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County Payments Reauthorization Stalls

Despite last-minute efforts by members of the Oregon Congressional Delegation, Congress did not pass legislation to reauthorize the Secure Rural Schools and County Self Determination Act. The program has funneled billions of dollars to primarily western counties over the past six years to make up for decreased timber receipt sharing revenue. Oregon counties have received the largest share of these payments taking over 50 percent of the approximately \$450 million annual program. Prospects for reauthorizing the program next year remain uncertain and will likely require the identification of revenue producing or spending reduction offsets to alleviate concerns over deficit spending. /*Tom Partin*

Counties Propose Sale of Land

Frustrated and worried about the lack of a congressional solution to replace the safety net payments, the Association of O&C Counties has brought forth their own solution — sell land and live off the interest generated from the receipts. While appearing radical at first, in reality it is only the fulfillment of the original deal made by the government to the O&C Railroads, which if had transpired, as planned would have resulted in all of these lands being in private ownership today.

The O&C Counties estimates there are 80 billion board feet of standing timber on the 2.4 million acres of land that should have been in private ownership. They also estimate that the current safety net payments to all the counties nationwide could be generated from interest on \$8 billion. Their plan is to sell enough land to generate \$12 billion. The additional \$4 billion above what is needed to replace the safety net would go into two additional trust funds. The first one of \$3 billion would be exclusively dedicated to education in Oregon, which would be administered by the Oregon Legislature and Governor. The second one of \$1 billion would provide investment income for management by the BLM of the lands not sold which are to be preserved for wildlife habitat.

The counties believe that selling half of the 2.4 million acres could generate the \$12 billion needed to fund the plan. The other half would go into permanent reserves for wildlife. While this 50/50 split makes the proposal more politically palatable, the reality is that \$12 billion needs to be raised regardless of how much land that represents. If this amount is not raised, the whole purpose of the plan remains unfulfilled. /*Ross Mickey*

DNR's Economic Impact Huge

DNR returns between \$150 and \$300 million per year to the trusts, mostly from timber sales stumpage receipts. The University of Washington's Rural Technology Initiative produced base data that allowed AFRC to extrapolate annual statewide values from trust land timber production:

Direct jobs:	4600
Direct Output:	\$790 million
Total Employment:	22,000
Gross Product:	\$970 million
State/Local Taxes	\$108 million

These jobs and revenues are produced in rural areas of Washington devastated by the early 1990's owl fracas; they never did take part in the late 1990's high-tech boom. It is impossible to deny the importance of trust land timber production on a scale far wider than most people imagine. */Bob Dick*

Congress Adjourns With CR

The 109th Congress officially adjourned in the early morning hours of December 9, leaving much work uncompleted including passage of nine of the eleven spending bills. In place of those spending measures, a Continuing Resolution (CR) was adopted that will be in effect until February 15, 2007. Among those stalled bills was the Interior Appropriations legislation that provides funding for the Forest Service and BLM. Under the CR, the funding provided for many key programs, including National Forest Timber Management (NFTM) and O&C resource management, will match the FY06 levels.

The incoming Democratic chairmen of the House and Senate Appropriations have announced that they would seek to pass a year long CR for the remainder of the 2007 fiscal year. It is unclear whether the long term CR will be at FY07 or FY06 levels. As you will recall the President's FY07 budget included a \$32 million increase for the NFTM program which is greatly needed to expedite the growing problems facing the health of our National Forests. We will continue to monitor the situation and advocate for the higher FY07 funding levels.

Biomass Credits Extended

Before adjourning both the House and Senate approved the Tax Relief and Health Care Act of 2006. This bill was a large package of popular tax credits and incentives set to expire in the coming year. Included in the bill was a one year extension of the Section 45 renewable energy production tax credit. The changes will allow existing and planned biomass cogeneration plants placed in service by December 31, 2008 to take advantage of that credit. The extension came as a surprise for many and may further complicate efforts to increase the credit amount received by biomass producers. Currently, energy generated though biomass cogeneration receives 0.9 cents per kilowatt hour while wind and geothermal receives the full 1.8 cents credit. */Tom Partin*

Key Committee Assignments

Representative Don Young (R-AK) has been chosen to be the Ranking Member on the House Resources Committee. Young chaired the Committee from 1995-2001, before reaching the GOP mandated term-limit and moving to the chairman's post on the Transportation and Infrastructure Committee. Nick Rahall (D-WV) is the incoming Democratic chairman of the Committee and has stated that he wants to change the name back to the Natural Resources Committee.

