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## **Thinning Hearing**

On December 13, Senator Ron Wyden (D-OR) the Chairman of the Subcommittee on Public Lands and Forests, held a hearing on “Forest Restoration and Hazardous Fuels Reduction in Oregon and Washington.” Senators Gordon Smith (R-OR), Larry Craig (R-ID) and John Barrasso (R-WY) also attended. Testifying before the Subcommittee were Mark Rey, Undersecretary of Agriculture; Jim Caswell, BLM Director; Dr. K Norman Johnson, Oregon State University; Phil Aune retired Forest Service Research Program Manager and AFRC Consultant; Russ Vaagen, Vaagen Brothers Lumber; Matt Donegan, Forest Capital; Russ Hoeflich, The Nature Conservancy; and Commissioner Judge Boyd Britton, Grant County Oregon.

The implementation of the Healthy Forests Restoration Act was discussed, especially the recent Ninth Circuit ruling directing the District Court to enjoin Hazardous Fuels Categorical Exclusions (CE). Regarding allegations that the Forest Service is putting up “old growth” sales, Senator Smith asked Undersecretary Rey if this was true, to which Rey stated that since the inception of the Northwest Forest Plan, a total of 400 acres of “old growth” had been logged.

Virtually all of the non-government witnesses stated the urgent need to actively manage federal forests on a large scale while keeping current infrastructure intact and supporting communities with family-wage jobs. There was also much discussion about the need to limit litigation and streamline projects through NEPA to save time and money for federal agencies.

Senator Wyden stated that the public has a right to sue, but not to hold up projects for five years and that he would address this problem in his legislation that he plans to introduce after the first of the year. He also stated he would work with communities, local politicians and agencies.

AFRC is committed to working with Senators Wyden and Smith plus those in the conservation community like The Nature Conservancy and Conservation Northwest to draft legislation that addresses the urgent need to treat western forests. */Erica Rhoad*

## **Adverse Ruling on CE**

On December 5, a Ninth Circuit Court of Appeals panel directed the District Court to issue an injunction precluding the Forest Service from using the Hazardous Fuels Reduction Categorical Exclusion. This CE was to be used only in Wildland Urban Interface (WUI) and Condition Classes 2 and 3 areas for up to 1,000 acre mechanical treatments and up to 4,500 acres for prescribed burning. Additional limitations included that the proposed project could not be in wilderness areas, include new permanent roads or the use of pesticides. The full implications of this decision are still unknown at this time, but we expect it to impact both existing and planned

fuels projects. We will have to see if Congress has the political will to fix this judicial mis-step.  
*/Chris West & Erica Rhoad*

## **Energy Tax Title Fails**

### *County Payments*

On December 13, a four-year reauthorization of the Secure Rural Schools and Community Self Determination Act was included in an energy tax package that fell one vote short of the 60 votes needed to pass. The House of Representatives passed the Energy Bill on December 6, but the package couldn't overcome Republican opposition in the Senate or a threatened White House veto.

The latest county payments proposal was similar to a version championed earlier this year by Senator Ron Wyden and other western Democratic Senators. The latest version would have extended the program for four years, reduced payments to states by approximately 15 percent per year, and established a new formula for payment distribution. The package would have also provided one year of additional funding for another federal program popular in the West, the Payments in Lieu of Taxes program.

For Oregon, California, and Washington "transition" payments were included to reduce the effect of a new formula that no longer relies exclusively on historical federal timber receipts. For example, counties in these states would receive 90 percent of their current payments in 2008, 76 percent in 2009, and 65 percent in 2010. In 2011, the final year of the program, counties would receive receipts equal to their share under the new formula, so reductions from current payments would vary by county. Either way, many counties would be in for a fairly steep reduction in payments before the program expired in 2012.

The cost of extending the program was offset by tax increases in the energy tax package, the largest of which would have repealed tax incentives for domestic oil and gas production that were passed by the Republican Congress in 2005.

Senator Wyden has vowed to pass the county payments measure before Congress adjourns this week, but it remains to be seen if it can be attached to a viable legislative vehicle or pass as a stand alone measure. *The Oregonian* recently editorialized that this extension should be the last and "painful as it may be, rural counties in Oregon and 38 other states must be disconnected from this safety net."

