region-wide.²² The *timber sales*

reduction scenario has a greater negative regional impact (-4%) with some communities suffering up to a 30% loss.

The *tourism replaces timber scenario* causes the most dramatic decline in earnings per worker. Replacing high paying timber jobs by many more low paying jobs in the tourist sectors pauperizes the economy. Region-wide earnings per worker drops over 10% from its 1994 level. Predictably timber-dependent communities suffer the greatest declines. In Elk City earnings per worker drop 35%, in Pierce they drop 41%.

TIMBER POLICY EFFECTS ON LOCAL PUBLIC FINANCE

We constructed fiscal impact models to look at budget effects in Idaho County, Grangeville City, and the Grangeville and Cottonwood School Districts (Table 13).

Public Revenue and Expenditure Influences

Property taxes are the primary source of local government revenue. The federal government is exempt from property taxes, but funds local school districts and county governments through "payments in lieu of taxes" (PILT) and the "twenty-five percent fund," or PILT/25% payments.

Residents' income expands and contracts with business activity and migration. Property values respond similarly - the more prosperous a business the greater its capital value (and therefore its taxable property value). Some in-migrants build new homes and these add to a county's tax base. Our fiscal impact model estimates government revenues as a function of residents' income, plus federal PILT/25% payments.²³

The principal determinant of public expenditures is population. An increase in jobs or in-migrants requires greater government service expenditures.

Idaho County Government Impacts

Table 13 estimates the fiscal impact of all three policy change scenarios on Idaho County Government. Under the *timber sales reduction scenario* there was a significant loss of jobs in the Idaho County communities of Grangeville, Kooskia, and Elk City, and general losses in other Idaho County communities. By year 2000 we assume a full adjustment to job losses, including a significant out-migration from Idaho County. The impact on county expenditures could be a decline of 15%.

However, revenues decline more than expenditures. PILT/25% payments drop to a PILT floor. The net effect is an annual Idaho County Government deficit of \$1.6 million, roughly 17% of year 2000 expenditures.

The *high amenity alternative* would

have the opposite effect. Employment increases with this scenario, led by higher than average paying timber jobs, that increase area earnings more than employment. Both county revenues and expenditures increase, but revenues more so. PILT/25% increase 74% over the year 2000 baseline level. County revenues could be as much as \$1.2 million over expenditures (a 13% surplus).

In the *tourism replaces timber scenario*, Idaho County tourism-linked earnings fall short of replacing all lost timber earnings. Total earnings fall some while employment (and thereby population) increase slightly. County expenditures increase 2%, PILT/25% payments decrease 65%, while other county revenues decrease 11%. The net effect is a county budget deficit that

TABLE 13 FISCAL IMPACTS, SELECTED LAYERS OF IDAHO COUNTY GOVERNMENT

IDAHO COUNTY	EXPENDITURES	REVENUES:			SURPLUS(DEFICIT)	
	TOTAL	PILT/25%	OTHER	TOTAL	\$	%
TIMBER REDUCTION	-14.5%	-65.0%	-21.4%	-29.5%	(\$1,596,996)	-17.1%
HIGH AMENITY	7.0%	74.2%	10.4%	22.3%	\$1,242,690	13.3%
TOURISM/TIMBER	2.5%	-65.0%	-10.7%	-20.8%	(\$2,377,193)	-25.4%
GRANGEVILLE SCHOOL DISTRICT	EXPENDITURES	REVENUES:			SURPLUS(DEFICIT)	
	TOTAL	PILT/25%	OTHER	TOTAL	\$	%
TIMBER REDUCTION	-16.0%	-65.0%	-23.3%	-28.7%	(\$1,350,582)	-12.7%
HIGH AMENITY	7.6%	74.2%	11.2%	19.3%	\$1,244,677	11.7%
TOURISM/TIMBER	2.5%	-65.0%	-12.1%	-18.9%	(\$2,273,433)	-21.4%
COTTONWOOD SCHOOL DISTRICT	EXPENDITURES	REVENUES:			SURPLUS(DEFICIT)	
	TOTAL	PILT/25%	OTHER	TOTAL	\$	%
TIMBER REDUCTION	-7.1%	-65.0%	-9.2%	-14.6%	(\$203,755)	-7.5%
HIGH AMENITY	4.1%	74.2%	4.7%	12.6%	\$229,508	8.5%
TOURISM/TIMBER	2.9%	-65.0%	-1.5%	-8.7%	(\$314,378)	-11.6%
GRANGEVILLE CITY	EXPENDITURES	REVENUES:			SURPLUS(DEFICIT)	
	TOTAL	TOTAL			\$	%
TIMBER REDUCTION	-14.5%	-19.1%			(\$12,862)	-3.9%
HIGH AMENITY	9.6%	13.8%			\$43,107	4.9%
TOURISM/TIMBER	-2.6%	-10.8%			(\$218,332)	-7.5%

could be as great as \$2.4 million, or 25% of year 2000 expenditures.

Impacts on Other Layers of Government

The pattern of impacts on the Grangeville and Cottonwood school districts are similar to those in Idaho County: deficit under the *timber sales reduction scenario*, surplus under the *high amenity alternative*, and a severe deficit under the *tourism replaces timber scenario*. City governments do not qualify for PILT/25% payments, so Grangeville City's impacts are less.

Summary of Fiscal Effects

1) The loss of high paying timber jobs and PILT/25% payments that accompany federal timber harvest reductions will cause fiscal pressures for local governments. These will be greatest where job and income losses are greatest. Counties and school districts will feel it most.

The Loss of high paying timber jobs and PILT/25% payments that accompany federal timber harvest reductions will cause fiscal pressures for local government

2) An increase in federal timber activity would improve fiscal conditions. Profitable sawmills and high paid timber workers increase property tax revenues, and PILT/25% payments would increase.

3) Major transition of the regional economy from timber to tourism could be accompanied by widespread fiscal strains. High paying timber jobs and PILT/25% payments would be greatly reduced, replaced by low paying tourism sector jobs. Because population increases while income doesn't, public services demand increases more than property tax revenues. ²⁴

SAWMILL CLOSURES COULD AFFECT THE LEWISTON PULPMILL

Sawmills produce large volumes of hog fuel, wood chips, and sawdust as by-products of lumber production, and these are raw materials for pulp and paper in the Clearwater timbershed. The Lewiston pulpmill purchases from sawmills within a 150 mile radius almost a million tons (93 thousand truck loads) of chips and sawdust annually. Sawmill closures reduce chip availability and pulpmills must run close to capacity or close. Chip prices have soared. Alternative fiber sources are increasing but may be insufficient.

We have not yet forecast the closure of the Lewiston pulpmill. However, we recognize that the reduction in local fiber availability that accompanies our *timber sales*

The Lewiston pulpmill annually purchases 93 thousand truckloads of sawdust and chips, and sawmill closures severely constrain chip availability

reduction scenario weakens that mill's competitive position. We simulated a hypothetical closure of the pulpmill to examine the potential losses of jobs and income.²⁵

We already showed that Lewiston would lose just under 300 of its year 2000 jobs and approximately \$5.4 million of its earnings from hinterland sawmill closures (Tables 6 and 7). If the Lewiston pulpmill closes, the net job loss rises to 4,500 and the earnings loss rises to \$145 million. These substantial losses are seen in sectoral detail in Table 14 for employment and Table 15 for earnings. Assuming economic adjustments and relocations are complete by 2000, the

TABLE 14 LEWISTON PULPMILL CLOSURE

INDUSTRY	TOTAL EMPLOYMENT					
	1994 ACTUAL	2000 BASELINE	2000 SCENARIO	CHANGE FROM 2000	% CHANGE FROM 2000	% CHANGE FROM 1994
	(1)	(2)	(3)	(4)	(5)	(6)
			(3)-(2)	(4)-(2)	(3)-(1)	
Ag	728	731	726	(5)	-0.7%	-0.3%
Mining	70	72	81	(11)	-15.9%	-13.4%
Construction	1,012	1,042	841	(201)	-19.3%	-17.0%
Food Processing	199	219	206	(13)	-5.8%	3.6%
Manufacturing	826	879	830	(49)	-5.5%	0.5%
Wood/paper	2,167	2,168	472	(1,696)	-78.2%	-78.2%
Communications	280	311	256	(55)	-17.8%	-8.3%
Transportation	841	887	626	(261)	-29.4%	-25.6%
Public Utilities	69	74	47	(27)	-36.0%	-31.8%
Trade	3,864	4,402	3,686	(716)	-16.3%	-4.8%
Finance	1,313	1,415	1,147	(268)	-18.9%	-12.6%
Hotels/Dining	1,301	1,537	1,268	(269)	-17.4%	-2.4%
Recreation	275	338	305	(34)	-9.5%	10.8%
Consumer Services	869	971	798	(172)	-17.8%	-8.2%
Business Services	1,176	1,268	1,091	(177)	-14.0%	-7.2%
Social Services	2,058	2,336	1,973	(363)	-15.5%	-4.1%
Local Govt	128	135	76	(59)	-44.0%	-40.8%
State Govt	2,003	2,018	1,896	(123)	-6.1%	-5.4%
Fed Govt	360	360	360	0	0.0%	0.0%
TOTAL EMPLOYMENT	19,539	21,163	16,666	(4,498)	-21.3%	-14.7%

TABLE 15 LEWISTON PULPMILL CLOSURE

INDUSTRY	TOTAL EARNINGS (\$1,000)					
	1994 ACTUAL	2000 BASELINE	2000 SCENARIO	% CHANGE FROM 2000	% CHANGE FROM 2000	% CHANGE FROM 1994
	(1)	(2)	(3)	(4)	(5)	(6)
			(3)-(2)	(4)-(2)	(3)-(1)	
Ag	\$18,550	18,587	16,538	(\$2,049)	-0.3%	-0.1%
Mining	\$2,404	2,475	2,171	(\$304)	-12.3%	-9.7%
Construction	\$26,482	27,245	21,075	(\$6,170)	-22.6%	-20.4%
Food Processing	\$6,122	6,729	6,368	(\$361)	-4.9%	4.9%
Manufacturing	\$24,242	25,728	24,657	(\$1,070)	-4.2%	1.7%
Wood/paper	\$113,311	113,344	24,337	(\$89,007)	-78.5%	-78.5%
Communications	\$7,605	8,680	7,241	(\$1,439)	-16.6%	-7.2%
Transportation	\$25,011	26,244	19,651	(\$6,593)	-25.1%	-21.4%
Public Utilities	\$2,839	3,033	2,013	(\$1,019)	-33.6%	-29.1%
Trade	\$64,691	73,164	60,968	(\$12,196)	-16.7%	-5.7%
Finance	\$28,682	30,432	25,217	(\$5,215)	-17.1%	-12.0%
Hotels/Dining	\$13,744	16,379	13,940	(\$2,439)	-14.9%	1.4%
Recreation	\$2,640	3,292	3,040	(\$252)	-7.7%	15.2%
Consumer Services	\$14,319	15,918	13,417	(\$2,501)	-15.7%	-6.3%
Business Services	\$28,509	30,625	28,769	(\$1,856)	-12.6%	-6.1%
Social Services	\$54,630	62,031	53,636	(\$8,395)	-13.5%	-1.8%
Local Govt	\$3,074	3,250	1,894	(\$1,356)	-41.7%	-38.4%
State Govt	\$48,153	48,918	45,712	(\$3,206)	-5.8%	-5.1%
Fed Govt	\$9,133	9,133	9,133	\$0	0.0%	0.0%
TOTAL EARNINGS	\$462,293	\$522,858	\$377,808	(\$145,050)	-27.7%	-23.3%

Lewiston economy would falter with 21% fewer jobs and 27% less earnings from the 2000 year baseline. These are significant impacts in a large community.

A pulpmill closure poses troubling fiscal consequences to Nez Perce County. Of the county's 1995 tax collections, \$7.7 million or 25% came from the Potlatch pulpmill-sawmill property (Nez Perce County, 1995).

ON THE ACCURACY OF OUR PREDICTIONS

We use an input-output model to predict job and income impacts.²⁶ These models' predictions are accurate provided that its conditions and assumptions are met. The reasonableness of predictions are judged on the reasonableness of assumptions.

Three Critical Assumptions

We make three critical assumptions: First, background industry job growth is extrapolated from historic trends, and forecasts from both Idaho Power and the U.S. Department of Commerce. These are the best baseline projections available.

Second we assume that by year 2000 displaced workers will either find employment in growing parts of the economy or out-migrate.

Third, houses vacated by displaced workers will not by themselves attract immigrants. In several scenarios, the eventual out-migration of displaced workers leaves vacant houses. The reduction on local housing prices could attract in-migrants.

Whether these are retired and leisure, or unemployed living off relief, their local spending could blunt some of the job losses in resident-serving sectors.

An Employment-Led Theory of Community Growth

A related issue is an amenity-driven employment-led theory of western regional economic growth (Power, 1995). Amenity rich locations could attract new residents independent of confirmed job prospects. New industry is then attracted to the area by the existence of the newly arrived and qualified, but underemployed work force.

Pulpmills must run at capacity or close. If the pulpmill closes, Lewiston would lose 4,500 jobs (21% of total) and \$145 million in earnings (27% of total).

Where recreation and amenity resources are great, it is conceivable that outmigration and the bargain-priced housing that follows a sawmill closure could accelerate immigration which attracts new industry beyond baseline projections. However, most of our communities losing sawmills are not the region's amenity-rich places, and we know of little evidence of amenity-driven employment-led growth in the northcentral Idaho impact region.

CONCLUSIONS

We conclude that National Forest dominance of local resource markets is large, and that federal policies determine the character and economic viability of Idaho's resource communities.

Communities are specialized so changes in federal timber policy affect them differently. If federal timber sale reductions continue, 6 of northcentral Idaho's 9 major sawmills will close by year 2000. Pierce could be wiped out: a loss of 75% of all jobs. Impacts at other timber communities are also severe, job losses of 30% to 45%.

Grangeville and Orofino lose mills, and lose trade with timber towns, but they are partially buffered by their diversity, and by growth in other parts of their economies. The Lewiston pulpmill is also threatened by reductions in chip supplies and its closure would significantly increase all regional impacts.

Forecast growth in lower paying service industries is leading a regional-wide trend toward lower real earnings per worker. The loss of sawmills accelerates the trend, with average real earnings dropping 5%. The drop is greatest in towns with sawmill closures, where earnings per worker fall as much as 30%. Federal payments to Idaho County, and its two school districts could decline by 65%, and other fiscal impacts increase county budget deficits.

Although tourism and in-migration are the fastest growing sectors they do not yet contribute as much as traditional industry to the region's economic base. Tourism would have to quadruple to replace timber losses. Even then only a few high amenity communities would benefit. Most timber communities would continue to decline. Transitioning from a timber to a tourism economy lowers earnings per worker, and results in fiscal strains on local government.

It may be possible to have both a healthy environment, including a thriving tourism sector and enviable quality of life, along with a healthy timber economy. Our high amenity scenario (and a state management of federal lands scenario) would reverse the timber sale reductions scenario--total jobs and earnings would increase significantly.

Studies of Forest Service policy funded by state legislatures are rare. We believe the present study empowers Idaho decision makers. Who will live in Idaho's communities? We conclude that National Forest policy greatly influences the answer.

Community Models Have Many Uses

Our purpose was to estimate the impacts of three scenarios involving policy changes and timber. We achieved our purpose. Our study is based on an ambitious community-level modeling approach which has potential uses beyond our original purposes. Analysts could use it to evaluate other policies, public projects, new business location efforts, or responses to changes in the general economy.

Idaho applications of community modeling are growing. Hamilton and Quinn (1989) analyzed visitor and outdoor recreation effects to examine how public lands influence the recreation economy. Robison and Hormaechea (1986) looked at the community economy effects of restoring anadromous fishing in the Southfork of the Salmon River. Robison et al. (1990) used a community model to analyze highway relocation in Sandpoint. Other examples of community modeling are found in Robison (1995c).

A set of community models for Idaho's Lemhi and Custer Counties were built to examine salmon recovery and its impacts on recreation and ranching (Robison et al. (1993). When a 1995 court injunction halted all mining, logging, and grazing in that region, within days this user-friendly model allowed the local extension agent to calculate job and income impacts (University of Idaho, 1995). Rapid impact estimation facilitated Idaho's political response.

The present study was time-consuming, developing subcounty data for a broad collection of communities, and estimating a complex pattern of inter-community trade. With this work behind us, new impact questions can be evaluated quickly and cheaply. With most of the research and development complete, we can build alternative resource change models and expand to new regions more quickly and at lower cost. With models widely in place Idaho decision makers can be empowered with information on the response of Idaho's economy to a variety of changes.

