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FS/BLM Budgets

On February 1, President Barack Obama released his budget request for FY 2011 including budgets for the Forest Service and the Bureau of Land Management (BLM). While many federal agencies had their 2011 budgets reduced from FY10 levels both the Forest Service and BLM did comparatively well.

The Forest Service, which has a staff equivalent to 30,000 full time employees, is the largest employer in the Department of Agriculture. For 2011, the total request for ongoing discretionary activities was \$5.38 billion which represents a \$61 million increase from 2010 levels. The BLM's FY11 budget request is \$1.1 billion, which represents an \$8 million increase over 2010 levels.

Forest Service Funding

National Forest System --- The FY11 budget request for the Forest Service proposes the establishment of an "Integrated Resource Restoration" budget line item by combining the Wildlife and Fisheries Habitat Management, Forest Products, and the Vegetation and Watershed Management line items. The Administration's budget request explained the proposed change as follows: "Addressing the forest health crisis and restoring our forests will require integrating traditional timber management with other stewardship activities. Indeed, restoring our forests is not possible without a vibrant forestry sector. This new line item will integrate timber management, forest restoration, biomass production and other stewardship activities on National Forest System lands and will support similar activities funded from other sources on adjacent Federal, State and tribal lands."

Also included under this line item is the \$40 million "Collaborative Forest Landscape Restoration Fund," which is designed to fund large landscape-scale projects 50,000 acres or larger, under the Forest Landscape Restoration Act and a \$50 million "Priority Watersheds and Job Stabilization" account. According to the budget request, "Under this initiative, watershed assessments will be conducted on all NFS lands, integrating State forest resource assessments into the process. Further, the agency will use diverse stakeholder groups to prioritize watershed improvement work, and a science-based monitoring program will be established to demonstrate a change in watershed condition."

Combined, the Integrated Resource Restoration budget line item would be funded at \$694 million. For comparison purposes, the Wildlife and Fisheries Management, Forest Products and Vegetation and Watershed Management line items were funded at \$668 million in FY10.

While the Administration has characterized the Forest Service budget request as providing an increase for on-the-ground forest management activities, the budget documents indicate a likely reduction in total timber volume sold in FY11. For example, the proposed target in FY11 is pegged at 2.716 billion board feet (bbf), which is lower than the FY10 target of 2.909 bbf, and the FY09 target of 2.801 bbf.

Wildland Fire Activities --- for FY11, total funding for these activities is proposed at \$2.6 billion which represents an increase of \$128 million above FY10 levels. The Wildland Fire budget contains \$595 million for suppression activities, \$291 million for the FLAME fund for large-fire suppression activities, and \$282 million for a contingency reserve which would be used if suppression funds are exhausted. The agency will allocate \$349 million for hazardous fuels reduction projects (\$9 million over the 2010 amount) using “a clear and accountable method for prioritizing potential projects that will be developed over the next three months.”

BLM Funding

The budget proposes \$105.6 million for Oregon and California Grant Lands, which is a reduction of \$5.984 million. Unfortunately, most of that reduction (\$5.836 million) comes out of the Western Resource Management line item which includes base program reductions of \$2 million in the Forest Management subactivity and \$3 million in the Other Forest Resources Management subactivity.

In explaining the BLM budget request an Administration press release stated that the President’s budget “funds Administration priorities and reduces funding for lower-priority programs, projects, and activities.” The Administration’s proposal to make significant cuts to BLM’s forest management activities in western Oregon comes at a time when many mills are struggling to keep their doors open due to inadequate volume coming from federal lands and unemployment is nearing 20 percent in many counties in rural Oregon. This funding request appears to run counter to the Administration’s stated goal of creating and preserving jobs.

AFRC will be working with the Administration and the Congress to address these and other concerns as the appropriations process moves forward. / *Tom Partin*

NEPA Issues in Region 5

Industry members are beginning to wonder if NEPA is broken in Region 5. Within the last year four significant projects in the Northern Province have had decisions reversed during the appeal review process. Three of the projects, Gemmill, Salt, and Porcupine, are located on the Shasta Trinity National Forest. The Six Rivers National Forest recently had the Beaverslide project decision reversed. Following the reversals the forests have struggled to correct the supposed deficiencies. These four projects account for approximately 53 million board feet.