### *Timber Tax and Forestry Bonds*

Also included in the now defunct energy tax package were two other forest related tax provisions. One provision, the "Timber Revitalization and Economic Enhancement (TREE) Act" which would lower the tax rate on qualified timber gains for C corporations and "modernize" Real Estate Investment Trust (REITs) provisions within the tax code. The bill would have only enacted these provisions for one year at the cost of \$435 million. Following its removal from the energy tax package, proponents were attempting to add the TREE Act provisions to the Farm Bill.

Also included in the energy tax package was a “qualified forestry conservation bonds” program to authorize and fund the issuance of bonds up to \$500 million for states and 501(c)(3) organizations to purchase private timberland. The following qualifications were set forth for lands to be acquired:

- Some portion of the land acquired must be adjacent to Forest Service land.
- At least half of the land acquired must be transferred to the Forest Service while the remaining land may remain with or be donated to a state.
- All of the land must be subject to a “native fish habitat conservation plan” approved by the US Fish and Wildlife Service (FWS).
- The amount of acreage must be at least 40,000 acres.

It is believed that the acquisition program was inserted by Senate Finance Committee Chairman Max Baucus (D-MT) with an eye towards acquiring Plum Creek Timber Company lands in Montana. Given the specific requirement for a “native fish conservation plan” agreement - which Plum Creek signed with the FWS in 2000 - it is unclear if other private forestland would be considered for acquisition. The fiscal cost of the bonding program was estimated at approximately \$161 million.

In the end, both the TREE Act and Forestry Bond provisions were attached to the Farm Bill Reauthorization that passed the Senate on December 14. No similar effort was made to attach the county payments reauthorization. */Heath Heikkila*

## **Energy Bill Hurts Biomass**

Many politicians have been falling all over themselves to tout the promise of cellulosic biofuels and woody biomass energy in meeting our nation’s forest health and renewable energy challenges. Despite all these optimistic statements, Congress has taken several recent steps backwards in realizing these important goals.

On December 6, the House of Representatives passed an Energy Bill harmful to both biomass power production and renewable fuel (biofuels) development. The legislation included a 36 billion gallon renewable fuels standard (RFS) that excluded all biofuels derived from woody biomass (thinnings, etc) off of federal forests. To make matters worse, the RFS would also exclude biomass from private lands not managed as “plantations” or “planted” and exhibiting “late-successional” or “old growth” characteristics from qualifying. These provisions are likely to hit some small forestland owners who don’t manage their forests as industrial tree farms.

For the purposes of renewable energy produced from woody biomass, the House passed bill would place restrictions on biomass that would qualify under a renewable portfolio standard. The language would prohibit the use of wood “contaminated with plastic or metals” such as urban wood waste which has minor quantities of both before being removed prior to conversion to energy. The language would also exclude woody biomass derived from many Forest Service vegetation management projects, by requiring that projects “maximize” old growth and late-successional forest structure. Projects designed to improve wildlife habitat, reduce hazardous fuel levels, or remove hazard trees for public safety could run afoul of such requirements.

The Senate ultimately stripped the entire renewable portfolio standard, including the language pertaining to biomass energy power production. Unfortunately, the Senate did pass the renewable fuel standard with its restrictions on renewable biofuels derived from federal and non-industrial forests. After receiving a large majority vote in the Senate, that energy package will now return for a vote in the House before being sent to the President. The White House has signaled initial support for the legislation.

### ***Section 45 Tax Credit***

AFRC's efforts to achieve rate parity or address the "netting rule" for biomass power production under the Section 45 production tax credit were also turned back. The Senate had included language related to the netting rule in its energy tax package, which was stripped out to win passage. The House passed energy tax title did not include either provision needed by biomass power producers. */Heath Heikkila*

## **Appropriations Go Down to the Wire**

As Congress heads into the final week of session, it has yet to pass eleven of the twelve FY08 Appropriations Bills. As a result, on December 13 Congress passed its third Continuing Resolution to avert a government shutdown.