ENDNOTES

1. One study estimated that in Idaho north of the Salmon River Gorge timber and wood products directly or indirectly accounted for nearly 45% of all 1987 income (Robison et al., 1991).
2. Forest Plan *Preferred Alternatives* of the Nez Perce and Clearwater National Forest Plans projected combined allowable timber sale quantities of 281 million board feet (MMBF) annually. In contrast, 1995 sales fell to 21 MMBF. From this source we project local log availability to drop to approximately 3 MMBF by year 2000.
3. The 1995 Legislature passed *Senate Bill 1276* providing partial funding to extend the analysis to the St. Joe timbershed (Latah and Benewah Counties) and to the timbershed of the westcentral Idaho highlands (Adams, Boise, Gem, Payette, Valley, and Washington Counties). This work is in progress.
4. The technique for estimating intercommunity trade is described in Robison and Miller (1991), and Robison et al. (1993). The method for obtaining economic data at the community level entails the spatial disaggregation of published county data to communities. We accomplish this using mainly yellow page business listing, and U.S. Census information. Technique particulars are described in Robison and Miller (1991), Robison and Peterson (1995), and Robison (1995a).
5. Our detailed report of charts and impact tables (Robison et al., 1996) includes a *community profile* like tables 1 and 2, and figures 3 and 4, for every community in our northcentral Idaho impact region.
6. Our earnings estimates for all industries will normally stand considerably higher than wage and salary figures alone. "Earnings" includes proprietors' income as well as wages and salaries and this can be substantial in some industries. In addition, given the manner in which we estimate community earnings, our estimates include employer contributions to social insurance, mainly employer payments for employee social security, and these are normally not reported in wage and salary statistics.
7. Economic base theory has roots in both economics and geography (Lane, 1966). Particularly important works would have to include Andrews' (1953) nine article series in *Land Economics*, North (1955), and Tiebout (1956 and 1962). Recognizing the kinship of export base and input-output (Billings, 1969; and Merrifield 1987), our community models incorporate an export base component. We use our export-base/input-output model to make our static export base descriptions, and our more traditional input-output model to make predictions elsewhere in the document.
8. In the case of hotels and motels, and "miscellaneous amusement services," we assume 100% of their business serves visitors. Beyond these we identify tourism with the non-resident sales of eating and drinking places and retail trade. Ideally we would scientifically sample area eating and drinking and retail trade establishments to determine the portion of their sales to residents versus non-residents. Lacking the resources for this effort, we opted for an informal survey. At each community we contacted by phone several retail trade and eating and drinking establishments asking whoever answered to provide us with a rough estimate of the resident-non-resident breakdown of their business. In Robison et al. (1996) we provide a list of the contact establishments in each community.
9. The table below shows recent historic growth in county employment, and projections of future growth by the U.S. Department of Commerce (1992) and by Idaho Power (1993). Column 1 shows *the annual average growth of employment* during the fifteen-year period of 1978 to 1993 for the four counties of our impact region. These data are obtained from the U.S. Department of Commerce's Regional Economic Information System (REIS). Clearly northcentral Idaho counties have not been Idaho's fastest growing in recent years. Clearwater County jobs actually declined during the period, at rate of 0.5% per year. Idaho County grew, but at less than 1% per year. Lewis and Nez Perce Counties grew at 1.2% and 1.3% per year respectively, but even then this was roughly a percentage point less than the 2.2% per year growth in employment in the state as a whole. As columns 2 and 3 indicate, there is substantial disagreement between the U.S. Department of Commerce and Idaho Power.

**Annual Average Growth in Total Employment in Selected Idaho
Counties and Statewide, Historic 1978 to 1993 and Projected to 2000**

County	Projected 1994 to 2000			
	U.S. Commerce (1)	Historic 78 to 93 (2)	Department (3)	Idaho Power*
Clearwater	-0.5%		0.2%	2.6%
Idaho	0.9%		0.5%	2.2%
Lewis	1.2%		0.7%	1.6%
Nez Perce	1.3%		0.7%	1.9%
Idaho Statewide	2.2%		1.4%	2.7%

* Idaho Power projections refer to non-agricultural employment only.

Figures shown in all three columns are generally aggregates of roughly SIC one digit employment estimates. We considered the historic growth rate as a third projection and arrived at a "high average" compromise projection by taking the simple average of the higher two of the three projections. We fed our high average projections developed at the roughly SIC one digit level into the roughly SIC four level of our un-aggregated community economic models.

10. Our detailed report of charts and impact tables (Robison et al., 1996) includes a *profile and Projection* like table 4 for every community in our northcentral Idaho impact region.

11. While there is much talk of in-migration into amenity rich places in the west, most of the evidence is anecdotal. In a longitudinal analysis (1979 to 1989) of the Oregon economy Robison (1995) finds indirect evidence that in selected Oregon subregions significant in-migration has occurred.

12. The National Forests in Idaho have 9.7 of 14.5 million suitable acres (67%) and 101.6 of 139.6 MMBF of suitable sawtimber inventory (73%).

13. Statistical tests show National Forest sales levels had minimal effects on local stumpage prices prior to 1990 when they were more stable. Tests made after timber sales reductions began to show large effects. From 1991 to 1994 stumpage prices rose \$1.14/MBF for every MMBF reduction of National Forest uncut inventory. This one factor explained 44% of all variance in stumpage market prices. Many traditional determinants of stumpage value such as hauling distance or logging system (except helicopter) became insignificant.

14. Mill activity is based on forecast log availability from all forest ownerships but National Forest policies control the total log volume available. A small effective increase in salvage logging could raise total log availability to 178 MMBF/year. Transference of federal suitable timberland to state management generates 393 MMBF/yr. A return to National Forest plan approved ASQ harvest levels makes 435 MMBF/year available. Finally, if National Forests operated at forest plan high amenity option ASQ's the annual availability would be 371 MMBF/year.

15. Initially, during the 1991-93 period mill production margins were rising as mills cut historically cheaper stumpage while lumber prices rose. However, during the prediction period higher stumpage sales prices became reflected in higher harvest prices. Then Canadian lumber import increases began lowering lumber prices squeezing the margin from the product side. In eight quarters from 93/1 through 94/4, the estimated Douglas-fir and larch margin dropped 58%.

16. Log redistribution simulations were based on extrapolations of historical mill reactions to margin changes. Margin sensitive mills lose log market share. Once their log purchasing power declines below the ability to

obtain a critical minimum capacity, the simulator closes the mill. It then redistributes any freed-up volume to remaining mills based on their historic dependence on specific forest sources and flexibility in acquiring logs from multiple sources. If a material deficit remains, the closure and redistribution cycle repeats until aggregate mill consumption is less than or equal to the projected log availability from all sources.

17. Quarterly delivered pulp log prices averaged \$142/MBF from 1st quarter 1992 through 2nd quarter 1994. By the 3rd quarter of 1995 they had risen to \$250/MBF. High pulp log prices induced rapid private harvest responses. The market glut will be temporary as private pulp timber inventories are limited and logging pulpwood from National Forests can be prohibitively costly.

18. Our detailed report of charts and impact tables (Robison et al., 1996) includes a community-level industry-specific *employment impact of timber sales reduction scenario table*, like table 5, for every community in our northcentral Idaho impact region. Table 6 shows summary employment impact information from these individual community employment impact tables. Similarly, our detailed report includes a community-level industry-specific *earnings impact of timber sales reduction scenario table*, not shown, for every community. Table 7 shows summary earnings impact information from these individual community earnings impact tables.

19. Our detailed report of charts and impact tables (Robison et al., 1996) includes an industry-specific *employment impact of high amenity alternative table*, and an industry-specific *earnings impact of high amenity alternative table* for every community in our northcentral Idaho impact region. Tables 8 and 9 show summary information from those individual community impact tables.

20. The Pierce wood products mill actually accounts for 82% of the communities earnings. The additional 9% (91% = 9% + 82%) of earnings linked to wood products in Pierce refer to loggers who serve mills other than Pierce's in a given year. Thus, with a loss of the mill the community loses earnings linked to the mill, but retains the earnings of these outside-working loggers.

21. Our detailed report of charts and impact tables (Robison et al., 1996) includes an industry-specific *employment impact of the tourism-replaces-timber scenario table*, and an industry-specific *earnings impact of the tourism-replaces-timber scenario table* for every community in our northcentral Idaho impact region. Tables 10 and 11 show summary information from those individual community impact tables.

22. Recall that under the *high amenity alternative* we located new mills in a near-random fashion. Accordingly, while the region-wide earnings per worker impacts of this scenario are likely reasonable, the particular community impacts are artifacts of our choice of communities to receive new mills.

23. PILT payments are effectively a payment floor. In addition, where 25% of all revenues from federal lands exceeds the floor, the amount of excess is added on and remitted to the county and its school districts. Beyond the floor, therefore, federal payments are a function of federal timber sales, grazing fees, camping fees, and any other activity that generates federal government revenues from federal lands located in the county.

24. Our fiscal impact model is built from actual data from 1993 Idaho County budgets projected to year 2000. The model includes a population function, and links to our community economic models. However, our impact estimates must be viewed with caution. Fiscal impact analysis is more complex than depicted by the simple linear relations of our fiscal impact model. There are other local revenues, such as local fees, intergovernmental transfers, and sales tax rebates that are nonlinear functions of residents' income. Some expenditures depend on more than population. For example, age, health, and size of families, the number of school aged children, and rates of public infrastructure utilization may influence some budgets more than population.

25. The site of the Potlatch pulpmill just outside the Lewiston City limits is also site of a Potlatch sawmill. It is popularly held that the sawmill is complementary to the pulpmill and could unlikely maintain an existence independent of the pulpmill. Accordingly, in simulating the shut down of the Potlatch pulpmill we simultaneously shut down the sawmill as well. Note: The impacts of the pulpmill closure to local government in Tables 14 and 15 include county government.

26. Our particular input-output model is unique in that it conveys detail to the level of individual communities, and includes an estimate of intercommunity trade. For details on this approach see Robison, 1995a.

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FINAL

STATEMENT OF
JAMES R. LYONS, UNDER SECRETARY
NATURAL RESOURCES AND THE ENVIRONMENT
UNITED STATES DEPARTMENT OF AGRICULTURE

Before the
Committee on Energy and Natural Resources
United States Senate

Concerning S. 1877, the Ketchikan Pulp Company
Timber Contract Extension Act

July 10, 1996

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the opportunity to present the Administration's views on S. 1877, the Ketchikan Pulp Company Timber Contract Extension Act. I am accompanied today by: Phil Janik, Regional Forester of the Alaska Region; Jim Perry, Associate General Counsel of the Department of Agriculture; Brad Powell, Forest Supervisor of the Ketchikan Area of the Tongass National Forest; and Fred Walk, Alaska Region Timber Management Director and contracting officer for the Ketchikan Pulp Company contract.

The Administration strongly opposes S. 1877. The bill would unilaterally modify the provisions of the long-term timber sale contract with Ketchikan Pulp Company (KPC) and extend it for 15 years until 2019. In so doing, the bill undermines the Secretary

of Agriculture's authority to manage the resources of the Tongass National Forest; restricts the Secretary's ability to adapt to changing environmental information; provides special benefits to a private corporation; and conflicts with certain existing laws, including the National Forest Management Act and the Tongass Timber Reform Act.

Secretary Glickman has committed the Department to maintaining a sustainable timber flow to Ketchikan Pulp Company in accordance with the terms of the existing contract, the Tongass Timber Reform Act, and other relevant statutes. If the United States decides to continue a contractual relationship beyond the year 2004 with KPC, we believe that the appropriate vehicle would be a new contract in accordance with the Tongass Timber Reform Act -- not the one provided in S. 1877.

While the Department would welcome a discussion of timber-related opportunities for southeast Alaska, we strongly object to legislating an extension of the current KPC contract as provided for in S. 1877. Should the bill come to the President for signature in its present form or as an amendment to other legislation, we would recommend that he veto it.

What the Bill Does

We object to the statutory modification of the existing long-term timber sale contract with Ketchikan Pulp Company in S. 1877. The contract is almost 50 years old and is the subject of substantial

litigation. In addition, a number of significant environmental laws have been enacted since the contract was signed.

Section 2(b) (1) of S. 1877 states that the "contract" acknowledges an intention on the part of the Forest Service to supply adequate timber after the completion of the contract "for permanent operation of the purchaser's facilities." However, neither the original 1951 contract nor the post-Tongass Timber Reform Act contract obligate the Forest Service to grant or approve an extension of the long-term contract.

Language in Section 2(b) (3) states that KPC plans to make "environmental and operational" improvements to its facility. Language in Section 2(b) (4) states that 15 years is the minimum reasonable contract extension period necessary to allow for the amortization of these improvements. S. 1877 requires that the Government continue a contractual relationship with KPC in order to assure that investments made by KPC may be amortized. An arrangement of this kind between the Government and a private corporation -- to substantially reduce business risk associated with improvements made to a private facility -- is unusual. We are concerned that this may create a precedent.

The bill contains provisions that are unclear, problematic, or the subject of ongoing litigation: Section 2(a) contains problematic definitions, such as definitions of the contract, mid-market criteria, and proportionality. Language in section 2(c) (2) concerning the sale offering plan could effectively put the

contract above the land management plan. Language in Section 2(c) (3) and 2(e) would put into law volume requirements currently disputed in litigation. Language in Section 2(c) (4) requiring that contract stumpage rates not place the purchases at a "competitive disadvantage to similar enterprises in the Pacific Northwest" is legally inexact and would likely generate extensive litigation. Language in Section 2(c) (7) would compromise the Chief's ability to terminate the contract to prevent "serious environmental damage, serious damage to cultural resources" or should the contract be "significantly inconsistent with land management plans adopted or revised."

Background

Several fifty-year timber sale contracts were used in Alaska to promote rural development and economic stability. We believe that the long-term contracts in Alaska accomplished their objectives in facilitating the establishment of a timber industry in Southeast Alaska and contributing to the early growth and development of Southeast Alaska's economy.

The economic climate has changed dramatically since Ketchikan Pulp Company's contract was signed in 1951. Recreation and tourism now draw over 600,000 visitors a year to Southeast Alaska -- more than double the visitation in the past 15 years. Sport and commercial fishing are also significant elements of the economy of Southeast Alaska and one of the top producers of jobs and revenues.

Statutory direction has also changed since Ketchikan Pulp Company's contract was signed in 1951: the Multiple-Use Sustained-Yield Act, the National Forest Management Act, the National Environmental Policy Act, the Alaska National Interest Lands Conservation Act, the Alaska Native Claims Settlement Act, and the Endangered Species Act, as well as specific legislative direction in the Tongass Timber Reform Act (TTRA) have been enacted. These laws have affected the way that we manage the Tongass and require the protection of certain resources and the sustainability of other resources and multiple uses of the forest.

In addition, Mr. Chairman, public concern about natural resources has grown since KPC's contract was signed in 1951. More people in Alaska and around the nation are concerned about the sustainability of resources of the Tongass National Forest. They expect timber, recreation, fish and wildlife, as well as the other commodity and non-commodity resources to flow from the Tongass National Forest.

Changes in the economy, in the law, and in public expectations make it increasingly difficult to reach consensus on how to manage the Tongass and find the balance between commodity and non-commodity uses. Committing resources through a legislated extension of the KPC contract as provided in S. 1877 would further limit management options on the Tongass and undermine our ability to balance these competing interests.

Through the revision of the land management plan, the Forest Service has been working tirelessly over the last several years to build consensus on how to manage the Tongass National Forest. We are committed to completing the revision of the Tongass Land Management Plan in the near future. We believe that we will be better equipped to make decisions about future long-term commitments to timber-related industries in Southeast -- reflecting sound scientific information and extensive public input -- once the revision process is completed.

Mr. Chairman, let me provide you updated information about the Forest Service's ability to meet their timber volume commitment to Ketchikan Pulp Company's existing contract. From 1989 to 1994, the Forest Service offered KPC 935.6 MMBF of timber. In that same time period, KPC harvested 926.9 MMBF. In 1995 the Forest Service offered KPC 157 MMBF and we are targeting 217 MMBF for 1996. Most of the 1996 program for KPC has been offered already -- indicating Forest Service efforts to meet KPC's concerns about early delivery. Forest Service figures indicate KPC currently has 295 MMBF under contract, although as always, litigation may affect the availability of some of this timber volume to KPC.

One of the significant factors to be taken into consideration in any discussion with KPC is the pending litigation against the United States. KPC is currently pursuing four claims against the United States claiming hundreds of millions of dollars in damages. While KPC is suing the United States over the interpretation of the provisions of the original contract and the changes that the

Tongass Timber Reform Act made to the contract in 1991, it is difficult for the Administration to consider entering into any new arrangement with them.

Conclusion

Mr. Chairman, for the last half century, the Forest Service has worked with private companies in many ways to develop a stable economy in Southeast Alaska and to promote the long-term sustainability of natural resources. We believe that the mission of the contract -- developing an industry base and providing year-round employment to support socio-economic development -- has been accomplished.

We would welcome a broad-based discussion of future timber-industry opportunities in Southeast Alaska, but we object to S. 1877 that circumvents the planning process, conflicts with the Tongass Timber Reform Act, and obligates the resources of the nation to one company for one purpose only, without a thorough analysis and discussion of options.

This concludes my testimony. We would be pleased to answer any questions you may have.

United States
Department of
Agriculture

Forest
Service

Alaska Region

P.O. Box 21628
Juneau, AK 99802-1628

File Code: 1920

Date: August 16, 1996

Mr. Jack E. Phelps
Executive Director
Alaska Forest Association, Inc.
111 Stedman, Suite 200
Ketchikan, AK 99901-6599

Dear Mr. Phelps:

This is in response to your August 9, 1996 letter concerning possible changes to the Allowable Sale Quantity (ASQ), following comments last week by Willie Hensley, Commissioner of the Alaska Department of Commerce and Economic Development. On August 7, Commissioner Hensley made it clear that no final ASQ figures are available, that additional analysis is being conducted, and that "There's nothing at this point that we could accurately announce."

A routine step in the final phase of the land management planning process is to validate models and assumptions. There have been several rounds of such verification conducted, and there will be several more. It is unfortunate that incomplete material was released prematurely.

Any estimates about what the ASQ will be in the final revised Forest Plan or Final EIS alternatives are premature. We are analyzing many factors that may affect the ASQ of the draft alternatives. We are refining our planning models, for example, to ensure they accurately reflect resource conditions.

For example, one change is being made to a timber growth and yield model to more accurately identify the culmination of mean annual increment of timber growth. The change may reduce estimated timber yields by about 15 percent from those displayed in the Revised Supplement to the Draft Environmental Impact Statement (RSDEIS). On the other hand, there are other changes being made that will increase the estimated ASQ, such as an additional 30,000 acres of suitable timber land that has been identified on the Ketchikan Area. It is too soon to say what the cumulative net effect of these changes will be.