Other committee assignments include Senator Dianne Feinstein (D-CA) will likely chair the Interior Appropriations Subcommittee and Representative Norm Dicks (D-WA) is in line to chair the House Interior Appropriations Subcommittee. It is hoped that these two incoming chairmen from the West will show strong support for budgets for Forest Service and BLM timber management programs. */Tom Partin*

DNR 2007 Program Review

As DNR nears the halfway point of its FY07 timber sales program, agency staff is making assurances that they will meet their 600 million board feet (mmbf) target. The numbers through November (at 5 months into the fiscal year) look like this:

Volume Offered:	130 mmbf
Volume Sold:	116 mmbf
Volume No Bid:	13 mmbf

Average bid price:	\$366/mbf
Average Overbid:	23 percent
Average bidders:	3.0

No bid sales typically do not sell for one of two reasons: the appraisal system cannot keep up with a declining market or there exists a blown cruise, road cost estimate or other operational flaw. In any event, DNR retools the appraisal or operational problem and re-offers the sales as soon as possible. Re-offered sales typically do not count towards the annual target unless they are re-offered in the same year as the original sale. */Bob Dick*

DNR Auctions Tripod Salvage

On the Tripod Fire in north central Washington, DNR initiated the planning process before the last smokes were extinguished, assessing trust land damage and salvage potential. The agency's initiative is now paying off as the Department has already auctioned 1.2 mmbf of fire killed timber. The remaining 12.6 mmbf will be auctioned in December and January.

Agency staff attacked the project with the same diligence they used in fire suppression, organizing itself to expedite salvage operations and environmental review needs. The "can-do" approach ensures the agency will recover forest products and trust revenue that otherwise would be lost to rapid wood deterioration. DNR is to be commended for superb organization and an action-oriented approach. */Bob Dick*

Washington's Future Forest Forum

Last session, the Washington State Legislature asked DNR to work in partnership with the University of Washington College of Forest Resources (CFR), to conduct studies and prepare a report on the future of Washington's forests and forest industries. Research teams at CFR continue to work on technical studies that include an update to the 1990 Timber Supply Study, an analysis of the competitive position of the forestry sector, an analysis of the economic contribution of forest industries, and issues surrounding forest land conversion. DNR will also submit to the Legislature a study on returns on investment for state owned trust lands.

In November, DNR and CFR convened the third in a series of annual forum's that included over 80 state, tribal, federal, forestry representatives, and environmentalists to review the study progress reports. Participants were also asked to offer comments on key issues, leverage points, and actionable items that could improve the policy climate for forestry and forest manufacturing. Information was presented concerning future timber supplies and forest structure, land conversions and forest viability, the Cascade land agenda, and the economic contribution and competitive position of forestry in Washington. Participants then focused on issues surrounding the eastern Washington forest health crisis, forest biodiversity, desired future conditions, management regimes, regulations, new markets for products and services, timber supply, timber processing infrastructure, urban land alternatives and forest loss. An important aspect of the Forum was that participants developed specific recommendations for each of the issue areas.

Perhaps not surprisingly, there was 100 percent agreement amongst the participants that an urgent forest health crisis exists in eastern Washington and that federal land managers need to dramatically improve their response to this crisis. In fact, many participants called for a Memorial from the Legislature to Congress to focus attention on this problem. There was also considerable discussion about improving regulatory efficiency, including a proposal that would change from a permit system to a notification system for Washington forest landowners that are third-party certified. In total, 29 separate recommendations were identified covering all of the aforementioned topics.

Information about the current CFR studies, the October Roundtable, and the November Forum, can be found at: www.nwenvironmentalforum.org. A complete list of the specific policy recommendations can be found at: www.nwenvironmentalforum.org/documents/tally.pdf. /Will Hamilton

DNR Defines Old Growth

The 2006 Washington State Legislature tucked language into DNR's budget requiring the agency to define eastern Washington old growth forests. Recently the department undertook a similarly mandated project to define western Washington old growth and a special task force created a matrix that did a credible job for the western definition. A new task force, again led by Forest Ecologist Jerry Franklin, will take on the eastern Washington definition. /Bob Dick

Middle East Fork Update

In the continuing saga of the Middle East Fork HFRA project on the Bitterroot National Forest, the Ninth Circuit Court of Appeals has denied the plaintiffs' request to overturn US District Court Judge Donald Molloy's denial of a preliminary injunction. As a result, harvest activities and fuels treatment work continues on 1,600 acres of the first of three stewardship contracts.

On December 8, Judge Molloy heard oral arguments on the merits in this case. Given the fact that the plaintiffs have failed several times to win a court ordered halt to the project, odds are very good that the Forest Service and local community interveners will prevail. We don't expect a final decision anytime soon, but the important thing is that work on the ground continues and that additional contracts are offered and awarded. /Chris West

Maximizing Acres Treated

It is becoming increasingly important for the Forest Service and BLM to lower their unit costs and become more efficient. Many Forest Service and BLM Districts have started to analyze entire watersheds in NEPA documents. It is not uncommon for these documents to range from 150-300 pages long. While many districts are maximizing acres treated in these NEPA documents, AFRC is concerned with a few districts that are proposing to only treat a small percentage of the acres analyzed.