The Democratic leadership has been all over the map in recent weeks with different plans for completing this must-pass legislation. Efforts have been complicated by the politics of providing continued funding for the war in Iraq and veto threats over domestic spending levels. Congress' spending bills were \$23 billion over the levels set forth in the administration's budget request.

The House is poised to consider an Omnibus Appropriations Bill that largely adheres to the President's \$933 billion level for domestic spending in the hopes of breaking the stalemate. It was released on December 17 and is the product of negotiations between the House and Senate and is likely to pass both bodies this week. The legislation reduces spending to meet the administration's request level primarily through an across-the-board rescission of 1.56 percent, which will be deducted from each account.

Within select Interior and Forest Service accounts, the bill would provide the following funding:

- O&C Grant Lands - \$110.2 million (even with the President's request, House and Senate marks)
- National Forest Timber Management - \$327.6 million (\$9 million above the President's request, \$6 million below the House mark, and \$1 million above the Senate mark)
- Forest Service hazardous fuels reduction - \$315 million (\$23.5 million above the President's request, \$5 million above the House mark, and \$10 million below the Senate mark)

It also provides the Forest Service and BLM an additional \$300 million in emergency wildfire suppression funding. These emergency funds will be made available if the agencies exceed their regular appropriated wildland fire budgets during the upcoming fire season and could prevent agency borrowing from other accounts.

Section 423 would direct \$15 million from the Purchasers Elect Road (trust) Fund to forest management projects and also directs \$25 million from the same fund to undertake road decommissioning, repair, and culvert work. House Interior Appropriations Chairman Norm Dicks (D-WA) has championed the road and culvert funding in response to concerns about runoff from Forest Service roads in Washington State. AFRC advocated for the entire Purchasers Elect Road Fund to go to forest management projects that would help meet road infrastructure work needs.

The Omnibus also includes legislative language in response to litigation in the southern Sierra and the Quincy Library Group (QLG) area. The QLG language calls on the Forest Service to “initiate a collaborative process with the Plaintiffs” and extends HFRA to QLG projects. The Forest Service was again directed to “collaborate with stakeholders and parties” on litigation targeted at projects on the southern Sierra. Mediation and collaboration efforts in both areas have already failed to resolve litigation, so the language is not likely to have a significant effect.

The Omnibus also includes language supporting the administration’s efforts to fund the Northwest Forest Plan. It is unclear at this time, however, how various regions will fare as the agency makes funding allocation decisions. The Forest Service was already facing a reduction in the excess Knutson-Vandenberg funds available for forest management activities in FY08.

*/Heath Heikkila*

## **Tripod Decision Released**

On November 16, Okanogan and Wenatchee National Forest (OWNF) Supervisor Becki Heath released the Record of Decision (ROD) for the Tripod Fire Salvage. Significant changes have occurred since our September 17 newsletter discussed the FEIS which released on September 11. The ROD was supposed to be released 30 days later. The delay is symptomatic of the entire process and is a case study of how not to do restoration and salvage planning. A sense of urgency was missing from the onset. Following are some of the key dates and issues:

1. Fire starts on July 3, 2006 and burns 175,184 acres.
2. August 15, 2006. AFRC sent a letter to the Forest Supervisor encouraging “...immediately assess your potentials for salvage, need for appropriate environmental documentation. If you have the potential for salvage beyond the Categorical Exclusion limitations, we strongly suggest you consider developing an Environmental Impact Statement approach and issue the Notice of Intent as soon as possible.”
3. December 28, 2006. Notice of Intent is published in *Federal Register* which states, “The draft DEIS is expected to be available to the public for review by March 2007. The final EIS is scheduled to be completed by June 2007.”
4. January 2007. Loomis State Forest sells 13.8 million board feet (mmbf) of Tripod Salvage from 1,326 acres.
5. March 2007. OWNF offers CE for winter logging of Tonasket portion of Tripod. Spring breakup precludes bidding.
6. May 2007. Draft EIS issued.
7. September 11, 2007. Final EIS issued.
8. November 16, 2007. ROD released.
9. Mid January 2008. Earliest date to advertise a salvage sale for winter logging in 2008.