The Forest Supervisors are currently deliberating on an alternative to recommend to me for decision in September. Their deliberations will continue and will take into account public comments received by the end of the extended comment period as well as other updated information and analysis that will be included in the Final EIS. All draft alternatives are still under

Mr. Jack E. Phelps

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consideration. These range in ASQ from nearly zero to over 600 million board feet (MMBF) annually.

The Forest Service will continue to fully consider the potential socio-economic impacts of alternatives in completing the revision of the Forest Plan. We continue to seek to fulfill the commitments made last summer by Chief Thomas and supported by Governor Knowles to work with Alaskans toward, among other things, a supply of timber that meets the terms of the long-term contract with the Ketchikan Pulp Company and also provides for independent and Small Business Administration purchasers.

In short, we do not believe that the RSDEIS is "grossly inaccurate," or that it contains any "fatal flaws," as stated in your letter. On the contrary, it incorporates the best available information, which we are continuing to refine. Consequently, we see no reason to withdraw the RSDEIS from consideration, further supplement or prepare a new draft EIS, or to approve the draft Record of Decision prepared in February 1993.

Sincerely,

/s/James A. Caplan for
PHIL JANIK
Regional Forester



Alaska State Legislature

HOUSE RESOURCES COMMITTEE

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

FOR IMMEDIATE RELEASE

August 16, 1996

House Resources Committee Holds Timber Fact Finding Hearing Forest Service TLMP Timber Shortfall, The State's Stance on TLMP and KPC Contract Extension Legislation on Agenda

The House Resources Committee will hold a fact finding hearing at 9:00 am on Friday, August 23rd, at the House Resources Committee room in Juneau.

The purpose of the meeting is to inform the Committee and the public about changes in the Tongass Land Management Plan (TLMP) which have resulted in the reported 10-23% reduction in the Allowable Sale Quantity (ASQ) of the Draft TLMP.

Also on the agenda is inquiry into the State of Alaska's official position on the TLMP alternatives and on federal legislation to extend and modify Ketchikan Pulp Company's contract.

The Knowles Administration has been invited to testify concerning the August 7 announcement by Commissioner Hensley that there is a 23% reduction in timber available for harvest than what is reflected in the published TLMP draft.

Representative Williams commented on the importance of the reported reduction in ASQ, "The people of Alaska need to know if the TLMP draft they are commenting on is accurate. The Committee has the responsibility to the public to find out what exactly is going on internally at the Forest Service. Depending on what information comes out of this meeting, maybe the Forest Service should withdraw the current draft TLMP, correct it, and then present an accurate version to the public."

One of the key purposes of the National Environmental Policy Act (NEPA) is to fully inform the public of the consequences of any major project affecting the human environment. One of the questions the Committee hopes to have answered is: Has NEPA been violated by the changes that the Forest Service has made in the Draft TLMP?

Williams Press Release

8/16/96

page two

With the TLMP comment deadline fast approaching, Representative Williams commented on the State's TLMP position, "The public deserves to know the official position of the Knowles Administration regarding which TLMP alternative the State supports. Up to this point, the Administration has not made public its stance on the plan revision other than to say enough timber must be made available for both KPC and the independent timber program. The people of Alaska deserve to know where the State stands on the future of Southeast Alaska's workers, their families, and the timber dependent communities."

The urgency of the meeting is being driven by looming federal deadlines, the TLMP comment period ends August 26 and Congress is scheduled to adjourn in September. The Ketchikan Pulp Company, which employs thousands of workers in Southeast, has said they will be forced to shut down if Congress doesn't pass, or the President doesn't sign a 15 year contract extension.

The Committee will also ask the Governor if there is anything he can do to help convince President Clinton to sign a KPC extension if, and when it reaches his desk.

The public is welcome to attend the hearing, but public comment will not be taken. Those testifying will be the Forest Service, The Knowles Administration, and Southeast Conference.

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For more information, contact Pete Ecklund at 247-4672.

Alaska State Legislature

Committees:

House Resources
Co-Chairman

World Trade &
State Federal Relations

Transportation

Rules

Oil & Gas



During Session:
State Capitol
Juneau, AK 99801-1182
(907) 465-3424
Fax (907) 465-3793

In Ketchikan:
352 Front Street
Ketchikan, AK 99901
(907) 247-4672
Fax (907) 225-8546

August 14, 1996

Representative William K. Williams

The Honorable Tony Knowles, Governor
State of Alaska
PO Box 110001
Juneau, AK 99811-0001

Dear Governor Knowles:

The House Resources Committee is planning to hold a hearing in Juneau at the House Resources Committee Room at 9:00 am on Friday, August 23rd. The Committee will review TLMP issues and the KPC extension legislation.

The importance of your Administration's participation is threefold: What more, if anything, can the State do to advance the KPC extension and contract modification legislation now in Congress; explanation of the State's findings on the Tongass Land Management Plan revision and the 23% reduction in Allowable Sale Quantity (ASQ); and finally the State of Alaska's position regarding TLMP. The presence of Commissioner Willie Hensley, or whomever you deem appropriate, is respectfully requested.

It appears that legislation concerning a 15 year KPC contract extension, with modifications, can pass Congress. The barrier to continuation of these important Southeast jobs appear to be the Clinton Administration's unwillingness to establish a dialogue with either the Congressional Delegation or KPC. The Committee requests the Administration to testify and articulate those steps which you are willing to take to open a dialogue and to urge the Clinton Administration to support the legislation.

On August 7, 1996, Commissioner Hensley announced in Ketchikan that the Forest Service had experienced approximately 23% fall-down in the estimated ASQ for each of the TLMP alternatives. The Committee is concerned about this 23% reduction in ASQ. These concerns are heightened by the admission of Beth Pendleton of the TLMP planning team that there is a 10-15% reduction in ASQ. It looks as if it is a net number, meaning there have been serious changes in various sections of the draft plan which is out for public

The Honorable Governor Knowles

8/14/96

page two

comment. These changes need to be explained so the public is not misled in responding to TLMP. In this regard, we would be most appreciative if you could also make Kathleen Morse, and anyone else from your staff you deem appropriate, available to testify at this hearing.

The Tongass Land Management Plan comment deadline is fast approaching. The final TLMP will dictate the life of all Southeast residents for many years. Up to this point, your Administration has not made public its stance on the plan revision in regards to specific alternatives other than to say enough timber must be made available for both KPC and the independent timber program. The people of Alaska deserve to know where the State stands on the future of Southeast Alaska's workers, their families, and the timber dependent communities. Therefore, the Committee requests someone from your staff to explain the State's position on the TLMP revision.

I have asked Pete Ecklund of my office to be in contact with your staff to follow through on these requests. The Resources Committee and the people of Alaska appreciate your cooperation.

Sincerely,



Representative Bill Williams, Co-Chair
House Resources Committee

cc: House Resources Committee

Alaska State Legislature



Representative William K. Williams

Committees:
House Resources
Co-Chairman
World Trade &
State Federal Relations
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In Ketchikan:
352 Front Street
Ketchikan, AK 99901
(907) 247-4672
Fax (907) 225-8546

August 15, 1996

Berne Miller, Executive Director
Southeast Conference
124 W 5th Street
Juneau, AK 99801

Dear Berne:

The House Resources Committee is holding a hearing in Juneau at the House Resources Committee room at 9:00 am on Friday, August 23rd. The Committee will look into TLMP issues and the KPC extension legislation.

The Committee respectfully requests your participation in the hearing to lay out the facts you have gathered on the Tongass Land Management Plan revision. The Committee, and the people of Alaska, need to hear your perspective. The hard work and effort Southeast Conference has put into gathering the facts on the TLMP revision, and specifically the reported 23% reduction in ASQ, will be most beneficial.

Southeast Conference's position as the neutral third party source for facts regarding Tongass timber issues is very much appreciated. This fact finding hearing will be greatly enhanced by your participation.

Please contact Pete Ecklund of my staff at 247-4672 to coordinate or if you have any questions.

Sincerely,

^{P.E.M.}
Bill Williams

Representative Bill Williams, Co-Chair
House Resources Committee

cc: House Resources Committee

Alaska State Legislature



Committees:
House Resources
Co-Chairman
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Representative William K. Williams

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August 14, 1996

Mr. Phil Janik, Regional Forester
U.S. Forest Service
PO Box 21628
Juneau, AK 99802-1628

Dear Mr. Janik:

The Alaska House Resources Committee intends to hold a hearing in Juneau at the House Resources Committee room at 9:00 am on Friday, August 23rd, 1996, regarding the following issues:

1. What, if anything, can the State of Alaska do to obtain the support of the Clinton Administration for the legislation now in Congress to extend and modify the Ketchikan Pulp Company's (KPC) long-term contract?
2. What is the status of discussions between KPC and the Forest Service as was promised by both you and Undersecretary Jim Lyons?
3. What position do you recommend the State of Alaska adopt with respect to the Revised Supplement to the Draft Environmental Impact Statement (RSDEIS) for the Tongass Land Management Plan (TLMP) in light of the 23% reduction for the estimated Allowable Sale Quantity (ASQ) for each alternative in the RSDEIS?
4. What is the status of the repeated requests to extend the comment period especially in light of NEPA and the 23% ASQ reduction now projected?

Before the Committee can address the third point, we need to know what miscalculations were made to create this ASQ shortfall. It is my understanding that the 23% ASQ reduction is a very fluid number which could be higher or lower depending on changes to the plan which the Forest Service team is making as this letter is written.

Mr. Phil Janik
8/14/96
page two

The Committee and the people of Alaska need to know what these changes are in order to determine whether to recommend that the RSDEIS be withdrawn, corrected, and presented again to the public. Our concern is that the public not be misled by the RSDEIS which is presently out for review.

As you know, one of the key purposes of the National Environmental Policy Act is to fully inform the public of the consequences of any major project affecting the human environment. What actions has the Forest Service taken behind closed doors in order to bring the ASQ up to the published levels? Certainly the anticipated impacts of the RSDEIS for TLMP will be significant in Southeast Alaska, particularly with respect to timber dependent communities and jobs.

Accordingly, it would be most helpful if you would make available to the Resources Committee for this hearing the three Forest Supervisors and the Planning Team members who are working on the changes to correct the miscalculations which have resulted in the reported 23% net reduction in the ASQ.

The Committee and the people of Alaska look forward to hearing from you on this matter. Pete Ecklund of my staff will be calling you, or whomever you designate to correspond directly.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. F. Williams".

Representative Bill Williams, Co-Chair
House Resources Committee

cc: Forest Supervisors
House Resources Committee

TONY KNOWLES
GOVERNOR



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

July 5, 1996

The President
The White House
Washington, DC 20500

Dear Mr. President:

Congress is currently debating whether to extend the Ketchikan Pulp Company (KPC) contract. The Ketchikan Pulp Mill is the single largest employer and taxpayer in Ketchikan and is critically important to the jobs and families of the people who live and work in Ketchikan and surrounding communities.

Better than I can express, let me quote from a letter I received from Kay Sims, a community leader in Southeast Alaska, who cares a great deal about Ketchikan:

Every day I realize how much every one of us is dependent upon the Timber and Fishing Industry... I really hesitated writing this letter, because who am I to tell you the Governor of Alaska what I feel he should be doing? But on the other hand, I'm a 45 year Alaskan resident; a part of a 4 generation Alaskan family with a parent, children and grandchildren making their home here in Ketchikan. I'm an Alaskan who loves and enjoys this beautiful state and never fails to marvel at its grandeur. I'm an Alaskan whose company has put a great deal of money back into its properties and the communities. I'm an Alaskan whose annual company payroll is close to three million dollars here in Southeast Alaska, a payroll that is 75% dependent upon a successful resource based economy; namely the Timber and Fishing Industry.

Attached is the letter I sent to Mark Suwyn, CEO of Louisiana Pacific regarding an extension to KPC's contract. I support a contract extension subject to the five principles outlined in the letter which include: compliance with environmental laws within three years; commitment to local hire and contracting; adherence to multiple use and sustained yield principles; expeditious completion of TLMP; and exploration of new technology to maximize the value of timber harvested.

TONY KNOWLES
GOVERNOR



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

April 26, 1996

Mr. Mark Suwyn
Chairman and CEO
Louisiana Pacific Corporation
111 Southwest Fifth Avenue
Portland, OR 97204

Dear Mark,

Thank you for our recent discussions about the future of the Ketchikan Pulp Company (KPC).

As you know, my Administration has consistently supported a sustainable timber industry in the Tongass, including a predictable timber supply to meet the terms of the KPC contract and 100 million board feet for small operators through Small Business Administration sales. Thousands of Alaskan families depend on the Tongass for their livelihoods, subsistence hunting and fishing, recreation, and other uses.

With this letter, I want to inform you my Administration supports a KPC contract extension, contingent on the five principles outlined below. As you mentioned during our recent meeting, a decision to extend KPC's current contract is a federal one. While the state has no authority to grant an extension, the long-term partnership between the people of Southeast Alaska and the timber industry and between the City of Ketchikan and KPC gives us an important interest in the extension issue. This partnership has benefited the jobs and families of Southeast Alaska and has helped maintain healthy, safe, and stable communities.

Inherent in this long-term partnership are five principles:

1. Environmental Protection. Protection of air, water, and land, including fish habitat through compliance with applicable federal, state, and local laws. This means KPC should develop a plan to achieve full compliance with environmental laws within three years. This would include a meaningful public process that resolves public health and environmental issues.

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

TONY KNOWLES
GOVERNOR



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

July 5, 1996

The President
The White House
Washington, DC 20500

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Better than I can express, let me quote from a letter I received from Kay Sims, a community leader in Southeast Alaska, who cares a great deal about Ketchikan:

Every day I realize how much every one of us is dependent upon the Timber and Fishing Industry... I really hesitated writing this letter, because who am I to tell you the Governor of Alaska what I feel he should be doing? But on the other hand, I'm a 45 year Alaskan resident; a part of a 4 generation Alaskan family with a parent, children and grandchildren making their home here in Ketchikan. I'm an Alaskan who loves and enjoys this beautiful state and never fails to marvel at its grandeur. I'm an Alaskan whose company has put a great deal of money back into its properties and the communities. I'm an Alaskan whose annual company payroll is close to three million dollars here in Southeast Alaska, a payroll that is 75% dependent upon a successful resource based economy: namely the Timber and Fishing Industry.

Attached is the letter I sent to Mark Suwyn, CEO of Louisiana Pacific regarding an extension to KPC's contract. I support a contract extension subject to the five principles outlined in the letter which include: compliance with environmental laws within three years; commitment to local hire and contracting; adherence to multiple use and sustained yield principles; expeditious completion of TLMP; and exploration of new technology to maximize the value of timber harvested.

The President
July 5, 1996
Page 2

To comply with these principles may well require a several hundred million dollar investment by KPC. I believe it is a sound and reasonable business principle to provide an opportunity to amortize this investment in technology which will protect our air and water, retool the mill to provide higher value-added products, and remain competitive in a global economy.

I know the details of a contract extension regarding contract duration, volume, and pricing must be determined by the federal public process.

I appreciate your consideration of this important matter.

Sincerely,



Tony Knowles
Governor

Enclosures

cc: Vice President Al Gore
Secretary Dan Glickman, Department of Agriculture
United States Senator Frank Murkowski
United States Senator Ted Stevens
United States Congressman Don Young

TONY KNOWLES
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

April 26, 1996

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Louisiana Pacific Corporation
111 Southwest Fifth Avenue
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With this letter, I want to inform you my Administration supports a KPC contract extension, contingent on the five principles outlined below. As you mentioned during our recent meeting, a decision to extend KPC's current contract is a federal one. While the state has no authority to grant an extension, the long-term partnership between the people of Southeast Alaska and the timber industry and between the City of Ketchikan and KPC gives us an important interest in the extension issue. This partnership has benefited the jobs and families of Southeast Alaska and has helped maintain healthy, safe, and stable communities.

Inherent in this long-term partnership are five principles:

1. Environmental Protection. Protection of air, water, and land, including fish habitat through compliance with applicable federal, state, and local laws. This means KPC should develop a plan to achieve full compliance with environmental laws within three years. This would include a meaningful public process that resolves public health and environmental issues.

Mr. Mark Suwyn
April 26, 1996
Page 2

2. Commitment to Ketchikan. A long-term commitment to Ketchikan and the maintenance of a stable workforce, including the hiring and training of resident Alaskans and a willingness to hire Alaska contractors. KPC should have longer term contracts with Alaska timber businesses to provide them the certainty to hire permanent employees from Alaska. KPC should support a policy for directing 50 percent of the timber from SBA sales to in-state secondary processing through contracts with SBA timber businesses.

3. Multiple Use. Adherence to sound principles of multiple use and sustained yield of forest resources. This means the production of sustainable contract volumes for KPC and the small timber operators in southeast and the protection and promotion of other forest uses and users, including tourism, fishing, subsistence, hunting, mining, and recreation.

The planning process is of little value if individual sales remain mired in controversy and litigation. Therefore, timber offerings in areas of high community interest and important fish habitat, such as Cleveland Peninsula, Honker Divide, East Kuiu, and Poison Cove, should be avoided. In addition, every effort should be made to bring about a transition from the harvest of old growth to second growth timber.


4. TLMP Process. The Tongass Land Management Plan, including full participation by the timber industry and other forest users, must be completed expeditiously. The timber volume available for harvest must be determined through the TLMP planning process.

5. Value-Added. The timber industry should continue to explore new processes and technology to maximize the use of timber harvested and increase the value of products.

As we discussed, the matter of volume, contract duration, and price must be determined by the federal public process.

I look forward to our continued cooperation.

Sincerely,


Tony Knowles
Governor

TONY KNOWLES
GOVERNOR



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

August 22, 1996

Dear Fellow Alaskan,

Since my April announcement to the Ketchikan community of my support for an extension of the Ketchikan Pulp Company (KPC) contract, my Administration has and continues to work hard to make that a reality. I take this opportunity to update you on our efforts so far.