The forests need to promptly redo NEPA analysis, reissue public notices, initiate new public comment periods, and issue a new EA/FEIS for review. This will be an expensive and time consuming endeavor, with projects being setback at least a full calendar year making FY10 target accomplishment nearly impossible.

Approximately \$2-3 million has already been spent on the original decisions, and it is apparent the Region is falling down on its obligation to insure NEPA documents and projects meet the test of sufficiency prior to final decisions being made. Hopefully, the Region will quickly rectify the problems and begin producing adequate NEPA documents. Problem areas that need review include lack of Regional direction and oversight; lack of consistency with the Regional appeal review process; and the lack of the forests adhering to Regional policy, direction, and guidance. These reversals are inexcusable considering the expenditures of personnel time and taxpayers dollars already spent. / *Rick Svilich*

Supreme Court to Hear Challenge

On February 16, the U.S. Supreme Court announced that it will hear oral arguments on April 27 in *Monsanto Co. v. Geertson Seed Farms*, a case challenging a Ninth Circuit Court of Appeals ruling which granted permanent injunctive relief for violations of NEPA. The high court's decision could have far reaching impacts on NEPA cases against federal agencies in the West.

The underlying case involved a challenge to the Environmental Protection Agency's deregulation of a genetically modified strain of alfalfa. Northern California District Judge Charles Breyer found the agency had violated NEPA and permanently enjoined the planting of the seed pending environmental review. The injunction was issued without an evidentiary hearing. The Ninth Circuit upheld the district court's decision. Defendant Monsanto Co. sought Supreme Court review because the lower court simply presumed, without evidence, that there was a likelihood of irreparable harm if it did not issue the injunction. According to Monsanto's brief, allowing this presumption of harm would "make blanket injunctions all but automatic in NEPA cases" in the Ninth Circuit.

This case provides an important opportunity for the high court to reign in the tendency of the Ninth Circuit to grant overly broad relief to plaintiffs in environmental cases. /*Ann Forest Burns*

DNR Timber Program Update

As of January, DNR had offered 117 sales and sold 113. Volume offered totaled 430 million board feet (mmbf) and volume sold was 425 mmbf, which puts DNR on track to meet their FY10 sale targets. The average stumpage price of \$221/thousand board feet will return \$95 million to trust beneficiaries and DNR. That extrapolates to \$200 million returned to trust beneficiaries and DNR's land management division in FY10.

DNR's stumpage prices have slowly climbed over the past several months, however January bids spiked up sharply. A virtually empty supply pipeline gets most of the credit. Operators don't foresee continued rapid lumber value increases, but most purchasers feel we've seen the last of the bottom, which would be a welcome change.

In a related action, Washington's Board of Natural Resources heard a request by environmentalists to postpone two timber sales and, by implication, 15 subsequent sales in FY10. The sales, they argued, *may* include lands that *might* be designated on or about 2013 for marbled murrelet protection. DNR responded that 95,000 acres of trust lands are already harvest deferred for murrelet protection. The environmentalists' proposal would increase it to 176,000 acres managed to produce high quality murrelet habitat. The Board thoughtfully considered the proposal and denied their request. /*Bob Dick*

DNR Strategic Plan Meetings

DNR recently released Draft II of their proposed Strategic Plan and completed a round of public meetings. Draft II is a much improved version, better organized and focused, but still has room for improvement.

Several issues related to the plan need work which include: 1) DNR still believes certification (especially FSC certification) will increase stumpage receipts, there is no evidence of that for any certification system; 2) trust beneficiaries are missing from the plan; 3) no reference is made to several land management mandates, particularly the trust land mandate to maximize revenue for specific

beneficiaries; and 4) there is virtually no discussion of DNR's mission and the entities who help implement that mission.