Every major date was missed and the cumulative effect is reflected in the Forest Supervisor's final decision to salvage just 1,284 acres. That is exactly 42 acres less than the Loomis sold when 11,400 acres burned on the Loomis and 175,200 acres on the OWNF. The Loomis effort encompassed about 11.6 percent of their burned area, while the OWNF plans to salvage about 0.7 percent. Of the acres planned for salvage in the ROD, only 869 acres are from areas accessible to ground base logging systems. The Forest Service expects to harvest around 3.7 mmbf or 2.9 mbf/acre, which compares to 10.4 mbf/acre on the Loomis.

The final decision is significantly different from the FEIS preferred alternative. The reason for this is that several groups threatened to appeal the decision if trees greater than 21 inches in diameter were included. The original decision was to include live trees with the highest probability of dying according to the "Scott Guidelines," the same as the School Fire salvage effort. Because of the threats of appeals and the delaying effects from appeals, the Forest Supervisor agreed to set an upper diameter limit of 21 inches on all trees live or dead. This conclusion was stated as follows in the ROD:

*"At that meeting (with potential appellants), these groups made clear to me they were still concerned about removing any large trees from the landscape. Subsequently, I had my staff contact some key members of the timber industry to determine the interest in larger diameter trees given the recent deterioration in market conditions. Timber industry indicated interest only in the larger trees around Ramsey Creek and Peak because the larger trees in this area had not experienced the deterioration that other species in other areas had experienced. (Emphasis added) However, these units containing about 800 thousand board feet (MBF) still appraised negatively and would be offered at base rates for a sale value of approximately \$3,000. After carefully considering the composition and value of the trees in each area of the Tripod Fire Salvage project, I decided to drop trees equal to or greater than 21 inches from the entire project. No trees equal to or greater than 21 inches will be felled in any unit, except for safety reasons.*

*This will allow me the best possible option for responding to the recent deterioration in market conditions and tailoring the timber sales to the current market, while remaining sensitive to the large tree issue. This will improve our ability to offer a successful project that meets the purpose and need for economic recovery."*

So the industry was interested "only in the larger trees..." Then after evaluating all of the potential units the Forest Supervisor decided, "No trees greater than 21 inches will be felled..." Then, "This will allow me the best possible option for responding to the recent deterioration in market conditions..." Unfortunately, the market has been depressed all year and that was not a "recent" event. The final reality is that only trees in the "slot" of less than 21 inches to around 12 -16 inches (trees less than that are already unmerchantable) will be harvested. Remember not one stick of salvage timber other than the fire line decks, have been removed and processed. Stay tuned for the final results. /Phil Aune

## **Fire Salvage Assessed**

Several wildfires occurred in northern California during the summer of 2007 and both the Shasta Trinity and Klamath National Forests experienced fires large enough to warrant salvage efforts.

In July, the Bear Fire consumed approximately 800 acres on the McCloud Ranger District of the Shasta Trinity National Forest. Mortality was very high and a large portion of the fire burned within an existing timber sale. This volume was added to the existing contract and the remainder is being assessed with a 250 acre CE. The fire is within Matrix lands and the proposed action fully meets the intent of the Healthy Forest Initiative (HFI) and the forest plan. A decision is expected sometime this month, with advertisement to closely follow.

During July and August three large fires burned on the Happy Camp Ranger District of the Klamath National Forest. Two of the fires eventually burned together, totaling 16,400 acres. Actual areas of high mortality were less than normal due to the underburning effect from most of the fire. These two fires burned within wilderness, roadless, Late-Successional Reserves, and Matrix. The forest has done a rapid assessment review and concluded that two 250 acre CE's should capture most of the economical mortality that occurred within Matrix lands. The two projects, the Wicket and Little Grider Fire Salvage Sales meet all the criteria stated in HFI for the use of CE's. A sizeable portion of the project is planned for helicopter which raises a question of economic viability. A draft decision memo for both projects is due out in December, with advertisement in February, 2008.