I contacted the President urging his support of a contract extension. I brought members of my cabinet to Ketchikan in July to hear local concerns. I traveled to Portland to meet with Louisiana Pacific CEO Mark Suwyn.

I met with KPC President Ralph Lewis to discuss ways the state can provide assistance. My Administration provided testimony at congressional hearings in support of an extension. I sent Labor Commissioner Tom Cashen to Ketchikan to try to resolve long-standing KPC labor and management concerns and directed Environmental Conservation Commissioner Michele Brown to work with KPC on regulatory issues.

My support for a contract extension is based on five principles, with which most Alaskans, including U.S. Senator Frank Murkowski and KPC President Ralph Lewis, have told me they agree:

- Compliance with environmental laws;
- Commitment to local hire and contracting;
- Adherence to multiple use and sustained yield principles;
- Expeditious completion of a well conceived Tongass Land Management Plan (TLMP); and
- Use of new technology to maximize the value of timber harvested.

Now, many mill supporters believe a single meeting between President Clinton and me would make everything okay. I wish it were that easy. I have urged the President to support a contract extension and am awaiting a formal response from him.

I continue to do everything possible to take the issue to the President and other key officials of his administration. However, it will take the combined efforts of many Alaskans working together to find a resolution.

While the Clinton Administration has announced its opposition to legislation now pending in Congress, they have signaled a willingness to consider a contract extension--a process that likely will take several months to negotiate.

In the meantime, the top officers of KPC and Louisiana Pacific have told me of their plans to decide the mill's future by early October. Such hasty action appears unnecessary and would prevent the public process from working. A premature decision by KPC will cause heartache to the families of Ketchikan and the rest of Alaska.

The current KPC contract runs until the year 2004 and there are no environmental constraints which require an immediate decision. In fact, just this week the Department of Environmental Conservation issued a new air quality permit which includes a voluntary commitment by KPC to control several hazardous air pollutants not currently regulated under federal or state law. Similar work is underway for a new water quality permit that allows continued operations while improving environmental performance.

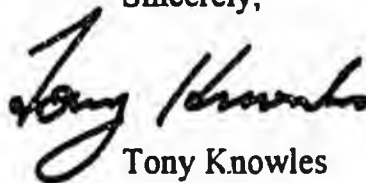
I believe the right answer for Alaska is negotiation. Rather than focusing exclusively on a proposal which the federal administration already opposes, I asked Senator Murkowski to negotiate with the Clinton Administration on an approach both sides can support. He agreed. KPC needs to adopt the same reasonable approach.

KPC should curtail any decisions about the mill's future until additional, realistic efforts are made to develop legislation which can be supported by the President, members of Congress, our own delegation, and KPC.

My Administration will continue our efforts to find a solution that provides a viable supply of timber and protects jobs in Ketchikan and Southeast Alaska. Standing up for Alaska's interests in Washington, D.C., means negotiating in good faith and in unity for a solution that protects the community of Ketchikan.

As Senator Ted Stevens has urged, it's time Alaskans work together to present a united front on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Knowles". The signature is written in a cursive, flowing style.

Tony Knowles
Governor

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

P.O. BOX 110800
JUNEAU, ALASKA 99811-0800
PHONE: (907) 465-2500
FAX: (907) 465-5442
TDD: (907) 465-5437

August 20, 1996

Transmitted via facsimile machine
202-224-1070

The Honorable Ted Stevens
United States Senate
522 Hart Senate Office Building
Washington DC 20510-0201

Dear Senator Stevens:

I am in receipt of a copy of a letter from you and the other members of Alaska's Congressional Delegation that is addressed to the Honorable Dan Glickman, Secretary of the U.S. Department of Agriculture. The subject of the letter is the Tongass Land Management Plant(TLMP) process. While my copy of the letter is undated, it was apparently sent to Secretary Glickman earlier this month.

As a member of the state administration, I appreciate your diligence on monitoring the progress of TLMP. I recognize that your efforts are aimed at maintaining the timber industry in Southeastern Alaska while protecting the natural resources that we value so highly. These goals are shared by the administration of Governor Tony Knowles.

In the letter, I noticed several statements that require clarification or correction. As you are aware, the development of TLMP requires the resolution of a number of very difficult public policy issues. Our discussions on these issues would be best served by the use and dissemination of accurate information.

First, I am flattered that I am being cited as an informed authority on any aspect of TLMP. This is, however, an exaggeration of my role. I have been involved in some of the administration discussions about the state's comments on the draft TLMP plan, but do not possess the depth of knowledge necessary to arrive at definite conclusions as to the content of the plan or the validity of the data that is employed.

At this point, I regret--while trying to illustrate the complexity of working with the TLMP process-- that I discussed a 23 percent possible reduction in the Allowable Sale Quantity(ASQ). This is a figure based on information passed on by the U.S. Forest Service and interpreted by state staff. I would not stand by this figure today, and should have not announced it at a public meeting without checking further into the actual situation. The Forest Service is still analyzing its data on the ASQ and is the best source of information on any adjustments to the ASQ calculations used in the plan. I would accept their figures over my own.

Your statement that the Regional Forester "is not now in a position to either confirm, deny, challenge, or qualify Commissioner Hensley's announcement" is not a fair statement. My understanding is that the ASQ calculations are still under review. My figure was both incomplete and premature.

Your statement that "the most significant cause of the decrease was discovered by Kathleen Morse" is completely inaccurate. Ms. Morse had nothing to do with discovering any cause for any decrease. Again, what I did was pass along information that was under review by the Forest Service that had been shared with the state's TLMP team. The Forest Service has the most complete information on reasons for adjustments in ASQ.

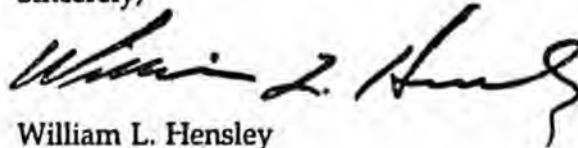
Additionally, Ms. Morse is on loan to the state from the Forest Service to work in the Division of Trade and Development on the development of more value-added potential for Alaska's forest products industry. Her assistance to the state on TLMP issues is secondary to her primary duties and is not the reason for her employment.

Finally, I wish to reiterate that the state supports the TLMP process, as well as its timely conclusion. We view TLMP as particularly important for public participation in a major regional decision-making effort. In planning efforts as complicated as TLMP, many examples can be cited of arguably incomplete information and why the conclusions may or may not be valid because of that information. However, we have many crucial issues to resolve and TLMP offers the best process for giving the forest products industry and everyone else the best sense of what the future holds for the Tongass National Forest. Also, as you note in your letter, the completion of TLMP may be crucial for addressing the issues surrounding the extension of the KPC contract.

In conclusion, I regret the extremely politicized and polarized situation we are in today in regard to TLMP where every statement is seized upon and used to the advantage of one side or another. At its heart, the TLMP process is, or should be, a discussion among people who live and work in the Tongass about the future of the Tongass. I know you share this conclusion. Like you, the state administration believes that the most important views expressed during the Tongass process are those of the many Southeastern Alaska residents whose lives and activities are, or will be, directly affected by the federal decisions for the management of the Tongass National Forest.

I thank you for the opportunity to clarify the above points.

Sincerely,



William L. Hensley
Commissioner

cc: Secretary Dan Glickman, U.S. Department of Agriculture
Governor Tony Knowles, State of Alaska

TONY KNOWLES
GOVERNOR



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

July 30, 1996

Mr. Bob Loescher
Executive Vice President
Sealaska Corporation
One Sealaska Plaza
Juneau, AK 99802

Bob
Dear Mr. Loescher:

I am writing to follow-up on our recent meeting concerning the landless Natives issue. As I have stated previously, I believe the question presented by this issue can be divided into two parts: recognition and consideration. While I recognize this matter needs to be resolved by the federal government, my own judgement is there are Native communities in Southeast Alaska that warrant recognition and I support a fair settlement.

The challenge is how to arrive at a such a settlement. We believe there are many options available for consideration that should be thoroughly investigated prior to introduction of legislation concerning the final settlement. Some of the options that should be explored include land for tourism and other economic development both inside and outside the state. The state is willing to work with the landless Natives to explore those options.

In the event that consideration involves the Tongass, we believe it should be accomplished within the Tongass Land Management Plan (TLMP) since resource policy issues such as this need to be guided by sound science and good management. The state has consistently supported resolution of these types of issues through a process that includes all of the potentially affected parties including, in this instance, the landless Natives, Southeast communities, subsistence and non-subsistence hunters and fishers, and environmentalists. This is particularly important given the tremendous concern many constituencies have in relation to the Land Use Designation II areas which some have suggested should be part of the settlement.

Mr. Bob Loescher

July 30, 1996

Page 2

It is our primary goal that there be a sufficient base of federal land to assure there is adequate timber available for harvest on a sustained yield basis for the existing independent operators, Ketchikan Pulp Company, and the other users of the forest. I also believe every effort should be made to promote value-added development of the timber resources within the Tongass.

In conclusion, the state will support legislation which confirms the claims of the landless Natives. However, in order to achieve a fair settlement, the state would urge all interested parties be involved in negotiations that incorporate the principles outlined above. Finally, negotiators of a final settlement should consider a possible mix of land, money, federal surplus property, or other appropriate compensation for these claims.

Thank you again for meeting with me to discuss this important issue for the people of Southeast Alaska.

Sincerely,



Tony Knowles
Governor



Alaska State Legislature

HOUSE RESOURCES COMMITTEE

State Capitol
Juneau, Alaska 99801-1182
(907) 465-3716

MEMORANDUM

TO: House Resources Committee members

FROM: Representative Bill Williams, ^{P.E. & C.} Co-Chair
House Resources Committee

DATE: August 15, 1996

RE: Resources Committee meeting

The House Resources Committee will hold a hearing on Friday, August 23rd, at the House Resources Committee room in Juneau.

The purpose of the meeting is to inform the Committee and the public about changes in the Tongass Land Management Plan which have resulted in a lowering of the Allowable Sale Quantity (ASQ), and other TLMP issues of concern.

This fact finding meeting will also focus on the State's position regarding the federal legislation to extend and modify the Ketchikan Pulp Co.'s contract, and the State's official TLMP stance.

All members are encouraged to attend, but if you cannot, teleconferencing will be available.

586-6230 - 596-4700
The Forest Service, Knowles Administration, and Southeast Conference have been invited to testify. Members of the Congressional Delegation have also been invited to attend.

A more detailed agenda will follow. If you have questions, please contact Pete Ecklund of my office at 247-4672. Thank you.

*Tongass Land Management Plan
Ketchikan Pulp Co Issues*

SPORTS

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8/14/96

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Vol. 81 No. 191, (USPS 293-940), 28 Pages

Ketchikan, Alaska, Wednesday, August

AFA requests Forest Service to scrap TLMP

JUNEAU (AP) — A miscalculation on a new management plan for the Tongass National Forest means fewer trees than projected could be cut under the proposal.

That has prompted a timber group to ask federal foresters to scrap the plan and start over.

The U.S. Forest Service overestimated the amount of timber that could be sold by 10 to 15 percent, said Beth Pendleton of the agency's Tongass Land Management Plan team.

The Forest Service, however, is moving ahead as scheduled, with a final decision on the plan expected to be out by late September, Pendleton said. The plan is an effort to settle differences among loggers and other forest users over how to manage the Tongass, the nation's largest national forest.

Second-growth error

The error occurred because harvest numbers were based on logging second-growth trees 60 years after an area had been cut, Pendleton said. Forest Service policy, however, requires logging to occur no less than 70 years after the previous harvest in the Tongass.

The Alaska Forest Association wants the Forest Service to withdraw the proposed forest plan and delay the planning process until the agency can release an accurate draft.

Jack Phelps, executive director of the association, said the group was willing to wait longer on the plan to make sure logging projections will be accurate.

"This new plan is going to estimate the pattern of harvest for the next 10 years," Phelps told the Juneau Empire on Tuesday. "It's vitally important it be accurate."

'Devastating' to industry

According to Phelps, the Forest Service error would be "devastating" to the timber industry, because even without the miscalculation, the allowable timber sales would not provide the industry with enough wood to sustain current operations.

The Southeast Alaska Conservation Council, an environmental group opposing more logging in the forest, also expressed disappointment in the error.

"It's kind of unfortunate to see something like this happen. In the short-term, I'm afraid it could slow down the planning process some more. It's about time they get this plan done," said council grass-roots organizer Tim Bristol.



Dog's eye view

Three-year
Saturday.

state Fish and Wildlife Trooper aircraft that was diverted to the search from a fisheries patrol, said Tanner.

Police officers arrived at Beaver Falls about 9:10 a.m. and Reed allowed the victim, who police declined to name, to leave the pickup and go to a police car, according to the news release.

However, he wouldn't stop at the officers' command and drove back toward the city, driving through two troopers' choke points with authorities in pursuit at speeds of 40 to 50 miles per hour, according to the release.

At the first chokepoint near Herring Cove, Reed slowed but continued through. A trooper fired three times shooting out three of the pickup

A Fish and Wildlife trooper's vehicle pushed Reed's truck into a ditch but he drove out of the ditch and back onto South Tongass Highway until he turned in at Benson Drive at Forest Park. His truck wouldn't go up the hill so he got out and began running, according to the news release.

He was taken into custody outside his parents' residence by a police officer and trooper after he was subdued with pepper gas, said Anslinger.

He was taken to Ketchikan Correctional Facility. Other charges might be filed as the investigation continues, said authorities.

The victim was unharmed, said Anslinger. She has had a domestic violence protective order in effect against Reed since July.

Chokepoints involve setting up two cars across a highway but leaving a single lane open. The chokepoint at 9.8 Mile S. Tongass Hwy., just beyond Herring Cove, involved two trooper sedans. The other chokepoint used two Fish and Wildlife pickup trucks and was set up near Mountain Point, said Tanner.

During the incident authorities were directing regular traffic to pullout areas or along the highway shoulder, said Tanner.

City police had set up a roadblock near the Coast Guard base, but Reed didn't drive that far, said Anslinger.

"We didn't want him coming back to the city," Anslinger said.

The chase and arrest involved at least 10 city police officers, six troopers and about a dozen vehicles, including a See 'Kidnapping,' page A-8



A close-up of

Delegation tells Glickman that TLMP needs work

By NIKKI MURRAY JONES
Daily News Staff Writer

The Alaska congressional delegation has asked Secretary of Agriculture Dan Glickman to tell the Forest Service to hold up on completing the Tongass Land Management Plan and to offer a new comment period.

Sens. Frank Murkowski and Ted Stevens, both R-Alaska, and Rep. Don Young, R-Alaska, wrote to Glickman Aug. 15 citing what they say are problems with the forest plan, according to a delegation news release.

Two errors are the drop in estimated timber available for harvest and questions of whether the agency followed federal law in compiling the document, they said.

Calculations based on a 60-year second growth harvest rather than 70 years dropped the possible harvest by 15 percent. Decreasing harvest in the Chatham Area to meet Habitat Conservation Areas could reduce timber available there by 40 percent, for a possible "falldown" of 23 percent. Falldown refers to a reduction in timber amount.

They attributed that figure to Alaska Commissioner of Commerce Willie Hensley, according to the press release.

Federal leaders said the Forest Service had promised on April 18 that there would be no significant "falldowns" of harvest levels.

According to the letter, criticisms of

the forest plan process include:

- An inadequate socio-economic impact analysis underestimates the effects of reduced harvest on Southeast communities.

- That the process hasn't followed federal law.

- That the biological basis for habitat conservation decisions are studies done elsewhere than Southeast Alaska.

- Testimony by three members of the TLMP team who have expressed "serious reservations about the process."

The delegation also wants the final TLMP submitted to Congress for review under new amendments to Regulatory Flexibility Act. That law gives Congress 60 session days to review and act on major rule changes. The delegates told Glickman they consider TLMP as a major rule change.

They also said the new comment period should be offered after the timber question and problems they outline with the plan are resolved, according to the release.

Most of the issues the delegation raises aren't new ones, said Brad Powell, Ketchikan Area forest supervisor.

"We're in the process of preparing a response to that letter," he said.

The Alaska House Resources Committee has scheduled a 9 a.m. hearing Friday in its committee room in Juneau about the possible 10-23 percent harvest reduction.

In brief

Driver sent south

A woman injured in a car wreck Sunday will be sent to Harborview Medical Center, and the male victim suffered multiple contusions and lacerations, said a hospital official.

Karen Tollfeldt, 40, has multiple fractures and possible internal injuries, said Wendy Gierard, Ketchikan General Hospital spokeswoman. Tollfeldt was flown to the Seattle hospital with a medical escort on Monday. It is not a medivac, said Gierard. Tollfeldt is listed in stable condition.

Andre LeCornu, 47, will probably remain in the hospital a few more days. He is listed in stable condition, said Gierard.

The injuries occurred when Tollfeldt was driving northbound on South Tongass Highway in a 1992 Subaru about 3:15 p.m. and collided with the southbound 1989 Chevrolet driven by LeCornu, according to an Alaska State Troopers press release. Both are Ketchikan residents.

Rescuers had to use special equipment to remove drivers because they were trapped in their vehicles.

Both cars were likely totaled, said fire department Capt. Bill Kriegsman.

About 25 firefighters were involved in the rescuing the drivers.

South Tongass Fire Department provided a fire engine and hydraulic tools similar to "jaws of life." Ketchikan Fire Department sent a fire engine, two ambulances and a rescue truck, said Kriegsman.

Troopers are asking that anyone with information contact their office. The investigation is continuing and no charges have been filed.

Boat fur

By M Daily

The Ketchikan Assembly decided month before the Southeast fund — even it threatens penal legislative into then.

The assembly draw do cally from the: Forest Service possible. The money wit

Plan

By CA Daily

A Ketchikan precautionary morning just o

The plane gets en route pilot noticed a takeoff from C Amend, Ketchikan tor.