Thus far the plan is a reasonably good resource protection plan but does not address DNR's basic missions as established by the legislature. /*Bob Dick*

Walden Named Leadership Chair

On February 4, House Republican Leader John Boehner (R-OH) announced that Congressman Greg Walden (R-OR) had been appointed House Republican Leadership Chairman, part of the House Republican leadership team. As Republican Leadership Chairman, Walden will participate in regular GOP leadership strategy meetings and direct key projects. Walden will also continue to serve as a deputy whip and deputy chairman of the National Republican Congressional Committee. He will take temporary leave from his seat on the House Energy & Commerce Committee, but will retain his full seniority on the panel.

In making the announcement, Boehner praised Walden for his leadership ability. "Greg Walden is a proven leader and a champion for smaller, more accountable government. We need him at the leadership table as we enter this critical year for our country, and I deeply appreciate his willingness to serve as our Leadership Chairman," Boehner said. AFRC congratulates Congressman Walden on this recognition from his House Republican colleagues. / *Tom Partin*

Salazar Appoints Doherty

On January 29, Interior Secretary Ken Salazar named Montana attorney Steve Doherty as his Senior Advisor for the Northwest. In making the announcement Salazar said, "My senior advisor for the Northwest is a champion for public lands, lakes, streams, and rivers. He understands the balance required to manage these resources as critical wildlife habitats and recreation opportunities for the public." The job has been characterized as the Secretary's "eyes and ears" in this region.

Doherty is a former Montana State Senator who left office due to term limits. From 2005 to 2009 he chaired the Montana Fish, Wildlife and Parks Commission. His law degree is from Lewis and Clark Law School. He was a legal intern on the Columbia River Inter-Tribal Fish Commission in Oregon for three years and a community organizer for the Northern Plains Resource Council in Montana for five years. Most recently, he has been in private practice in Missoula. /*Ann Forest Burns*

Likely Chairmanship Changes

The February 8 death of Congressman John Murtha (D-PA), who served as chairman of the House Defense Appropriations Subcommittee, will launch some reshuffling among other Appropriations Committee members as they vie for the coveted position. The next senior Democrat on the defense panel is Congressman Norm Dicks (D-WA), who currently chairs the Interior and Environmental Subcommittee.

Should Dicks get the Defense Appropriations Subcommittee chairmanship, next in line for the Interior and Environmental Subcommittee would be Congressman Jim Moran (D-VA). Moran represents the Washington, D.C. suburbs of Northern Virginia and is likely to have a strong interest in the Parks Service, but is less familiar with the issues facing western forests. Dicks' leadership on the Interior and Environment Subcommittee has provided solid direction for proactive management on our federal

forests due to his long history and interest in seeing the health of our public forests improve. From a western perspective, we hope that he will continue to take an active role on that Committee. / *Tom Partin*

Helicopter Sales Assessed

During the recent downturn in the wood products industry, many helicopter yarding units have been dropped from proposed Forest Service timber sales or not considered at all. This has led to a reduction in the amount of work that helicopter operators have and it postpones the agencies from achieving their land management objectives on many forested acres. With the assumption that it will take a few years for the markets to recover, Region 6 officials sponsored a meeting with helicopter operators and the Willamette, Mt. Hood and Siuslaw National Forests to discuss short term alternatives.

Each forest showed the location and potential volume of the areas they would like to treat using helicopter yarding systems. The meeting was very productive and provided good discussion between the Forest Service and operators. The industry confirmed that they wanted to maintain the use of helicopters within sales that contain other logging systems thus keeping them integrated. We also recognized that in the short term, it may be necessary for the Forest Service to offer helicopter only sales. It was well understood by all that in these economic times, the types of material the Forest Service wants to remove (small diameter thinning) will not pay its way out of the woods. The only economically viable alternative would be for these sales to be sold under stewardship contracts containing appropriated money to help in subsidizing the use of the helicopter yarding system. / *Ross Mickey*