Both forests have been put on notice by environmental groups that they will challenge any salvage efforts of these fires. Hopefully the forests can withstand these challenges from outside groups and be able to complete these important projects. */Rick Svilich*

## **Healthy Forests Restoration Act**

To HFRA or not to HFRA...that is the question. It seems there is some misunderstanding when a proposed fuel reduction project qualifies as a HFRA project. The Sisters Ranger District of the Deschutes National Forest exemplifies this conundrum.

The district is currently undergoing planning on two fuel reduction projects: The Sisters Area Fuel Reduction Project (SAFR) and the West Trout Fuel Reduction Project. The EA for SAFR was published for review in August 2007. The West Trout Vegetation Management Project, designed to "Improve forest health on 17,000 acres SW of Sisters" has not been started but the district intends to prepare an EIS.

What is problematic is neither project is identified as a qualifying project under the HFRA. Though the SAFR is entirely within a WUI, a criteria for HFRA, the district decided it does not qualify. The West Trout project, which is entirely within the Northwest Forest Plan, is also being questioned by the district as a HFRA qualifying project. This is despite the fact that HFRA and the Healthy Forests Initiative and Healthy Forests Restoration Act Interim Field Guide (FS-799, February 2004) clearly indicates both projects qualify.

The forest gives two reasons for this. First there are two action alternatives being considered for the SAFR. However, nothing in HFRA prevents considering more than one action alternative. Second, one action alternative has forest health restoration activities which, in the forest's opinion, disqualifies it. This is also a questionable reason given the fact that one of the stated purposes of HFRA is to improve forest and rangeland health. */Chuck Burley*

## **DNR Economic Forecast Available**

DNR's November forecast is available and covers from now to mid-2009. The report can be summed up in its own words: "...we judge the probability of further downward adjustments...to be greater than the probability of upside adjustments." Key points made in the report include:

- Global GDP is expected to grow 5 percent through 2009 with countries such as China and India experiencing double digit-growth.
- One forecaster sees US interest rates falling to 5 percent by the end of 2009, another sees rates increasing to 6.9 percent next year. DNR predicts lower rates to something above 5 percent.
- Both DNR's forecasters see housing starts decline to 1.21 million in 2008 recovering to 1.62 million in 2009.
- Softwood lumber demand could drop by another 8 percent during the first half of 2008.

DNR timber under contract reached a historic low of 462 mmbf in FY06 and is projected to rebound to 687 mmbf in FY08, receding in FY11 to 577 mmbf. DNR expects sales prices to average \$330/per thousand board feet (mbf) in FY08. While \$330 appears optimistic, it may represent an intention to market high quality timber. The bottom line is that 2008 looks grim for trust beneficiaries and solid wood manufacturers. */Bob Dick*

## **DNR Timber Sales Report**

In October, DNR received a rude awakening when 60 percent of its timber sales volume went, "no-bid," which increased its overall FY08 no-bid volume to 34 percent. November sales reflected this with an average sales price of \$279/mbf versus \$329/mbf in October, with only two sales (2.5 mmbf) going no-bid.

DNR has the statutory ability to vary its timber sales offerings by 25 percent in any given year to reflect market conditions, with the proviso that it be made up by the planning decade's end. DNR and the Board of Natural Resources discussed the possibility of invoking the 25 percent statutory language but neither seemed ready to pull the trigger.

DNR is almost halfway through FY08 and has only sold 134 mmbf of its projected 700 mmbf target, which means that they have sold only 20 percent of their target. */Bob Dick*

## **Low Meadow**

On November 20, Magistrate Judge Mark Clarke in Medford issued his findings and recommendations, concluding that the Forest Service did not need to complete a supplemental NEPA document for the Low Meadow Timber Sale on the Siskiyou National Forest. The sale was sold in 1997 to CLR/South Coast. The environmentalists' lawsuit argued that the sale should be halted until a supplemental NEPA was completed due to new issues surrounding the West Nile virus, Sudden Oak Death, barred owl and their effects on the spotted owl, plus the need for cumulative effects analysis after the Biscuit Fire. AFRC and CLR were granted intervenor status in the case.