The pilot is landing the crs Ketchikan A

KTN Daily News 8/20/96

ALASKA
 STATE GOVERNMENT
 DEPARTMENT OF DEVELOPMENT

NATION / WORLD
 S.: Turkey-Iran deal sends
 wrong message page B-1

ALASKA
 STATE GOVERNMENT
 DEPARTMENT OF DEVELOPMENT

Ketchikan

n Daily News

n, Alaska, Tuesday, August 13, 1996

75Cents



n Caskey, gave Brenda Spence a thrilling ride on.

ling, bed-racing

KPC requests Knowles meet with Clinton

By NIKKI MURRAY JONES
Daily News Staff Writer

Ketchikan Pulp Co.'s Ralph Lewis has written to Gov. Tony Knowles asking him to meet with President Clinton, but the governor said he already has told the president he supports the company's congressional request for a 15-year extension.

Lewis, KPC president and general manager, asked Knowles in a letter written Friday to "publicly and fully endorse the pending legislation" and to "fully use every possible personal effort and the full weight of your Administration" to convince the president to sign extension legislation.

The company seeks to extend and modify its existing 50-year contract with the U.S. Forest Service to harvest Tongass National Forest trees.

Knowles, who said he already wrote to Clinton supporting the contract, said he is surprised and disappointed at the "tone of the press release" KPC issued Monday, according to a news release from his office. At a meeting the previous Wednesday, Lewis had thanked him for support, he said.

Knowles has said repeatedly his support for KPC is contingent on five prin-

ciples: compliance with environmental law, commitment to local hire, adhering to multiple use and sustained yield principles, a quick completion of the Tongass Land Management Plan, and exploring new technology to gain more value from harvested timber.

'The problem with the contract extension is in Washington, D.C., not in Juneau.'

— Gov. Tony Knowles

The problem with the contract extension is in Washington, D.C., not in Juneau," Knowles said. The White House and several members of Congress have raised concerns about the legislation, he said. The Congressional delegation needs to work with the administration "rather than demanding 'all or nothing' deals that the administration has publicly stated they will oppose. This approach must provide for a viable timber indus-

See 'KPC,' page A-3



Record Low.....	45 in 1949
Tuesday Sunrise.....	5:16 a.m.
Tuesday Sunset.....	8:26 p.m.
Wednesday Sunrise.....	5:18 a.m.

Alkan and Metlakatla

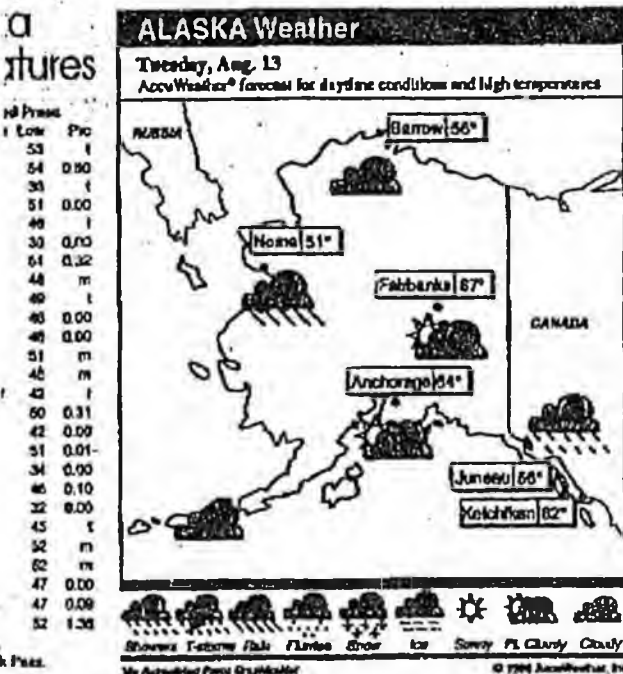
be mostly cloudy with a 70-percent chance of rain. The winds will be coming out of the west with highs near 60. Tuesday night will have a 30-percent chance of rain and Wednesday will become increasingly cloudy with a 70-percent chance of rain and highs near 60.

Central Southeast

will be an 80-percent chance of rain. The winds will be coming out of the southeast to 15 mph with highs in the upper 40s. Tuesday night there will be a 30-percent chance of rain with lows in the upper 40s. Wednesday will be mostly cloudy with highs in the 50s.

Local Tides		
Tuesday		
High	12:45 a.m.	16.3 Ft
Low	7:05 a.m.	-0.8 Ft
High	1:27 p.m.	14.1 Ft
Low	7:10 p.m.	2.3 Ft
Wednesday		
High	1:20 a.m.	16.8 Ft
Low	7:37 a.m.	-1.1 Ft
High	1:57 p.m.	14.6 Ft
Low	7:44 p.m.	1.8 Ft

(Weather information provided by the National Weather Service on Annette Island. Precipitation, high and low temperatures provided by the FAA on Gravina Island.)



Alaska Summary

Island Press
pressure in the
light more rain
Monday, with
burg receiving

Rain also fell along the coast
from Valdez all the way to Annette
Island.
Milder weather was reported
across the remainder of the state.
High pressure moving into west-

ern Alaska brought mostly cloudy
skies but little rain.
Temperatures were in a nar-
row range, with readings from the
middle 60s in Anchorage to the
low 30s along the North Slope.

Cruise-ship passengers do not pay the 11 percent hotel tax the city collects from independent travelers staying overnight, so the passenger fee is equitable, Crondall said.

The city clerk's office will have 10 days to verify the signatures to determine if supporters gathered enough to

measure, which members have indicated they are willing to do, to place the initiative on the ballot.

The assembly would have to enact a substantially similar measure within 45 days or hold a special election if the approved petition did not appear on the city election ballot.

K.P.N. 8/13/94

KPC

try and protect timber jobs in Ketchikan and Southeast Alaska.

Support exists in Congress for the extension, but the Department of Agriculture has said it would advise the president to veto it, said Troy Reinhart, KPC spokesman, in Monday news release. KPC and its parent company, Louisiana-Pacific Corp., say the company can't continue to operate without the extension.

The legislation also contains changes the company considers "fair" to restore some earlier contract provisions that allowed it to operate more profitably, said Reinhart.

KPC's president said the letter to Knowles wasn't a closure announcement.

Projects to improve company operations are on schedule and the company isn't seeking relief from environmental requirements, he said.

Knowles cited the Department of Environmental Conservation's work with KPC on environmental issues as

state support for the extension. Department of Labor Commissioner Tom Casben also is in Ketchikan meeting with KPC employees and managers to "try to resolve long-standing labor and management concerns," he said.

In Knowles' news release, the governor didn't respond to Lewis' request that he meet with Clinton.

Lewis also wrote Friday to KPC employees about ongoing efforts for the extension.

Employees could sign a petition circulating at KPC or could write directly to the governor, he said.

Critics of KPC's extension request, particularly environmental groups, say the company repeatedly violates environmental regulations, was fined millions of dollars for breaking federal water quality laws, and doesn't harvest at a sustained yield level.

The Southeast Alaska Conservation Council said it supports harvest in the Tongass, but KPC's existing contract should be canceled.

Continued from page A-1

Continued from page A-1

Gold mine

The action could be a political plus for Clinton, whose internal polls show that Americans — especially women — list the environment as a top voting-booth issue. The company loses potentially valuable property, but sheds a legal and public relations headache.

And the deal comes with a potential loophole: White House aides said it does not restrict the company's use of federal land secured in a swap. Unless negotiations impose restrictions, the company's next dig could be at another environmentally sensitive spot.

During his 1995 Wyoming vacation, Clinton imposed a two-year moratorium on mining around the site. "Last

from an unadorned wood platform in a dry mountain meadow 8,400 feet above sea level.

Clinton spoke to an audience composed mostly of environmentalists, standing against the backdrop of 10,400-foot Baronette Mountain in the extreme northeast corner of the 800,000-acre park. The mountain's layered and steeply terraced volcanic rock was picture-perfect for TV cameras.

Behind him, at the mountain's foot, white spruce and lodge-pole pine partially hid Soda Butte Creek.

"That's the creek that would have been threatened by acid trailing from any mining," said Mary Jensen,

four tables next year, said Knowles, donning a black-and-white referee's uniform.

In the Spelling Bee, sponsored by Ketchikan Adult Education, young contestants proved Dan Quayle human by misspelling "potatoes."

Annie Fox won the 12-and-under division with "communicate" while Erin Page must have read the last page of her dictionary, correctly spelling zymolyase to beat out her sister Margot for the adult title.

Hilary Koch, who decided at the last minute to enter the Friends of the Library's Trivia Contest, won by correctly answering that tetanus is another name for lockjaw. Ray Troll guessed "tendinitis" and earned runner-up.

The Bed Races, held for the first time at Walker Field, turned controversial this year. After a practice run, the Lions Club appeared to win a second race, but failed to eat their pies halfway through so a third running was required. The City of Ketchikan Fire Department came on top that time, but the result was contested by Lions Club, the third-place finishers.

"It was protested for anything and everything you can think of," said Dar McMillinny, team captain for the winning squad.

The official "Blueberry" was Marie Dudzak, buried in a Blueberry suit. She seemed to have as much fun as the children who posed for photographs with her.

"That's why I'm here. To spread cheer and blueness," she said.

Complete results:
• Pie-Eating contest



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... settles sexual harassment suit against ex-Employer ... page 6

SPORTS Tribe trips M's
page A-6

NATION

ALASKA
Judge rejects Exxon's bid to delay paying damages
page A-10

Ketchikan Daily News

Vol. 61 No. 186, (USPS 293-940), 16 Pages

Ketchikan, Alaska, Thursday, August 8, 1996

75 Cent

Final TLMP figures likely to reduce harvest

By NIKKI MURRAY JONES
Daily News Staff Writer

Timber offered by the U.S. Forest Service could be nearly one-quarter less than originally estimated in its forest plan, said a state official.

Speaking at a Ketchikan Chamber of Commerce lunch, Willie Hensley, commissioner of the state's Department of Commerce and Economic Development, said the reduction was recently announced by the Forest Service.

He said later in the afternoon that the figures weren't final.

The federal agency didn't say the reduction would be 23 percent on Tongass National Forest harvest, but after adding up the various percentages,

sale quantities across all Tongass Land Management Plan alternatives could be reduced that amount, said Kethlgen Morse, forest products development specialist/economist for Hensley's department.

The new figures result from the Forest Service fine tuning its timber projections, she said.

It's too early to tell if that figure is accurate, but changes will be made to the amount of timber available for harvest, said Steve Kessler, assistant TLMP planning team leader, speaking from Juneau.

Further work with planning models that estimate existing timber, that estimate the rate trees grow back to a

harvestable maturity, and that fine tune figures to verify projections, results in a more accurate picture that may raise or lower harvest estimates, he said.

Finalizing the model that estimates how quickly trees grow back could decrease the amount of available TLMP harvest by 10 to 15



Willie Hensley

percent. Another model that projects fall down could further lower timber estimates in different areas. The percentages of potential reduction would vary with each alternative, he said.

"The state's figure of 23 percent, I don't know if that's right or wrong," Kessler said.

Differences between the draft and final version of a forest plan are normal, said Bob Vaughn, deputy forest supervisor for the Ketchikan Area of the Tongass.

The agency wants to be as accurate as possible when planning timber sales so the amount of timber projected is actually there, he said after the chamber lunch.

See Timber, page A-9

Hensley says governor supports a viable timber industry

By NIKKI MURRAY JONES
Daily News Staff Writer

Gov. Tony Knowles is committed to keeping the timber industry healthy, to helping Alaska's economy grow and to creating jobs for Alaskans, said a state commissioner.

The state supports the 15-year contract extension requested by Ketchikan Pulp Co., said Willie

Hensley, commissioner of the Department of Commerce and Economic Development. He spoke at a Greater Ketchikan Chamber of Commerce luncheon on Wednesday.

The support comes with five principles: KPC must comply with all environmental regulations, it must make a long-term commitment to

See Industry, page A-9

Tug captain receives prestigious lifesaving medal



Six file for local seats

KDN 8/8/96

Continued from page A-1

Timber

"By and large what we've found indicates a downward trend, but I don't think there is a specific number that has been used," Vaught said. "Twenty-three percent may be a good number, or it may be too low or too high."

The three forest supervisors, Brad Powell, Ketchikan Area, Gary Morris, Chatham Area, and Abigail Kimbell, Stikine Area, will determine the final alternative to recommend to Regional Forester Phil Janik. They will develop an alternative that will balance timber industry needs "in a way that's appropriate for public policy," Vaught said.

"We hope people will allow us to work on these issues and give us the benefit of the doubt," he said. "We think we can produce a positive result that

will allow for a healthy and viable timber industry."

The TLMP public comment period ends on Aug. 26, a 30-day extension from the original closure date.

The Forest Service has received more than 16,000 comments on the plan. About 10,000 of them were on the earlier version of it, said Vaught.

Owen Graham, Ketchikan Pulp Co. Timber Division manager, said Wednesday is the first time he's heard the 23 percent figure.

"I heard they made a mistake in their calculations, but the number wasn't as high as 23 percent," Graham said. "The numbers might be overstated. I heard from one administration official it will be much less."

Graham referred further questions to Walt Sheridan, a consultant hired by Southeast Conference to analyze TLMP.

Sheridan wasn't available for comment by press time.

Hensley called the Daily News late Wednesday afternoon saying he wanted to clarify his comment about the timber reduction.

"I didn't mean to cause consternation," said Hensley.

"I don't want to give the impression we're not working well together (with the Forest Service) because we are working cooperatively," he said.

The 23 percent he mentioned isn't the final figure on timber harvest reduction. The agency still is doing computer runs to get final figures, he said.

"There's nothing at this point that we could accurately announce," Hensley said.

Industry

Continued from page A-1

Ketchikan, and it must support multiple-use of the Tongass National Forest; the Tongass Land Management Plan needs to be completed and there must be a commitment to value-added ("You might substitute 'profit-added'," Hensley said).

Hensley said after the meeting that KPC already is committed to making environmental changes and is involved with the local economy. The company said it needs the extension to borrow \$200 million to modernize its plant and meet environmental standards.

"We know they're looking at the future of their company, and we are looking at the entire forest," Hensley said.

"We want to develop a plan that could help KPC, other timber operators and secondary manufacture," he said.

The state is working on its TLMP comments to the Forest Service. It strongly supports protecting the existing timber supply and timber industry jobs.

"We want to ensure the industry will continue," he said.

The state also wants to help protect areas that communities consider important, such as Cleveland Peninsula, and to sustain other industries such as logging, tourism and mining, he said.

"It's important that everyone interested in the forest find common ground, he said.

"On the Washington, D.C., level, it's almost impossible to get anything done without agreement in Alaska," he said.

Another way the state is working to bolster the economy is Marketing Alaska,

a program in which state officials meet with about 100 Alaska business owners in seven working groups to develop ideas, said Hensley. The state is considering 200 recommendations and has begun implementing them, Hensley said.

He listed other ways in which the state is working for the economy:

- Alaska Department of Fish and Game is working with processors and fishermen to determine the best harvest times for best fish quality.

- The Department of Labor waived housing space requirements to allow fish processors to handle the large influx of seasonal workers. It's also working with seafood producers to create more jobs for Alaskans.

- Gov. Tony Knowles supported 10-year agreements for state timber sales to help the secondary manufacturing industry.

- Division of Tourism is exploring new tour locations and studying increased facilities for the industry.

- Commerce and Economic Development is evaluating its small business programs for effectiveness.

- The Department of Transportation is evaluating airport leasing regulation changes.

Hensley and other state officials visited Ketchikan on Wednesday as part of a week-long swing through southern Southeast to become familiar with the area and its industries.

Officials visited Ketchikan Pulp Co., Metlakatla, Deer Mountain Hatchery, Neets Bay and Cape Fox Corp. on Wednesday.

Washington State Lottery
Wednesday drawing
 Lotto: 1 - 14 - 24 - 25 - 36 - 41
 Quinto: King of Spades, Five of Hearts, King of Diamonds, Eight of Clubs, Five of Clubs

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KGB Parks and Recreation Activities



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cc:Mail for: Roger Poppe

Subject: article/hearing backdrop
From: Peter Ecklund 8/20/96 10:35 AM
To: Michael Johnson at ANC_LEGIS
To: Cliff Stone at ANC_LEGIS
To: Roger Poppe
To: Kristy Tibbles at ANC_LEGIS
To: Eleanor Roser at ANC_LEGIS
To: Robert Nelson at ANC_LEGIS

FYI-----

this is one recent article that will help with the backdrop of the HRES hearing on friday. I'll also fax a couple of recent articles from the Ketchikan Daily news....

Thanks

Pete

8/16/96

MILL BACKERS ASK KNOWLES FOR A PUSH
KETCHIKAN PULP WANTS GOVERNOR TO PROD CLINTON
By DAVID GERMAIN

The Associated Press

JUNEAU—Though Gov. Tony Knowles favors a longer federal timber deal for Ketchikan Pulp Co., he is facing a barrage of complaints from critics who say he

has not done enough to gain White House support.

Republican state legislators, timber industry supporters and the company itself this week said Knowles should use his influence with President Clinton to help secure the contract extension Ketchikan Pulp is seeking to continue cutting trees in the Tongass National Forest.

Knowles announced his support for the longer timber contract last spring, so long as Ketchikan Pulp meets some conditions on its environmental and local-hire

practices. The governor says he has outlined his position in a letter to Clinton

supporting the proposal.

That has not satisfied Ketchikan Pulp president Ralph Lewis, who asked Knowles to endorse legislation that would grant the contract extension and prod Clinton to agree, though the White House already has rejected the bill.

The company says it needs the 15-year contract extension, which would maintain its timber deal through 2019, to stay in business. Ketchikan Pulp employs about

850 people.

