

**Oregon Board of Forestry
Federal Forestlands Advisory Committee Meeting
November 5, 2007**

Oregon Department of Forestry
2600 State Street
Salem, OR 97310

Meeting Summary

On November 5, 2007, the Federal Forestlands Advisory Committee (FFAC) held a meeting at the Oregon Department of Forestry (ODF) in Salem, Oregon. The primary objectives for the meeting were to:

- Understand the Biomass Working Group recommendations;
- Review and agree on, if possible, the draft potential solutions for natural processes;
- Explore natural processes focusing on timber harvest and infrastructure;
- Identify potential approaches and solutions;
- Receive public comment and input; and,
- Finalize topics and speakers for the next meeting.

The following draft summary was initially prepared by ODF staff, revised by the facilitation team, and is subject to review and clarification by FFAC members and the public at the December meeting. The summary contains the following sections:

- Meeting Discussion
- Process Issues
- Flipchart Notes
- Attendees

Meeting Discussion

Opening Remarks - Review of Meeting Objectives and Agenda

Steve Hobbs, Chair of the Advisory Committee and the Board of Forestry, welcomed the Committee members and others attending the meeting. He reviewed the proposed agenda and meeting objectives (described above). No modifications to the agenda or objectives were requested.

Update on Biomass Working Group and Discussion of FFAC Implications

The invited guest speakers (listed below) gave a presentation, "Biomass Energy and Biofuels from Oregon's Forests" that was followed by a brief question and answer period with the Committee. The presentations preceded the public comment/input section of the agenda and a

more in depth discussion among Committee members and presenters.

Mike Cloughesy, Oregon Forest Resources Institute (OFRI), overviewed biomass, the OFRI study on “Biomass Energy and Biofuels from Oregon’s Forests,” and other background information (through page 14 of the presentation).

Joe Misek, Oregon Department of Forestry, continued the presentation, discussed the Biomass Working Group, and provide statutory, legal, and related information on energy and biomass. He concluded his remarks with recommended actions from the working group (see March 13, 2007 document referenced below).

In addition to the presentation, the following materials were also provided by the presenters:

- A one-pager entitled “Forest Biomass Working Group Report Key Federal & State Actions Supported by Renewable Energy Working Group,” dated March 13, 2007
- OFRI Fact Sheet: “How Can We Get Green Power from Overcrowded Forests?”
- OFRI Publication: *Woody Biomass Energy: A Renewable Resource to Help Meet Oregon’s Energy Needs*
- Executive Summary from OFRI Report: *Biomass Energy and Biofuels from Oregon’s Forests*

The points noted below were raised during the question and answer period following the presentation:

- Biomass Potential: The estimates of potential for biomass utilization may be conservative
 - Conversion: The group discussed how to convert estimates of bone-dry tons of biomass to board feet
 - Think about as cubic feet: one cubic foot of wood weighs about nine bone-dry pounds
 - A green ton (approximately half water and half wood) is equal to about half a bone dry ton
 - There are approximately four board feet per cubic feet depending on tree size
 - Note: remember that much of the biomass (fiber) would not be merchantable board feed of lumber
 - Note: Mike Cloughesy will provide the conversion to board feet
- Proactive vs. Reactive: It is important to think about the amount of funds allocated to emergency fire response when an investment in a co-generation biomass facility ten years ago could have been related to thinning activities that would reduce the risk of intense fire
- Benefits of Biomass and Opportunities:
 - Better air quality than coal-burning facilities
 - Wind and solar are intermittent while biomass is fixed and can be delivered on demand to the grid – reliability benefit to utilities
 - Ability to produce energy locally – There is currently a high use of energy from coal in Oregon while the state has no coal facilities
 - Opportunity to combine with Stewardship Contracting

- Opportunity to make a prevalent waste product (slash) into a beneficial energy source
- Concerns or Challenges:
 - Ability to provide reliable supply
 - Transportation costs (economic and environmental) to move biomass to facility
 - There is much potential for conversion of slash to energy but transportation issues are particularly challenging with this source
- Definition – There is not currently a way to distinguish if biomass is from waste products (slash or mill excess) or is from conversion of green trees
- Recommendation: It was recommended that the products from the Biomass Working Group be considered and incorporated into further FFAC work on the subject

Policy Recommendations on Natural Processes

The committee began reviewing Draft Version 4.5 of the potential solutions document (dated 10/30/07) and made the following initial points related to both the substance of the document and the process in place for moving from this document to the final committee report:

- Concern that the committee needs to focus on being strategic in their thinking and focused on the major issues at the 30,000-foot level rather than getting “hung up in the weeds”
- Desire to consider and integrate related work completed by other groups (e.g., Oregon Business Council, Biomass Working Group, work done on eastside forests)
- Need to address the inter-related nature of the problems that the committee has identified and build upon this interrelation
- Concern that the current process will not allow the committee to develop sufficient work product to be incorporated into a final report by June 2008
- Need to determine when and how to make substantive comments on potential solutions document in order to inform the development of a final report

The committee discussed whether to develop a process for working through substantive issues raised in the document, including the use of subcommittees, or to substantively discuss and attempt to work through the issues during committee meetings. The group decided to work through the problem solutions document section by section during the meeting and refine the text while using the discussion to cue larger issues for discussion at a later date. Kevin Birch expressed a concern about the large number of issues identified in the document and suggested developing a focus on two or three key issues within the natural process section in order to generate tangible solutions and initiatives with specific action items.

The group agreed to revisit the question of process following lunch and began the substantive discussion by making group edits to the document in real time. The document was re-worded and re-framed to create the following:

- 2.11a Lack of understanding about large-scale dynamic ecosystems and their management
- 2.11b Currently many legal, economic, and administrative frameworks limit the ability to manage large-scale dynamic ecosystems to provide for certainty at the expense of managing

for dynamic ecosystems.