On December 4, the plaintiffs' filed their objections to Clarke's findings and recommendations which will be reviewed by a District Court Judge. This one is not over by any means, but at least a common sense reading of the law prevailed in the first round. /Chris West

## **Survey & Manage Update**

On November 21, US District Court Judge Janice Pechman denied the BLM's request to lift her injunction following the completion earlier in the year of the Survey & Manage ROD. By denying the BLM's request, Pechman stated that timber sales must comply with the 2001 ROD until she determines that the 2007 ROD is legal. Ironically, the judge has placed the burden on the BLM to file a motion and obtain legal approval of the new ROD, rather than the plaintiffs needing to file a new suit.

Therefore, for the time being, the Forest Service and BLM will have to comply with the 2001 ROD and this will generally restrict the timber sale program to stands less than 80 years old. Ironically, in the Low Meadow case Magistrate Clarke dismissed the S&M claims as moot because the 2007 ROD was completed. /Chris West

## **Intervention Denials**

Last month, in two separate cases, before two different judges, AFRC was denied intervention in lawsuits challenging Forest Service thinning projects. In both case the plaintiffs opposed our intervention and the judges choose to stick with a Ninth Circuit view that economic interests lack standing in NEPA cases. Ironically, in many cases judges have allowed us to participate anyway.

US District Court Judge Ronald B. Leighton in Tacoma denied AFRC, Port Angeles Hardwood, WCLA and a small logger's intervention in a case filed by the Olympic Forest Coalition, challenging the Olympic National Forest's Bear Creek Saddle Project. The project proposes to commercially thin 2,179 acres yielding approximately 30.5 mmbf, which represents the entire FY08 timber sale program. To date, no sales have been offered or awarded. The plaintiffs allege the project is inconsistent with the Aquatic Conservation Strategy, plus the normal issues surrounding NFMA and NEPA.

US District Court Judge Michael Hogan in Eugene denied AFRC's intervention in the environmentalists' challenge of the Five Buttes Project on the Deschutes National Forest, which includes commercial thinning on 4,235 acres yielding 14.4 mmbf. The plaintiffs are arguing that the project violates NEPA, NFMA and APA and have asked the court to issue a preliminary injunction (PI). Interfor is the purchaser on one of the sales and so Hogan has allowed them to participate. A PI hearing had been scheduled for November 21, but was rescheduled for January 22. In the meantime, Interfor continues to log its sale. /Chris West

## **Whatcom County Antics**

AFRC recently intervened in the *Chuckanut Conservancy v Washington State* lawsuit, which on the surface is an environmental review and land use plan lawsuit. Underneath these issues is a challenge to the trust mandate in which plaintiffs allege DNR failed to consider environmental and economic issues connected to making the area a park. That is a direct challenge to the 1983 *Skamania* decision, which established the mandate that trust lands are to be managed for the

economic benefit of the beneficiaries. A big deal to trust beneficiaries and the natural resource industries that depend on trust land production of timber, grain, grapes, dairy, etc.

Not far away is the Lake Whatcom watershed, which is the subject of an older lawsuit alleging the state violated the trust mandate by layering a very strict land use plan on trust lands, *Skagit County v Washington State*. The suit is currently in limbo while Whatcom County asks DNR to reconvey 8,000 acres of trust lands for use as a park. By law, DNR must honor this request if several conditions are met. DNR is currently considering how various trust lands might be packaged for reconveyance, while leaving manageable blocks of remaining trust lands. The current iteration looks achievable, if the onerous plan is lifted and if secondary taxing districts are made financially whole. Stay tuned, this situation is bound to change. /Bob Dick

## **WA Congressional Staff Tour**

On November 28, Congressional staff from Senator Maria Cantwell's (D-WA) office participated in a tour of AFRC member sawmills, DNR state trust lands, and the Finney Adaptive Management Area (AMA) on the Mt. Baker-Snoqualmie National Forest. The purpose of the tour was to highlight the benefits of active forest management, solid wood conversion, forest biomass co-generation, and stakeholder collaboration.

The tour included overviews of both softwood and hardwood sawmill operations, as well as presentations by DNR and the Forest Service on management issues. Tour participants seemed to take particular note of DNR's ability to generate funds for road maintenance while at the same time generating economic returns for trust beneficiaries and enhancing key wildlife habitats. With over \$700 million in road maintenance needs on federal lands in Washington, there is a viable opportunity to help fund this road work on the back of forest activities.