Ketchikan Pulp spokesman Troy Reinhart pointed out that Knowles said in his 1994

campaign that as a Democrat, he would have access to Clinton and sway with the White House on Alaska resource issues.

Knowles supporters, though, say there's only so much a governor can do when a president spells out his opposition on an issue, even when both executives come from the same party.

When I look at my influence with the governor, we're in the same party, we agree on a lot of issues. But we don't agree on everything, that's for sure," Ketchikan Mayor Alaire Stanton said Thursday. "All you can do is keep the lines of communication open. I think it's that way with Gov. Knowles and President Clinton, too."

Still, critics of Knowles say the governor could do more. Sen. Robin Taylor, R-Wrangell, said during a campaign trip in Ketchikan on Wednesday that Knowles has placed too many conditions on his support for the timber contract extension. "Everyone of those conditions has loopholes that are big enough to shove the bowling alley through it," Taylor said.

House Speaker Gail Phillips, R-Homer, and Senate President Drue Pearce, R-Anchorage, sent a letter Wednesday asking Knowles to press harder for a longer timber contract.

"It is critical you use your influence with the president to avoid the pending disaster in Ketchikan," Phillips and Pearce said.

Jim Campbell, the Republican candidate Knowles beat in 1994, also sent a letter asking the governor to lead a task force to Washington, D.C., in support of the timber contract legislation.

About 300 timber industry supporters held a rally Wednesday night in Ketchikan, where speakers called on Knowles to do more for the mill. The group that sponsored the rally, Concerned Alaskans for Resources and Environment, also placed newspaper ads Wednesday comparing a potential shutdown of the Ketchikan mill to the 1964 earthquake in Anchorage. The ads urged people to contact Knowles and urge him to call Clinton.

Knowles spokesman Bob King said the governor might try to talk to Clinton about the deal at the Democratic National Convention this month in Chicago. Knowles, though, believes Alaska's congressional delegation needs to hash out a contract proposal that would be acceptable to the White House, King said.

The Clinton administration opposes the current legislation, saying it would hamper federal management of the Tongass and conflict with current laws regulating the forest.

8/17/96

Alaska State Legislature



Representative William K. Williams

Committees:
 House Resources
 Co-Chairman
 World Trade &
 State Federal Relations
 Transportation
 Rules
 Oil & Gas

During Session:
 State Capitol
 Juneau, AK 99801-1182
 (907) 465-3424
 Fax (907) 465-3793

In Ketchikan:
 352 Front Street
 Ketchikan, AK 99901
 (907) 247-4672
 Fax (907) 225-8546

August 14, 1996

Mr. Phil Janik, Regional Forester
 U.S. Forest Service
 PO Box 21628
 Juneau, AK 99802-1628

Dear Mr. Janik:

The Alaska House Resources Committee intends to hold a hearing in Juneau at the House Resources Committee room at 9:00 am on Friday, August 23rd, 1996, regarding the following issues:

1. What, if anything, can the State of Alaska do to obtain the support of the Clinton Administration for the legislation now in Congress to extend and modify the Ketchikan Pulp Company's (KPC) long-term contract?
2. What is the status of discussions between KPC and the Forest Service as was promised by both you and Undersecretary Jim Lyons?
3. What position do you recommend the State of Alaska adopt with respect to the Revised Supplement to the Draft Environmental Impact Statement (RSDEIS) for the Tongass Land Management Plan (TLMP) in light of the 23% reduction for the estimated Allowable Sale Quantity (ASQ) for each alternative in the RSDEIS?
4. What is the status of the repeated requests to extend the comment period especially in light of NEPA and the 23% ASQ reduction now projected?

Before the Committee can address the third point, we need to know what miscalculations were made to create this ASQ shortfall. It is my understanding that the 23% ASQ reduction is a very fluid number which could be higher or lower depending on changes to the plan which the Forest Service team is making as this letter is written.

Mr. Phil Janik
8/14/96
page two

The Committee and the people of Alaska need to know what these changes are in order to determine whether to recommend that the RSDEIS be withdrawn, corrected, and presented again to the public. Our concern is that the public not be misled by the RSDEIS which is presently out for review.

As you know, one of the key purposes of the National Environmental Policy Act is to fully inform the public of the consequences of any major project affecting the human environment. What actions has the Forest Service taken behind closed doors in order to bring the ASQ up to the published levels? Certainly the anticipated impacts of the RSDEIS for TLMP will be significant in Southeast Alaska, particularly with respect to timber dependent communities and jobs.

Accordingly, it would be most helpful if you would make available to the Resources Committee for this hearing the three Forest Supervisors and the Planning Team members who are working on the changes to correct the miscalculations which have resulted in the reported 23% net reduction in the ASQ.

The Committee and the people of Alaska look forward to hearing from you on this matter. Pete Ecklund of my staff will be calling you, or whomever you designate to correspond directly.

Sincerely,



Representative Bill Williams, Co-Chair
House Resources Committee

cc: Forest Supervisors
House Resources Committee

Committees:
 House Resources
 Co-Chairman
 World Trade &
 State Federal Relations
 Transportation
 Rules
 Oil & Gas

Alaska State Legislature



During Session:
 State Capitol
 Juneau, AK 99801-1182
 (907) 465-3424
 Fax (907) 465-3793

In Ketchikan:
 352 Front Street
 Ketchikan, AK 99901
 (907) 247-4672
 Fax (907) 225-8546

August 14, 1996

Representative William K. Williams

The Honorable Tony Knowles, Governor
 State of Alaska
 PO Box 110001
 Juneau, AK 99811-0001

Dear Governor Knowles:

The House Resources Committee is planning to hold a hearing in Juneau at the House Resources Committee Room at 9:00 am on Friday, August 23rd. The Committee will review TLMP issues and the KPC extension legislation.

The importance of your Administration's participation is threefold: What more, if anything, can the State do to advance the KPC extension and contract modification legislation now in Congress; explanation of the State's findings on the Tongass Land Management Plan revision and the 23% reduction in Allowable Sale Quantity (ASQ); and finally the State of Alaska's position regarding TLMP. The presence of Commissioner Willie Hensley, or whomever you deem appropriate, is respectfully requested.

It appears that legislation concerning a 15 year KPC contract extension, with modifications, can pass Congress. The barrier to continuation of these important Southeast jobs appear to be the Clinton Administration's unwillingness to establish a dialogue with either the Congressional Delegation or KPC. The Committee requests the Administration to testify and articulate those steps which you are willing to take to open a dialogue and to urge the Clinton Administration to support the legislation.

On August 7, 1996, Commissioner Hensley announced in Ketchikan that the Forest Service had experienced approximately 23% fall-down in the estimated ASQ for each of the TLMP alternatives. The Committee is concerned about this 23% reduction in ASQ. These concerns are heightened by the admission of Beth Pendleton of the TLMP planning team that there is a 10-15% reduction in ASQ. It looks as if it is a net number, meaning there have been serious changes in various sections of the draft plan which is out for public

The Honorable Governor Knowles
8/14/96
page two

comment. These changes need to be explained so the public is not misled in responding to TLMP. In this regard, we would be most appreciative if you could also make Kathleen Morse, and anyone else from your staff you deem appropriate, available to testify at this hearing.

The Tongass Land Management Plan comment deadline is fast approaching. The final TLMP will dictate the life of all Southeast residents for many years. Up to this point, your Administration has not made public its stance on the plan revision in regards to specific alternatives other than to say enough timber must be made available for both KPC and the independent timber program. The people of Alaska deserve to know where the State stands on the future of Southeast Alaska's workers, their families, and the timber dependent communities. Therefore, the Committee requests someone from your staff to explain the State's position on the TLMP revision.

I have asked Pete Ecklund of my office to be in contact with your staff to follow through on these requests. The Resources Committee and the people of Alaska appreciate your cooperation.

Sincerely,



Representative Bill Williams, Co-Chair
House Resources Committee

cc: House Resources Committee

Resolutions and Statements From Alaskan Communities, Civic Groups, Businesses and Associations Opposed to Extending Louisiana Pacific's KPC Long Term Contract

Partial List - Current 8/8/96

City of Pelican	Gustavus Inn	Icy Strait Adventures	Association of Forest Service Employees for Environmental Ethics
City of Angoon	Gustavus Marine Charter	Shearwater Lodge & Charters	Alaska Council of Trout Unlimited
City of Tenakee Springs	Good River Bed & Breakfast	Douglas Island Veterinary Service	Elfin Cove Fish & Game Advisory Committee
Gustavus Community Association	Glacier Bay Sea Kayaks	Juneau Chapter Audubon Society	Tenakee Springs Fish & Game Advisory Committee
Community of Elfin Cove	Crondahl Bed & Breakfast	Boardwalk Bight	The Fiddlehead Restaurant & Bakery
Port Protection Community Association, Inc	Alaska Up Cloac	Mother Truckers Kayak & Bike Rental	MacDunnah's Ltd.
Port Alexander Fish & Game Advisory Committee	Alaska Cruises	Mountain Gears	Southeast Alaska Land Trust
Tongass Hunting & Fishing Coalition	Laura Lucas Design	Walton Rader Marine	Alaska Bed & Breakfast Association
Sitka Friends of Southeast's Future	Sockeye Cycle	Wild's Alaskan Seafarm	Salmon River Smokehouse
Point Adolphus Seafoods	Dr. Margaret Davidson	Cougar Productions	Alaska Outdoor Consultants
Alaska Discovery, Inc.	Admiralty Island Sightseeing	Earthtone Huskies	Pelican Charters
Alaska Wilderness Recreation & Tourism Association	Northwest Art	Tenakee Resource Recovery	Alaska Rainforest Tours
Wrangell Resource Council	Old Harbor Books	Juneau Outdoor Center	Mount Juneau Inn
Hoonah Indian Association	Gearing Up	Gusto Tours & Charters	Alaska House Inn
Alaska Clean Water Alliance	Peterson F.L.S.H.E.S.	Glacier Bay Photography	Spirit Walker Expeditions
Alaska Center For The Environment	Prince of Wales Conservation League	Cross Sound Lodge	Puffin Travel, Inc
Alaskans For Juneau	55°22' North Sailing Charters	Caribou Trails Photography	Angoon Trading Company, Inc
Tenakee Historical Society	Glacier Guides, Inc - Alaska Master Hunting Guides, Jimmie C., & Mary Ann Rosenbruch	Starship Fisheries	Wales Waterworks
Sitka Conservation Society	Alaska Applied Sciences, Inc	Starbuck Charters	Sea Otter Sound Seafoods, Inc
Tenakee Hot Springs Lodge	Ravens Fire, Inc	Annie May Lodge	InterDesign / Mac Design
Juneau Chapter Sierra Club	Mark Kelley Photography	Water Ouzel Outings	Southeast Alaska Veterinary Clinic, Inc
Toms Place Homeowners Association	Inner Harbor Lodge	Taku Conservation Society	Alaska Passages Tours
Parker / Boyce Hunting Guide Service, Inc	Rie Munoz, Ltd.	Johnson Enterprises	Sea Fisk Consulting & Management
Friends of Glacier Bay	Alaska's Leading Adventures	Baldarka Boats	Wilson Engineering, Inc Consulting Engineers & Project Managers
Friends of Berner's Bay	Northern Kata, Inc	Tongass Conservation Society	Bear Track Mercantile
Alaska Skiff Charters	FV Hansa	Lynn Canal Conservation, Inc.	Dennis Hay's Elfin Cove Resort
Silver King Marine	Bluejacket Passages	Time Line Cruises, Inc	
Lielanski Lodge	Laughing Raven Lodge	Manchee & McLean Computer Consultants	
	A Sign of Design	Tenakee Towing	
	Southeast Exposure	Whalers Cove Lodge	
	The Bakery	Icy Straits Environmental Services	
	The Rainforest Retreat	Sabeda, Inc	

More → →

**Resolutions and Statements Opposed to Extending
Louisiana Pacific's KPC Long Term Contract
Page 2**

Hydaburg Alaska Native
Brotherhood Camp #6

Tongass Cave Project /
Project of the National
Speleological Society

Libby Finemith Stortz,
ACSW, LCSW, BCD

Fairweather Adventures

Bear's Nest Cabins / Gifts
/ Cafe

Chichagof Conservation
Council

The Observatory, ABAA

TRI Bed & Breakfast of
Glacier Bay

Marine Adventure Sailing
Tours

Old Harbor Press

Sticks & Stones

Wilderness Swift Charters

Tongass Adventures

Alaska Fly 'N' Fish Charters

Mona Lisa Originals
Handwoven Designs

Southeast Alaska Ocean
Adventures

Ellis, Inc.



Tongass Forest Plan Review

A Newsletter about the Forest Plan Revision
Issue 13 - July 1996

Comment Period Extended

You have an additional 30 days, until August 26, 1996, to review and comment on the Revised Supplement to the Draft Environmental Impact Statement (RSDEIS) and the draft Forest Plan. Regional Forester Phil Janik announced the extension on June 28th. Janik said, "After fully considering public comments received to date and the interest by the public to extend the comment period, the Forest Supervisors and I decided to grant this 30-day extension." The final record of decision on the revised forest plan is expected to be issued in late September.

Public Meetings Draw 1,100

Public meetings have been held in 30 Southeast Alaska communities, and Open Houses were held in Anchorage and Washington D.C.

Over 1,100 people in Southeast Alaska came to the public meetings. Thanks to everyone of the just over 400 people who gave us oral testimony. In Ketchikan, more than 300 showed up for the hearing and 80 testified. In some of the smaller communities, such as Edna Bay, Kasaan, and Port Protection, 60% - 70% of the community participated in the hearings. In Kake, over 30 native dancers testified through a native peace dance which was interpreted for us.

We have received about 1,700 comments, as this newsletter goes to print, including the 400 from oral testimony. Every comment is logged and coded for the specific recommendations and ideas you offer. The planning team then analyzes these comments and considers changes to the draft Forest Plan.

Comments on how we can provide forest resources to benefit people and still sustain the forest and all the wildlife, fish, caves, and special recreation areas are more helpful to us than just voting for one of the draft alternatives.

You Can Send It via E-Mail

As an alternative to normal mail, comments can be electronically mailed to the TLMP office now via the internet through your computer. These comments will be coded and analyzed along with oral testimony and other written comments. The name and physical address of the commenter should be included in the e-mail note. Our electronic address is:

/s=comments/ou1=r10f03d03a@mhs-fswa.attmail.com

Understanding the Plan

The future of the Tongass depends on all of us understanding the values of one another and the capability of the forest to continue to provide what we need and want from its resources.

To assist in understanding the five focus issues of the RSDEIS, we will be sharing more information in several ways throughout the summer. The focus issues are: wildlife viability, socioeconomic concerns and impacts, fish and riparian habitat, karst and cave resources, and alternatives to clearcutting in timber harvests. We hope these articles will answer some questions we heard during the public meetings and clarify what the Forest Service can and cannot do. One article follows in this newsletter. More will be seen in newspapers and heard on radio in Southeast Alaska this summer.

Social & Economic Impact of the Tongass Forest Plan

Many of us living in Southeast Alaska are economically dependent on the continued availability of our region's abundant natural resources.

Forest Service employees realize that as the region's primary agency responsible for land management, we have the potential to directly affect opportunities for economic development in the private sector of Southeast Alaska. We take this responsibility very seriously.

Recently, our State and Private Forestry division has helped communities throughout the region, including Sitka and Wrangell, identify and capitalize on opportunities to strengthen and diversify each community's economy.

The Forest Service, however, does not "create" jobs. Investors, business men and women, and risk-takers in the private sector do that.

The jobs they create are affected not only by forest management, but also by changing global markets such as for forest products and recreation opportunities, and by the price fluctuations that accompany business cycles. The effects of outside economic forces are generally separate from the consequences of forest management.

In April, we released the Revised Supplement to the Draft Environmental Impact Statement (RSDEIS). The employment levels displayed in the preferred alternative represent our best estimate of how employment opportunities may be influenced by the proposed changes to Tongass forest management.

continued on back . . .

The preferred alternative has a timber allowable sale quantity of 357 million board feet, of which 297 is recognized as economic to harvest under current market conditions and using the current Southeast Alaska logging technology. An annual average harvest of nearly 300 million board feet would meet 95 percent of the projected demand for timber from the Tongass for the next 10 years. This harvest level results in the opportunity for 1,750 to 2,100 direct wood-product jobs for Southeast Alaska. This is a drop from the 1994 level of 2,225 jobs.

In industries such as tourism, employment projections are more difficult to make. Unlike the relationship between the amount of timber made available and the products likely to be manufactured, tourism-related jobs are dependent on the response of the private sector to the opportunities made available. We estimate that implementation of the Forest plan is likely to support 3,500 tourism related jobs, an increase of 700 jobs from the 1994 level.

The preferred alternative estimates for jobs in the four main industries of Southeast Alaska are based on many reports and studies from state, federal, and local agencies, and from private firms.

Our economists used their best judgment based on all of these sources to develop projections of the effects of each of the alternatives.

However, employment numbers and dollar values alone do not describe the array of social values tied to the resources of the Tongass forest. Quality of life, availability of customary and traditional subsistence resources and other factors strongly influence individuals and communities. We have made the best estimates we can on the effects of the draft alternatives on peoples' social values.