Elliot State Forest Update

The Oregon Department of Forestry (ODF) has been working on a new land management plan for the 93,282 acre Elliot State Forest for the last nine years. During this time, ODF has been collaborating with the US Fish & Wildlife Service (FWS) and National Marine Fisheries Service (NMFS) on a Habitat Conservation Plan (HCP) to support a proposal that will increase the annual harvest from 26 million to 40 million board feet. ODF has been unable to obtain support from the FWS and NMFS for their HCP, which has led them to proposing alternative strategies to the State Land Board (Governor Ted Kulongoski, Secretary of State Kate Brown, and Treasurer Ben Westlund). At their last meeting, they adopted ODF's recommendation to do four things: 1) initiate a science review on riparian protection; 2) terminate the existing HCP for spotted owls if negotiations do not produce a new HCP by December 31, 2011; 3) generate a new forest management plan that uses take avoidance; and 4) assess carbon markets. The Board of Forestry adopted the exact same recommendation. While the Elliott is mostly Common School Fund land, which is under the purview of the Land Board, it does contain some land managed by the Board of Forestry, necessitating the dual actions. / *Ross Mickey*

Ninth Circuit Upholds Park Service

In a decision issued February 1, the Ninth Circuit Court of Appeals upheld a decision by Arizona District Court Judge David Campbell allowing the continued use of motorized rafts, generators and helicopters in the Colorado River Corridor (*River Runners for Wilderness v. Martin*). A coalition of organizations characterizing themselves as committed to restoring the Grand Canyon's wilderness character had challenged the U.S. Park Service's 2006 Management Plan under the Administrative Procedure Act. Grand Canyon River Outfitters Association and Grand Canyon Private Boaters Association had been allowed to intervene on behalf of the government.

Ruling on an assertion by the plaintiffs that the 2006 Plan violated the Service's 2001 policies, the court found the policies are not enforceable because they are not substantive rules and are intended only to provide guidance within the Park Service, not to establish rights in the general public. It found the Service did not act improperly by failing to immediately remove existing non-conforming uses from a potential wilderness area (the Grand Canyon). The court refused to apply the stringent standards of the Wilderness Act, rather than those of the Concessions Act, to the Service's management actions, noting that "Congress has never acted on the Park Service's recommendations that portions of the [Grand Canyon National] Park be formally designated as wilderness." The court also accorded great deference to the agency's decisions under its Organic Act on balancing commercial and free access and on consideration of cumulative effects of noise from river traffic. This is a decisive victory for the National Park Service. /Ann Forest Burns

How Much Thinning Is There?

During the development of the BLM's Western Oregon Plan Revisions (WOPR), an analysis was done to determine how much thinning only volume remained on these lands. The analysis assumed the Alternative 1 land base produced 41 percent more volume than the current Northwest Forest Plan (NWFP) land base. They determined that approximately 2.2 bbf was available which would last 5 years at the Alternative 1 annual harvest rate of 456 mmbf. The thinning only volume under the NWFP is significantly less (~1.3 bbf) as is the annual harvest (268 mmbf) which indicates this volume will still only last for about 5 years. Recently, Jay Carlson, Roseburg District Manger, was quoted as saying that under a restoration based treatment régime, as much as 30 mmbf could be available annually for the next 30 years on the Roseburg District alone. Under the WOPR thinning only analysis, the Roseburg District showed 3 years of thinning volume left. What is the difference?

The difference lays in the assumptions one can make about what areas can be treated and what limitations are placed on volume removed. In the WOPR analysis, only those stands that meet all the Standards and Guidelines of the NWFP, and were in need of traditional thinning was included. In the restoration based approach, more lands are treated and are treated to meet fire hazard reduction or habitat development objectives. Doing this would require a plan amendment.