Participants also discussed management opportunities inside the 98,000 acre Finney AMA, including the need for commercial thinning to achieve desired future conditions specified for in the Northwest Forest Plan. /Will Hamilton

## **Sierra Nevada Symposium**

On December 5, the Sierra Nevada Conservancy presented a symposium on Global Climate Change in Nevada City, California. The Conservancy was established by the California State legislature with the goals of protecting and enhancing the environmental, economic, and social well-being of the Sierra Nevada Region.

Topics covered included: Impacts on Snow and Water; Impacts on Sierra Landscapes; Carbon and Beyond; and Community Adaptation. Speakers included representatives from business interests; local, state, and federal governments; the scientific community; and trade associations. Dave Bischel from CFA was a participant on the Carbon and Beyond panel.

The vast majority of panelists agreed that thinning of forests, combined with activities that would sequester carbon, were urgently needed. Biomass energy was discussed as a positive action because it would assist needed removal of material from forest stands in dire need of thinning and removal of ladder fuels. A soil scientist made a strong case that nothing is more detrimental to forest soils than intense fire. Overall, presenters made a strong case for increased forest management in the Sierra Nevada region.

The following day the headline in the local paper *The Union* read, “Sparking a boom in forestry.” The focus of the article was greenhouse gas solutions could spur tree thinning efforts in the Sierras. Ironically on the same day, the *Sacramento Bee* printed a headline “Ruling likely to slow burning” concerning the decision of the Ninth Circuit Court which will slow down forest thinning and prescribed burning on national forest lands. /Bruce Van Zee

## **Climate Bill Passes Senate Cmte**

On December 5, Senator Barbara Boxer, Chair of the Senate Environment and Public Works Committee, held a markup of the Lieberman/Warner cap and trade bill. Numerous amendments were offered and at the end of the day, a handful of amendments were agreed to.

One amendment, offered by Senator Larry Craig and accepted by the Committee, amends requirements for agriculture and forestry greenhouse gas management research to include the study of, “the manner in which carbon credits...including harvested wood products and the reduction of hazardous fuels to reduce the risk of uncharacteristically severe wildfires, should be valued and allotted.”

In an 11-8 Committee vote, all Democrats and Independents voted for the bill while Republicans, with the exception of the bill’s sponsor Senator John Warner (R-VA), voted against the bill. In its current form, the bill allows credits for afforestation, reforestation and forest management. Its definition of “baseline” however, is still problematic to realistically encourage carbon offset credits on agriculture or forestry projects.

The bill may be considered by the full Senate in February or March, but this may be too ambitious. Regardless, it will face numerous amendments and opposition from Senators, not to mention a likely veto threat from the President. AFRC continues to work on this bill, as well as climate registries, coalitions, and other initiatives, to make certain managed forests are properly recognized for the carbon they sequester. /Erica Rhoad

## **FFAC Update**

On December 7, Oregon Governor Kulongoski’s Federal Forestland Advisory Committee held its final meeting of the year. The objective of the meeting was to explore timber harvests taking place on federal forests and infrastructure issues. The Committee heard testimony from several presenters including Wallowa County Commissioner Mike Howard who outlined what happens to communities and counties when the entire forest products infrastructure has either shutdown or curtailed.

Three AFRC members presented testimony about the lack of consistent management and raw materials coming from adjacent national forests. Greer Kelly, Interfor Pacific; Tom Insko, Boise Cascade; and John Shelk, Ochoco Lumber Company provided first-hand accounts of local national forests falling short of their timber targets and what it has done to their ability to operate on a consistent and competitive basis. All three companies are operating with fewer shifts than they have in past years because of the lack of logs.

The Committee will finish their work in mid-2008 by submitting management recommendations to the Board of Forestry and then to the Governor. /Tom Partin

## **Non-MRCTA Contracts Extensions**

On November 2, the Forest Service determined once again there is “Substantial Overriding Public Interest” to extend certain timber sale contracts for up to one year, subject to a maximum total contract length of 10 years for contracts awarded prior to January 1, 2007.