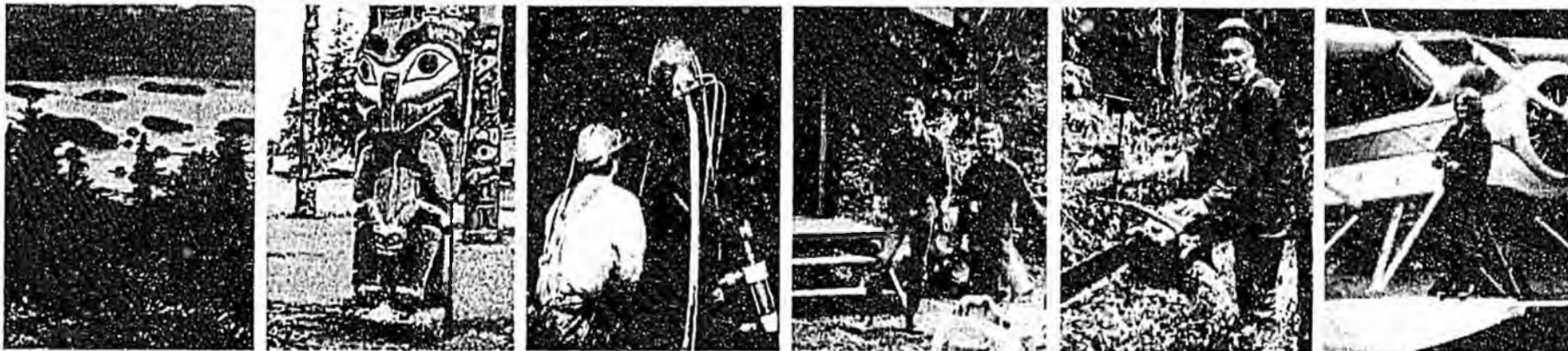
We are committed to a planning process that will help us develop methods to monitor and better understand the relationships that transcend economics between people and resources. Your values are important to us. The process we have developed includes listening to your comments at public meetings, long-term social assessments, community feedback and hearing from you in writing, via e-mail and in person at your group's meeting or conference. Let us know if you would like a TLMP team leader, Forest Supervisor, or District Ranger to visit your organized group.

Documents Still Available

Copies of the RSDEIS, and draft forest plan, the packet of maps, the Forest Supervisors' letter and the Summary newsletter are still available by request from our office. You may also request documents via e-mail at the address listed at the bottom of the first page of this newsletter, although we cannot send documents to you electronically. Key findings from science assessments, panels, and resource analyses are also available.

Tongass Land Management Plan
8465 Old Dairy Road
Juneau, AK 99801

The Future of the Tongass ...



... Depends on Understanding

By understanding our past and present, the Forest Service, with the help of the people who live here, can better design a Forest Plan for the future; a plan to better meet the needs and desires of all Americans while making sure that all the resources of the Forest are sustained well into the 21st century.

Almost 17 years have passed since the first Tongass Land Management Plan (TLMP) was issued. Much has changed in Southeast Alaska since then, in the growth and changing needs of communities, industries, and visitors. We also know more about sustaining the fish, wildlife, timber, and recreation opportunities in the Tongass.

The Forest Service wants to finish the Tongass Land Management Plan revision to take advantage of this new information, and science, and to provide for the changing values of Southeast Alaskans and visitors to this great land.

Release of the Forest Plan revision does not mean there will be no more changes in forest management. We have learned that significant new forest information, research, and changes in Southeast Alaska economies should be incorporated into the plan through amendments before it is time to revise the entire plan again in 10-15 years. Your comments now and in the future will help us determine significant issues and areas needing change.

We plan to release the final Forest Plan revision this fall. Following its release we will continue working with the communities in Southeast Alaska to explain how the new plan will be implemented and identify the changes it could bring to the Forest and the people of Southeast Alaska. We seek an ever increasing interactive role of Southeast Alaska communities in determining how the Tongass National Forest is managed.

These articles will hopefully help you understand some of the issues addressed in the Tongass Land Management Plan (TLMP) documents currently available for review.

Fish in the Forest

Fish, especially salmon are important to almost everyone who lives and visits Southeast Alaska. Whether it is making a living by commercial fishing, sportfishing or catching enough to freeze and smoke for your winter subsistence food, we know it is important to protect the freshwater fish habitat across the Forest. Having a productive salmon fisheries is a basic part of the culture, history and economy of Southeast Alaska.

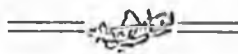
Recognizing the importance of the fish habitat, the Forest Service has developed a set of standards and guidelines to protect habitats and the diverse fish populations for over 42,000 miles of streams in Southeast Alaska.

In the revision of the Tongass Land Management Plan, we developed a partnership with Forest Service research scientists to assure that the most current scientific findings were used in developing fish habitat management direction. A team of local and nationally recognized scientists reviewed the current watershed and streamside management practices on the Tongass. These scientists made recommendations on how to maintain existing fish habitat on the Tongass National Forest. Those recommendations were then analyzed and considered in the development of the draft Forest Plan.

The preferred alternative proposes two steps to strengthen the protection of the freshwater fisheries habitat. It recognizes the vital link between fish production and the protection of fish habitat across the Tongass.

Managing habitat for salmon, Dolly Varden, steelhead, cutthroat trout and other fish for generations to come is one of our fundamental responsibilities. We have developed a balanced management approach for sustainable fish, wildlife, plants, and other resources while serving the many public users of the forest, including the tourism, wood products, and other industries. We take the long-term view in management of the Forest because the impacts on the forest are often not seen in the short-term of 10-15 years. Natural processes which form and sustain fisheries habitat happen over many decades. Actions which we take today, will determine the availability of fish for generations to come.

The Anadromous Fish Habitat Assessment Report (AFHA) is the principal reference used by the Forest Service in preparing the TLMP revision regarding fish habitat and watersheds. The AFHA study was required by Congress and the study report was available in March of 1995.



Wildlife Habitats Across the Forest

The Forest Service recognizes that the Tongass National Forest is unique in many ways. Much of the forest land is undisturbed by people, yet we have one of the highest levels of *natural fragmentation* of any national forest in the country. This means that what we call *the forest* is actually a mosaic of islands, rock, ice, muskeg, scrub forest, commercially valuable trees, young trees, lakes, and streams.

Over thousands of years, the wildlife of the Tongass have adapted to temperate rainforest conditions and natural fragmentation. Villages and communities depend on local wildlife populations, such as deer. When we add the more recent human-caused fragmentation to the mix — be it from roads, timber harvesting, or developed recreation areas — we take the risk of going beyond the ability of some species to adapt and survive in smaller tracts of old-growth forest.

Regulations implementing the National Forest Management Act of 1976 include provisions for maintaining habitat for well-distributed viable populations of wildlife across national forests.

There are wildlife species on the Tongass living in large tracts of old-growth habitat. Though large areas of old-growth habitat in wilderness areas will continue to be protected in various portions of the Tongass, these may not be sufficient to maintain well-distributed populations for old-growth associated species.

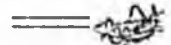
In the preferred alternative the strategy for maintaining wildlife is to reserve tracts of old-growth habitat across the entire forest in combination with beach, estuary, and streamside buffers. Wilderness and other withdrawals are not evenly distributed across the Tongass and may not alone fully meet the need for well-distributed old-growth habitat for associated wildlife species.

We recognize that there may be other ways to maintain wildlife species viability, such as having longer timber harvest cycles on lands that permit timber harvesting. Some studies indicate old-growth habitat reserves may offer less risk to wildlife than other strategies.

Where possible we placed old-growth habitat reserves in lands already withdrawn from timber harvesting. Also, habitats close to communities can be managed to better serve the local needs for maintaining wildlife populations for recreation and subsistence use by people.



The Forest Service recognizes the influence the number and distribution of species. We are charged with maintaining well-distributed wildlife populations. We believe we need to take action to provide for the future. The establishment of habitat reserves is one proposal.



Recommended Wildlife Recreational Resources Preferred Alternative

Chatham Area: Dangerous River, Hasselborg River, Katzehin River, King Salmon River



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The Forest Service recognizes that many factors influence the number and distribution of wildlife species. We are charged with maintaining habitat for well-distributed wildlife populations within the framework of overall multiple use objectives for the Tongass. We believe we need to take action now in order to provide for the future. The establishment of old-growth habitat reserves is one proposal to do just that.



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

Chatham Area: Dangerous River, Glacial River, Hasselborg River, Kadashan River, Katchehin River, King Salmon River, Lisianski River

Stikine Area: Anan Creek, Blind River, Fall Dog Creek, Farragut River, Harding River, Kadake Creek, Kah Sheets Creek, LeConte Glacier, Marten Lake & Creek, Petersburg Creek, Santa Anna Creek & Lake, Virginia Lake & Creek

Ketchikan Area: Blue River, Chickamin River, Naha River, Salmon Bay Lake & Stream, Sarkar Lakes, Thorne River — Hatchery Creek



Underground the Tongass Karst and Cave Resources

It's not just what's on the surface of the Tongass National Forest that matters — the plants and creatures, the streams and fish, the people and communities. Beneath the surface lie other treasured resources including deposits of limestone and marble, and karst features that wind their way through them.

Southeast Alaskan caves and the karst topography that accompany them may be unlike any other in the world. Karst landforms are created when acidic water dissolves limestone and marble, creating gullies, and caverns. Linked together they form underground channels where streams and rivers flow. Caves in Southeast Alaska are unique because of the conditions under which they are formed — cool temperatures, high rainfall, and highly acidic water that seeps off the peat bogs onto large deposits of very pure limestone.

Since 1979 over 500 caves and the surrounding karst landscape have been mapped and studied by the Forest Service. Located primarily on Prince of Wales, Kuiu, and the Chichagof Islands, this karst covers about 80,000 acres. New caves are continually being discovered. Many caves have only recently received wide attention for their world-class significance.

Standards and guidelines for the management of this resource are represented in the RSDEIS for the Tongass Land Management Plan.

It is important to understand other values associated with caves and karst resources. The ground above often supports highly productive forests and a large number of wildlife and fish. The soils are well-aerated and rich in calcium, and tree roots can secure themselves in fissures in the underlying limestone and marble. Caves also provide shelter for wildlife and are a source of fossilized bones, and have archeological and historical significance.

Fossilized bear bones, including one believed to be over 41,000 years old, and the remains of animals extinct on Prince of Wales Island — including grizzly, caribou, and red fox — have been found in the caves on the island. Today the caves are frequented by a variety of animals including otters that nest and raise their young there; deer, bear, wolves, and other



Underground the Tongass— Karst and Cave Resources

It's not just what's on the surface of the Tongass National Forest that matters — the plants and wild creatures, the streams and fish, the people and structures. Beneath the surface lie other treasured resources, including deposits of limestone and marble, and caves that wind their way through them.

Southeast Alaskan caves and the karst topography that accompany them may be unlike any other in the world. Karst landforms are created when acid ground water dissolves limestone and marble, creating pits, gullies, and caverns. Linked together they form underground channels where streams and rivers flow. The caves in Southeast Alaska are unique because of the conditions under which they are formed — cool temperatures, high rainfall, and highly acid water flowing off the peat bogs onto large deposits of very pure marble and limestone.

Since 1979 over 500 caves and the surrounding karst landscape have been mapped and studied by scientists. Located primarily on Prince of Wales, Kuiu, and Chichagof Islands, this karst covers about 805 square miles. New caves are continually being discovered. The caves have only recently received wide attention due to their world-class significance.

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It is important to understand other values associated with caves and karst resource. The ground above caves often supports highly productive forests and a large number of wildlife and fish. The soils are well drained and rich in calcium, and tree roots can securely anchor in fissures in the underlying limestone and marble. Caves also provide shelter for wildlife, are a resource for fossilized bones, and have archeological and ceremonial significance.

Fossilized bear bones, including one believed to be over 41,000 years old, and the remains of animals long extinct on Prince of Wales Island — including marmot, grizzly, caribou, and red fox — have been found in caves on the island. Today the caves are frequented by a variety of animals including otters that nest and bear their young there; deer, bear, wolves, and other small fur

discovery of human bones in a cave on Prince of Wales indicates that humans were in this area at least 10,000 years ago.

Today there is growing interest in using the caves for recreation. Two caves on Prince of Wales Island, El Capitan and Cavern Lake Caves, are public attractions. Tours of El Capitan Cave are offered by the Forest Service during the summer. A trail with a viewing platform leads to Cavern Lake.

Human activity must be carefully managed to avoid damage to the cave and karst resources. Road building, timber harvesting, and moving earth to construct buildings all have this potential. Other damage can occur when soil or logging slash washes down mountain sides and flows into caves and clogs underground drainage systems. Such events can change vegetation growth patterns on the ground above the caves.

The preferred alternative maintains and protects the natural processes that create karst and the ability of karst landscapes to maintain the productivity of the animal, plant, and aquatic communities.

Whatever alternative is chosen, the Forest Service sees management of this resource as necessary for the protection of fish and wildlife habitat, archaeological sites, drainage systems, municipal watersheds, recreation and cultural sites, peat bogs, and forested areas.



Communities and the Tongass Forest Plan

Community economic development and prosperity is important to all residents of Southeast Alaska. Many residents are dependent on the continued availability of our region's natural resources. The Tongass National Forest resources have the potential to directly affect opportunities for economic development in the private sector of Southeast Alaska.

The Forest Service does not *create* jobs; investors in the private sector do that. The jobs they create are affected not only by forest management, but also by global market changes, such as for forest products and various types of recreation opportunities.

In April, we released the Revised Supplement to the

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bearers that rest and den in the caves; birds that nest and feed in the entrances; bats that winter in the caves; fish that live part of their lives in cave streams; and small organisms that live their entire lives in the caves.

For many years Southeast Alaska Natives used the caves for ceremonial purposes, for habitation, and sometimes for burial of their dead. People were in the caves as long as 4,500 years ago as evidenced by their presence in artifacts and pictographs (pictures painted on rocks with pigments made by mixing grease or salmon eggs with charcoal, clay, or other minerals). A recent discovery of human bones in a cave on Prince of Wales indicates that humans were in this area at least 10,000 years ago.

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In April, we released the Revised Supplement to the

Draft Environmental Impact Statement (RSDEIS). The preferred alternative represents our best estimate of how employment opportunities may be influenced by the revised Forest Plan. The TLMP preferred alternative estimates for job opportunities in the four main industries of Southeast Alaska — wood products, tourism, fishing, and mining — are based on many reports and studies from state, federal, and local agencies, and from private firms. Our economists used these sources and their best judgment to project the effects of each of the alternatives.

The preferred alternative allows for the sale of up to 357 million board feet (on average) from the Tongass over the next 10-15 years. Of this amount, we expect about 297 million board feet would actually be harvested under average market conditions with logging technology commonly used in Southeast Alaska.

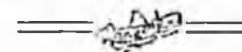
We estimate the sale and harvest of 357 million board feet could support about 1750 direct jobs in the timber industry of Southeast Alaska, and that harvest at the 297 million board feet level could support about 1500 direct jobs. This would be a drop from the job potential of the current Tongass Forest plan, which ranges from about 2,100 to 2,300 direct jobs under comparable assumptions.

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Harvesting Trees

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Long-term wolf survival would likely be increased by: maintaining core areas of habitat with few or no roads, managing the hunting and trapping of wolves more effectively through regulations, and providing enough long term deer habitat to support an abundant and stable deer population as prey for the wolves.

Northern goshawks can probably survive in lands managed for timber production as long as a variety of different sizes and heights of spruce and hemlock trees are maintained.

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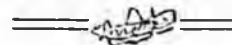
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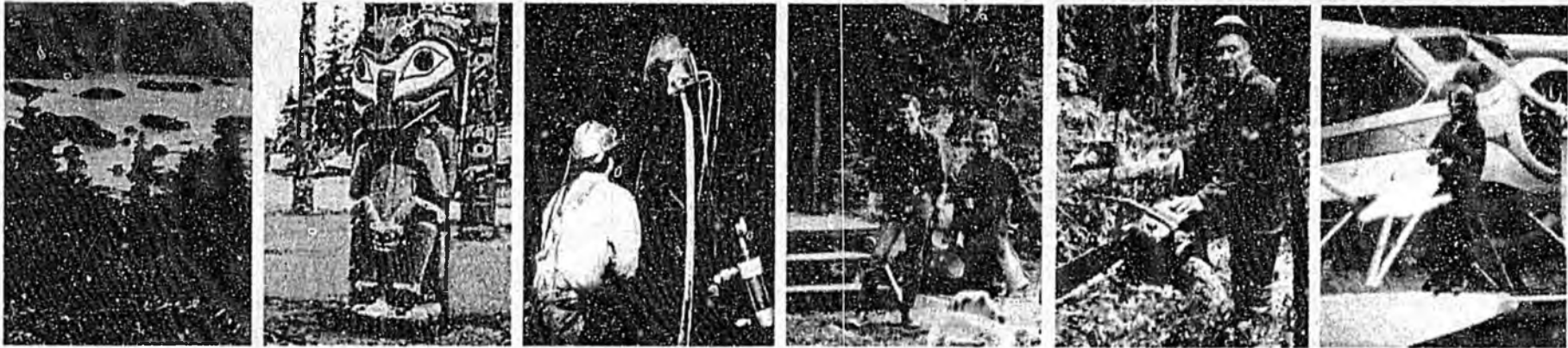


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The Future of the Tongass ...



... Depends on Understanding

By understanding our past and present, the Forest Service, with the help of the people who live here, can better design a Forest Plan for the future; a plan to better meet the needs and desires of all Americans while making sure that all the resources of the Forest are sustained well into the 21st century.

Almost 17 years have passed since the first Tongass Land Management Plan (TLMP) was issued. Much has changed in Southeast Alaska since then, in the growth and changing needs of communities, industries, and visitors. We also know more about sustaining the fish, wildlife, timber, and recreation opportunities in the Tongass.

The Forest Service wants to finish the Tongass Land Management Plan revision to take advantage of this new information, and science, and to provide for the changing values of Southeast Alaskans and visitors to this great land.

Release of the Forest Plan revision does not mean there will be no more changes in forest management. We have learned that significant new forest information, research, and changes in Southeast Alaska economies should be incorporated into the plan through amendments before it is time to revise the entire plan again in 10-15 years. Your comments now and in the future will help us determine significant issues and areas needing change.