One example is the Blowout Thin Project on the Detroit Ranger District on the Willamette National Forest. The 310 page NEPA document analyzes 27,320 acres within the Upper Blowout Creek and Lower Blowout Creek sub-watersheds. Of the 27,320 acres analyzed, 21,335 acres are classified as Matrix and General Forest under the Northwest Forest Plan. The Blowout Thin Project plans to commercially thin about 925 acres and regenerate about 60 acres. In a time when the federal agencies have to do more with less, it is essential that each NEPA document produced maximizes acres treated. /Jacob Groves

Coho Case Consolidation

On December 8, US Magistrate Janice Stewart denied the government's motion to consolidate a case filed by Trout Unlimited with the Alsea Valley case still before US District Court Judge Michael Hogan. In the Alsea Valley case, Judge Hogan ruled that hatchery fish need to be considered in the listing decision for the Oregon Coastal Coho. The new Trout Unlimited case is challenging NOAA Fisheries' decision to not relist the coho after reviewing the population in light of the Alsea decision.

Earlier this fall, the government was successful in having the Trout Unlimited case transferred from Seattle to Oregon, but the case was assigned to Stewart and not Hogan. The government then filed a motion to have the case consolidated with the Alsea case. Stewart's denial was based on the fact that she concluded the cases involved different issues and the requests for relief were different. This should be no surprise since one plaintiff is against listing and the other is for listing.

Ironically, Magistrate Stewart heard a case in the 90's that led to the listing of the coho because she didn't view the Oregon Salmon Plan as a viable plan to conserve the species. The lead plaintiff in that case was ONRC, of which she had been a member, but refused to recuse herself in the case. As a magistrate, if one of the parties does not consent to her hearing the case, her findings and recommendations will be reviewed by a District Court Judge before becoming final. It is unclear at this time, whether the government will appeal her denial of the consolidation motion. /Chris West

Oregon Federal Advisory Panel

On November 29, the Oregon Board of Forestry's Federal Forestland Advisory Committee held its first meeting in Salem. The committee, which was formed at the request of Governor Ted Kulongoski, includes members with diverse backgrounds and representing most regions of Oregon. Federal forestlands make up 57 percent of Oregon's forests, and implementation of federal forest policies has caused a great deal of conflict within the state in recent years. It is hoped that this committee may be able to put forth initiatives to foster areas of agreement which are needed to aid implementation of sound management policies on Oregon's federal forests. Members of the panel include: Ralph Bloemers, Grag Law Center; Allyn Ford, Roseburg Forest Products; Chuck Graham, Retired Forest Supervisor; Steve Grasty, Harney County Judge; Steve Hobbs, Oregon Board of Forestry; Russ Hoeflich, The Nature Conservancy; Anna Jaramillo, Benton County Commissioner; Bill Kluting, Western Council of Industrial Workers; Wade Mosby, Collins Companies; Zane Smith, Jr., Fish and Wildlife Commission; Tim Vredenburg, Coquille Indian Tribe; and Ken Williamson, Environmental Quality Commission.

The goal of the committee is to assist the Board of Forestry by developing a draft vision and implementation recommendations within the context of the Forestry Program for Oregon, and for how federal forestlands can better contribute to the economic, social, and environmental values Oregonians want and need.

The panel has set an aggressive schedule of meeting every month for the next two years and plan to develop a guidance document that will be approved by the Board of Forestry in January 2009 and then signed by the Governor.

The next meeting is scheduled for January 5, 2007 at the Oregon State Forestry Headquarters in Salem. At this meeting oral testimony will be taken from the audience and groups are encouraged to attend to provide their perspectives on the management of Oregon's federal forests. /Tom Partin

Planning Regulation CE

The Forest Service has completed its environmental review of the new process for developing and updating land management plans under regulations published last year. The review has documented that the writing of the management plans has no effect on the environment, and hence qualify for categorical exclusion (CE) from individual study under NEPA. The actual

environmental studies will be done for each project that is carried out under the new forest plans.

Revision of the Forest Service's planning process began in 2001, and this new rule greatly improves the planning process by actively involving the public at every step, and using the best available science to allow the best on the ground decision-making. With the CE, forest plan revisions will now take only two to three years instead of over five with the previous rule. The rule also establishes a dynamic process to account for changing forest conditions and enables Forest Service experts to respond more rapidly to changing conditions, such as wildfires, and emerging threats, such as invasive species. *Tom Partin*

Holiday Office Closures

AFRC's offices will be closed December 25, 26 and January 1 for the upcoming holidays. Our staff wishes you a safe and happy holiday season.