There is no lack of volume or need for treatment on these lands. The BLM has 73 bbf of standing volume (short log) which is growing at a rate of 1.4 bbf every year. They are currently selling about 0.24 bbf every year for a net increase in volume of 1.17 bbf minus the 0.14 billion that dies each year. The Forest Service in Region 6 has a much bigger land base which has 571.3 bbf of standing inventory (long log) that is growing at a rate of 9.1 bbf each year. The annual mortality is 4 bbf. In 2010, they plan to sell 0.593 bbf, which is 14.8 percent of the annual mortality and 6.6 percent of the annual growth. /Ross Mickey

Schrader Biomass Roundtable

On February 1, Congressman Kurt Schrader (D-OR) convened a discussion on *Biomass: A Roundtable on Energy Efficiency, Job Creation, and Moving Forward* in Salem, Oregon. Congressman Schrader outlined that the Pacific Northwest is a leader in the research, development, and commitment to renewable energy and how he would like to build on our local infrastructure in terms of developing biomass as a clean, affordable fuel source.

Presenters discussed such topics as: what is biomass, and what commodities can be included; biomass as an avenue for energy efficiency; biomass as an avenue for rural jobs; moving biomass forward; and the challenges and barriers of using biomass at the federal level.

The key messages put forth by AFRC were that biomass removal from the forests cannot stand alone and needs primary manufacturing facilities such as sawmills and veneer plants to help defray the costs of removing this material. Second, a reasonable definition of biomass that can be removed from federal forests is needed if Oregon is going to succeed in a viable biomass industry since nearly 60 percent of Oregon's forests are federally owned. / *Tom Partin*

New Biomass Plant Announced

Adage and John Deere recently announced a joint venture to develop a 55 megawatt power plant near Shelton, Washington, which would supply enough power for 40,000 homes. The new plant will be fired by local wood waste and residue (slash) totaling 600,000 green tons per year. It will use state-of-the-art technology that includes a high efficiency fluid bed boiler, and an air fueled condenser, which reduces water usage by 90 percent.

Plant principals hope to break ground later this year on the project that will employ 400 construction workers during the 2.5 year construction period. Plant operations will employ 125 employees and provide an estimated 150 indirect jobs. / *Bob Dick*

Sutherland Joins Partnership

Kittitas County officials recently announced that Doug Sutherland, former Washington Commissioner of Public Lands, will lead a new public/private partnership focused on renewable energy. The partnership, known as Central Washington Resource Energy Collaborative will concentrate on resource based technologies. Sutherland is interim director and will guide start up efforts over the next 12 months from Ellensburg. The partnership's goal is to create a "hub" for renewable energy research, which will encourage technology based companies. / *Bob Dick*

AFRC Annual Meeting

AFRC's Tenth Annual Meeting is shaping up to be one of our best and will feature key members of Congress, top agency officials, panels and presenters who will discuss the many issues facing the forest products industry. The meeting is being held April 6-8 at Skamania Lodge in Stevenson Washington. For registration information please contact the Portland office.

Annual Meeting Program

April 6

Welcoming Reception

Congressman Kurt Schrader

April 7

Keynote Speaker

Congressman Peter DeFazio

Federal Agency Management Panel

Bob Abbey, Bureau of Land Management
Harris Sherman, Department of Agriculture

News Media Panel

Paul Barnum, Oregon Forest Resources Institute
Steve Clark, Community Newspapers
Adam Davis, Davis Hibbits Midghall
Morgan Holm, OPB Radio

Luncheon

Senator Jeff Merkley

Federal Forest Leadership Panel

Joel Holtrop, U.S. Forest Service
Ed Shepard, Bureau of Land Management

Public Forest Managers' Breakouts

Jed Herman & Jon Tweedale, Washington DNR
Leslie Weldon, U.S. Forest Service - Region 1
Bill LeVere, U.S. Forest Service - Region 4
Randy Moore, U.S. Forest Service - Region 5
Mary Wagner, U.S. Forest Service - Region 6

April 8

Blue Ribbon Commission

Steve Zika, Hampton Affiliates

Stewardship Contracting

Alan Saltman, Saltman & Stevens

Keynote Speaker

Senator Ron Wyden

Carbon Sequestration Panel

Mark Harmon, Oregon State University
Ron Neilson, Pacific Northwest Research Station
Elaine Oneil, CORRIM
Wolfgang Ortloff, Equator LLC