We plan to release the final Forest Plan revision this fall. Following its release we will continue working with the communities in Southeast Alaska to explain how the new plan will be implemented and identify the changes it could bring to the Forest and the people of Southeast Alaska. We seek an ever increasing interactive role of Southeast Alaska communities in determining how the Tongass National Forest is managed.

These articles will hopefully help you understand some of the issues addressed in the Tongass Land Management Plan (TLMP) documents currently available for review.

Tongass Land Management Plan
8465 Old Dairy Road
Juneau, AK 99801



Fish in the Forest

Fish, especially salmon are important to almost everyone who lives and visits Southeast Alaska. Whether it is making a living by commercial fishing, sportfishing or catching enough to freeze and smoke for your winter subsistence food, we know it is important to protect the freshwater fish habitat across the Forest. Having a productive salmon fisheries is a basic part of the culture, history and economy of Southeast Alaska.

Recognizing the importance of the fish habitat, the Forest Service has developed a set of standards and guidelines to protect habitats and the diverse fish populations for over 42,000 miles of streams in Southeast Alaska.

In the revision of the Tongass Land Management Plan, we developed a partnership with Forest Service research scientists to assure that the most current scientific findings were used in developing fish habitat management direction. A team of local and nationally recognized scientists reviewed the current watershed and streamside management practices on the Tongass. These scientists made recommendations on how to maintain existing fish habitat on the Tongass National Forest. Those recommendations were then analyzed and considered in the development of the draft Forest Plan.

The preferred alternative proposes two steps to strengthen the protection of the freshwater fisheries habitat. It recognizes the vital link between fish production and the protection of fish habitat across the Tongass.

Managing habitat for salmon, Dolly Varden, steelhead, cutthroat trout and other fish for generations to come is one of our fundamental responsibilities. We have developed a balanced management approach for sustainable fish, wildlife, plants, and other resources while serving the many public users of the forest, including the tourism, wood products, and other industries. We take the long-term view in management of the Forest because the impacts on the forest are often not seen in the short-term of 10-15 years. Natural processes which form and sustain fisheries habitat happen over many decades. Actions which we take today, will determine the availability of fish for generations to come.

The Anadromous Fish Habitat Assessment Report (AFHA) is the principal reference used by the Forest Service in preparing the TLMP revision regarding fish habitat and watersheds. The AFHA study was required by Congress and the study report was available in March of 1995.



Wildlife Habitats Across the Forest

The Forest Service recognizes that the Tongass National Forest is unique in many ways. Much of the forest land is undisturbed by people, yet we have one of the highest levels of *natural fragmentation* of any national forest in the country. This means that what we call *the forest* is actually a mosaic of islands, rock, ice, muskeg, scrub forest, commercially valuable trees, young trees, lakes, and streams.

Over thousands of years, the wildlife of the Tongass have adapted to temperate rainforest conditions and natural fragmentation. Villages and communities depend on local wildlife populations, such as deer. When we add the more recent human-caused fragmentation to the mix — be it from roads, timber harvesting, or developed recreation areas — we take the risk of going beyond the ability of some species to adapt and survive in smaller tracts of old-growth forest.

Regulations implementing the National Forest Management Act of 1976 include provisions for maintaining habitat for well-distributed viable populations of wildlife across national forests.

There are wildlife species on the Tongass living in large tracts of old-growth habitat. Though large areas of old-growth habitat in wilderness areas will continue to be protected in various portions of the Tongass, these may not be sufficient to maintain well-distributed populations for old-growth associated species.

In the preferred alternative the strategy for maintaining wildlife is to serve tracts of old-growth habitat across the entire forest in combination with beach, estuary, and streamside buffers. Wilderness and other withdrawals are not evenly distributed across the Tongass and may not alone fully meet the need for well-distributed old-growth habitat for associated wildlife species.

We recognize that there may be other ways to maintain wildlife species viability, such as having longer timber harvest cycles on lands that permit timber harvesting. Some studies indicate old-growth habitat reserves may offer less risk to wildlife than other strategies.

Where possible we placed old-growth habitat reserves in lands already withdrawn from timber harvesting. Also, habitats close to communities can be managed to better serve the local needs for maintaining wildlife populations for recreation and subsistence use by people.



The Forest Service recognizes that many factors influence the number and distribution of wildlife species. We are charged with maintaining habitat for well-distributed wildlife populations within the framework of overall multiple use objectives for the Tongass. We believe we need to take action now in order to provide for the future. The establishment of old-growth habitat reserves is one proposal to do just that.

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

Chatham Area: Dangerous River, Glacial River, Hasselborg River, Kadashan River, Katzechin River, King Salmon River, Lisianski River

Stikine Area: Anan Creek, Blind River, Fall Dog Creek, Farragut River, Harding River, Kadake Creek, Kah Sheets Creek, LeConte Glacier, Marten Lake & Creek, Petersburg Creek, Santa Anna Creek & Lake, Virginia Lake & Creek

Ketchikan Area: Blue River, Chickamin River, Naha River, Salmon Bay Lake & Stream, Sarkar Lakes, Thorne River — Hatchery Creek



Underground the Tongass— Karst and Cave Resources

It's not just what's on the surface of the Tongass National Forest that matters — the plants and wild creatures, the streams and fish, the people and structures. Beneath the surface lie other treasured resources, including deposits of limestone and marble, and caves that wind their way through them.

Southeast Alaskan caves and the karst topography that accompany them may be unlike any other in the world. Karst landforms are created when acid ground water dissolves limestone and marble, creating pits, gullies, and caverns. Linked together they form underground channels where streams and rivers flow. The caves in Southeast Alaska are unique because of the conditions under which they are formed — cool temperatures, high rainfall, and highly acid water flowing off the peat bogs onto large deposits of very pure marble and limestone.

Since 1979 over 500 caves and the surrounding karst landscape have been mapped and studied by scientists. Located primarily on Prince of Wales, Kuiu, and Chichagof Islands, this karst covers about 805 square miles. New caves are continually being discovered. The caves have only recently received wide attention due to their world-class significance.

Standards and guidelines for the management of this resource are represented in the RSDEIS for the Tongass Land Management Plan.

It is important to understand other values associated with caves and karst resource. The ground above caves often supports highly productive forests and a large number of wildlife and fish. The soils are well drained and rich in calcium, and tree roots can securely anchor in fissures in the underlying limestone and marble. Caves also provide shelter for wildlife, are a resource for fossilized bones, and have archeological and ceremonial significance.

Fossilized bear bones, including one believed to be over 41,000 years old, and the remains of animals long extinct on Prince of Wales Island — including marmot, grizzly, caribou, and red fox — have been found in caves on the island. Today the caves are frequented by a variety of animals including otters that nest and bear their young there; deer, bear, wolves, and other small fur

bearers that rest and den in the caves; birds that nest and feed in the entrances; bats that winter in the caves; fish that live part of their lives in cave streams; and small organisms that live their entire lives in the caves.

For many years Southeast Alaska Natives used the caves for ceremonial purposes, for habitation, and sometimes for burial of their dead. People were in the caves as long as 4,500 years ago as evidenced by their presence in artifacts and pictographs (pictures painted on rocks with pigments made by mixing grease or salmon eggs with charcoal, clay, or other minerals). A recent discovery of human bones in a cave on Prince of Wales indicates that humans were in this area at least 10,000 years ago.

Today there is growing interest in using the caves for recreation. Two caves on Prince of Wales Island, El Capitan and Cavern Lake Caves, are public attractions. Tours of El Capitan Cave are offered by the Forest Service during the summer. A trail with a viewing platform leads to Cavern Lake.

Human activity must be carefully managed to avoid damage to the cave and karst resources. Road building, timber harvesting, and moving earth to construct buildings all have this potential. Other damage can occur when soil or logging slash washes down mountain sides and flows into caves and clogs underground drainage systems. Such events can change vegetation growth patterns on the ground above the caves.

The preferred alternative maintains and protects the natural processes that create karst and the ability of karst landscapes to maintain the productivity of the animal, plant, and aquatic communities.

Whatever alternative is chosen, the Forest Service sees management of this resource as necessary for the protection of fish and wildlife habitat, archaeological sites, drainage systems, municipal watersheds, recreation and cultural sites, peat bogs, and forested areas.



Communities and the Tongass Forest Plan

Community economic development and prosperity is important to all residents of Southeast Alaska. Many residents are dependent on the continued availability of our region's natural resources. The Tongass National Forest resources have the potential to directly affect opportunities for economic development in the private sector of Southeast Alaska.

The Forest Service does not *create* jobs; investors in the private sector do that. The jobs they create are affected not only by forest management, but also by global market changes, such as for forest products and various types of recreation opportunities.

In April, we released the Revised Supplement to the

Draft Environmental Impact Statement (RSDEIS). The preferred alternative represents our best estimate of how employment opportunities may be influenced by the revised Forest Plan. The TLMMP preferred alternative estimates for job opportunities in the four main industries of Southeast Alaska — wood products, tourism, fishing, and mining — are based on many reports and studies from state, federal, and local agencies, and from private firms. Our economists used these sources and their best judgment to project the effects of each of the alternatives.

The preferred alternative allows for the sale of up to 357 million board feet (on average) from the Tongass over the next 10-15 years. Of this amount, we expect about 297 million board feet would actually be harvested under average market conditions with logging technology commonly used in Southeast Alaska.

We estimate the sale and harvest of 357 million board feet could support about 1750 direct jobs in the timber industry of Southeast Alaska, and that harvest at the 297 million board feet level could support about 1500 direct jobs. This would be a drop from the job potential of the current Tongass Forest plan, which ranges from about 2,100 to 2,300 direct jobs under comparable assumptions.

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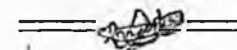
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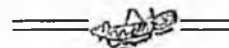
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We hope this information will answer some of the questions we heard during the recent public meetings and clarify what the Forest Service can and cannot do in managing America's largest national forest, the Tongass.





United States
Department of
Agriculture

Forest Service

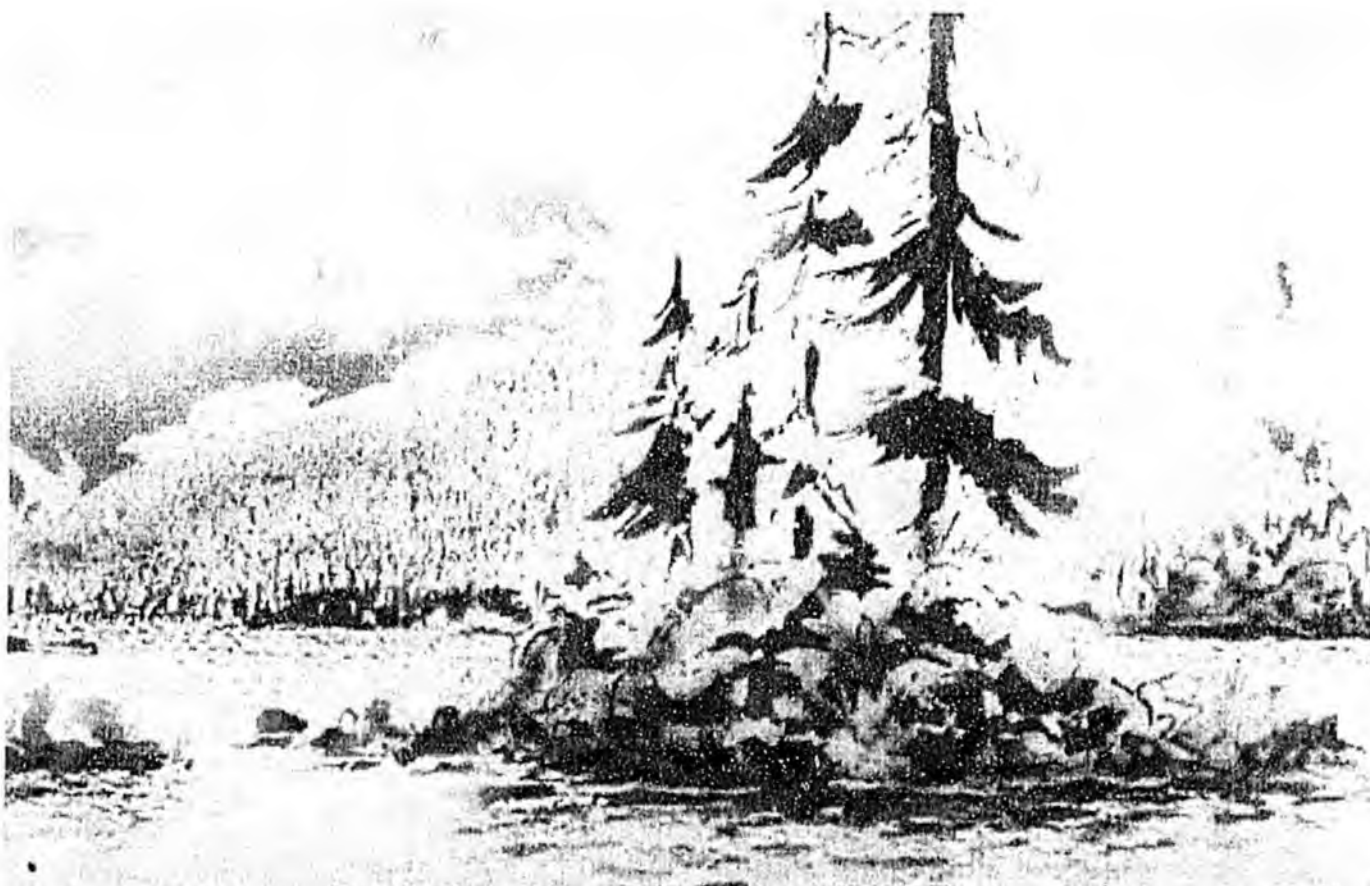
Alaska Region
R10-MB-314a

March 1996



Tongass Land Management Plan Revision

Revised Supplement to the Draft Environmental Impact Statement



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at the ARLIS Library in Anchorage.



United States
Department of
Agriculture

Forest Service

Alaska Region
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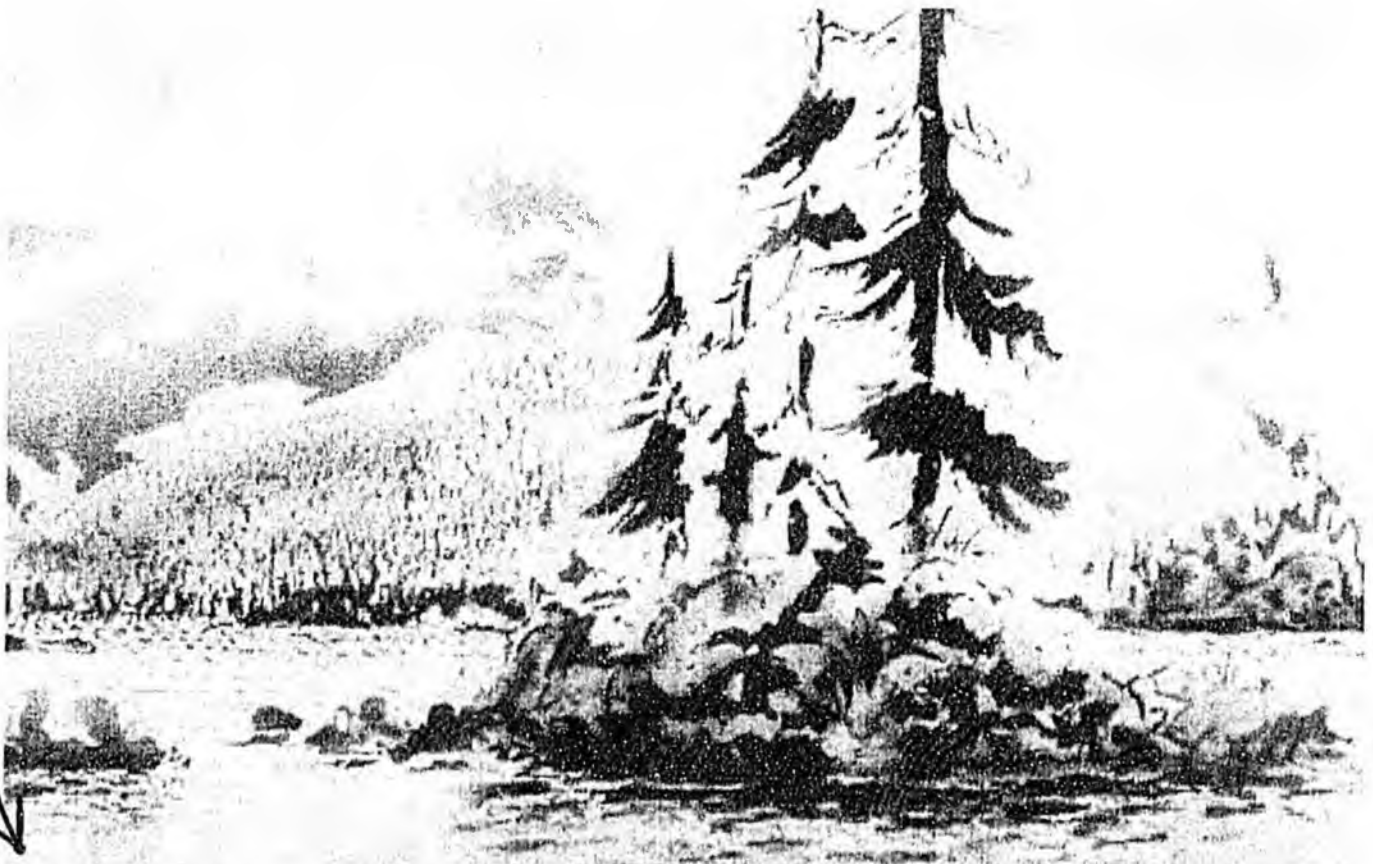
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Tongass Land Management Plan Revision

Revised Supplement to the Draft Environmental Impact Statement

Proposed Revised Forest Plan



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