This finding does not apply to (1) contracts that have been or are currently eligible to be extended under market related contract term addition (MRCTA) contract provisions, except sales using the Hardwood Lumber index that were awarded after December 31, 2005, (2) salvage sale contracts that were sold with the objective of harvesting deteriorating timber, (3) contracts the Forest Service determines are in urgent need of harvesting due to deteriorating timber conditions that have developed following award of the contract, or (4) contracts that are in breach. /Ross Mickey

## **FWS Updates Candidate List**

The FWS released its yearly appraisal of the current status of plants and animals that are candidates for protection under the ESA. Four species were removed from the candidate list and five species were added since the last review in September 2006. There are now 280 species recognized as candidates for ESA protection.

As part of this review, the FWS is soliciting public comment and additional information on these candidate species, as well as information on species that may be eligible for addition to future candidate updates. The list can be viewed at <http://www.fws.gov/endangered/pdfs/CNOR12-06-07.pdf> /Ross Mickey

## **FWS Expands Review of Decisions**

The FWS has expanded the number of past ESA decisions it will revisit to include critical habitat for the Arroyo toad, the California red-legged frog and the Canada lynx

The decisions the FWS is already reviewing include the 90-day petition finding for the White-tailed prairie dog, the 12 month petition finding/proposed delisting for the Preble’s meadow jumping mouse, critical habitat for the Preble’s meadow jumping mouse and critical habitat for 12 species of Hawaiian picture-wing flies

They decided not to redo the final critical habitat for the southwestern willow flycatcher citing that they felt the decision was “scientifically supportable.” /Ross Mickey

## **Western Resource Legal Center**

The Western Resource Legal Center (WRLC), affiliated with the Lewis and Clark Northwest School of Law has opened up shop and hired an Executive Director -- Caroline Lobdell. She most recently worked for the Portland law firm of Hoffman, Hart & Wagner. Lobdell is a graduate of Lewis and Clark with an environmental law certificate and was recognized as the outstanding oral advocate. She was a fellow with the US Senate Commerce, Science, and Transportation Committee and was on South Carolina Senator Ernest Hollings’ staff. Initially, she will be busy with teaching a clinical internship seminar and working with the WRLC Litigation Advisory Board to identify potential cases to pursue. /Chris West

## **Sierra Cedar Products Closing**

Sierra Cedar Products of Marysville, California, an AFRC member, has announced that it will shut its doors on March 31, 2008. Over 70 employees will be affected by this closure, a victim of the suppressed market for forest products. */Bruce Van Zee*

## **Forest Industry Holiday Season**

There has been a lot written about the current state of the housing market and how the sub-prime loans are affecting our loan institutions and financial markets. While these issues are playing out on a national and global level, it is not too hard to connect the dots to see what a tremendous impact these factors are having on our domestic solid lumber and panel manufacturers.

The industry geared up in 2006 to produce enough wood products to build nearly 1.7 million new homes that year. Now new home starts are barely hitting 1.2 million units. This adjustment is impacting nearly every sawmill, veneer and plywood plant across the country. True, housing starts are cyclical, but the sharp decline we have seen in the past year is as bad as any downturn our industry has experienced in recent decades and the impacts are severe.

The good news is the United States wood manufacturing industry has become highly efficient and very competitive globally enabling domestic producers to be able to better compete with foreign manufacturers that would like to sell in the US. The bad news, however, becomes not what price manufacturers can get for their product, but can that product be sold if it is manufactured. The unfortunate reality is that highly efficient plants are taking self-imposed down time and shift reductions to only supply the quantity of wood that is being demanded in this anemic housing market. The result is that many AFRC members have reduced shifts or taken down time around the Thanksgiving, Christmas or New Year's holiday.

On behalf of the entire AFRC staff, I would like to thank the companies that continue to operate in this highly difficult time for their tenacity, determination and never say die attitude. I would also like to salute the workers who through both good and bad times strive to produce the best forest products in the world. Your efforts do not go unnoticed and we send you our best wishes as we go into this holiday season. */Tom Partin*