- 2.12 (combined with 2.11)
- 2.13 (combined with 2.12 and 2.20)
- 2.14 (combined with 2.11)
- 2.15 (combined with 2.11)
- 2.16 (combined with 2.20)
- 2.17 Moved to section 2.21, continue to discuss options)
- 2.18 Lack of strategic plan for a transportation system (e.g., roads, culvert, ditches) in forests; impact, how maintain, funding; legacy federal forestland road networks are aging and in need of rehabilitation (existing roads, fire roads); how temporary are temporary roads in terms of their effects on the landscape; impact on county roads to access forest roads (maintenance); and connect to stewardship contracting (link to culvert replacement, etc.) and biomass
- 2.19 Certain federal forestlands (including juniper woodlands) in Oregon are over-stocked and are experiencing changes in species composition contributing to the threat of:
 - Uncharacteristic wildfire
 - Forest insect pest and disease outbreaks
 - Losing key ecological components
 - Impact on hydrologic cycle and watershed functions

Large areas of overstocked juniper woodlands also need treatment to limit the spread of juniper and restore healthy range conditions. During outbreaks, widespread tree mortality alters the forest ecosystem and makes it more susceptible to large-scale wildfires.
- 2.20 (combined with 2.19)

Briefing on Timber Harvest and Infrastructure Economics

The invited guest speakers (listed below) each gave presentations of approximately 20 minutes in length. The presentations were followed by a brief question and answer period with the Committee.

Ted Helvoight, ECONorthwest, presented information on changes in Oregon's forest industry infrastructure. The information presented included data on mill closures and job losses, the impacts on communities and workers, results of a case study on renewed harvesting on federal forests, and the current social, economic, and political reality of these changes.

Eric Hovee, E. D. Hovee & Company, presented information on the "Declining Oregon Forest Industry Infrastructure – Economic and Social Effects." The presentation focused on infrastructure effects from a declining timber supply and described benefits that could be realized through an increased supply. Potential opportunities included: carbon sequestration markets; continued development of small log utilization technology; biomass; wood innovation real time buyer-seller markets; "Green by Design" peer-to-peer dialogue with forest products, architecture, and engineering communities, and rural investment clustering. The presentation included potential solutions for committee consideration.

During the question and answer period the speaker indicated that reaching agreement on an appropriate certification process (such as FSC or SFI) for Federal forests would be a major

accomplishment. Currently green builders often have to import certified wood from a long distance at an environmental cost and an agreement on certification could help create a more local supply with economic and environmental benefits.

Public Comment

Specific comments were requested on the following topics:

1. Policy solutions or approaches you recommend the FFAC consider to address timber harvest and infrastructure issues, and why?
2. Additional information, if any, the FFAC should consider about timber harvest and infrastructure issues on federal forestlands in Oregon?

The public comment period was scheduled to follow the presentations so that individuals could provide reactions, clarifications, and additional information to inform the committee discussion to follow.

Doug Heiken, Oregon Wild, provided a one-page document titled “Forest Biomass: An Opportunity, Yes ... but Curb Your Enthusiasm” (page 3 of Oregon Wild’s position paper on biomass). Doug indicated their involvement with the Biomass Working Group was a good experience that identified many opportunities, but the document he submitted identifies a number of concerns that remain. He highlighted the concern that biomass harvesting should focus on small tree thinning and not include removal of large trees. He also indicated that dynamic ecosystem management would include the reintroduction of fire which, combined with the recommended approach of low frequency thinning intervals, would make long term supply of biomass unreliable.

Doug also expressed concern that lack of public understanding was posited as a barrier to implementation of dynamic ecosystem management. He suggested that other factors serve as greater barriers such as past practices leaving threatened species and limiting management options, human development encroaching on ecosystems and the wildland-urban interface, private landowners suppressing fire to protect forest capital, and the lack of public trust of managers due to past practices. He also suggested that while the Clean Water and Clean Air act may be static legal frameworks, NEPA and NFMA are procedural and therefore not inherently barriers. He also suggested that a predictable supply of timber is not necessarily consistent with dynamic ecosystem management.

Doug noted he had provided e-mail comments to the committee the day before regarding Oregon Wild’s position on biomass and economic questions for discussion at this meeting.

Rex Storm, Associated Oregon Loggers, provided written comments regarding timber harvest and infrastructure issues including suggested policy solutions for committee consideration. Rex stated federal forests must begin to contribute more to Oregon’s forest economy and community social fabric, otherwise much of the necessary infrastructure required to restore these forests will be lost.

Issues included: insufficient timber volume; unreliable timber offering; continuing infrastructure losses; future infrastructure losses; a federal forest road system in disrepair; impacted public-private infrastructure values; evaporating county timber revenue payments; non-sustainable federal forests; and, non-sustainable federal forest water and terrestrial resources.

Rex overviewed 11 short- and long-term solutions. Short-term solutions (to be addressed in the next two to five years) included: rescinding the “interim eastside screens”; issuing a restoration policy for catastrophic damage; writing a new policy for forest access; reforming forest project policies; providing written comment from FFAC to the BLM Western Oregon Plan Revision; and, providing FFAC written comment to the U. S. Forest Service on the Blue Mountain Forest Plan. Long-term solutions included: federal agency re-investment in the economic leg of sustainability equation; convening a federal forest ‘economic summit’; re-doubling the federal workforce investment; due diligence to complete national forest plan revisions for all of Oregon’s national forests; and refraining from indirect, de-facto prohibitions, such as the “Roadless Rule” which limits and restricts management options.

Tom Partin, American Forest Resource Council, provided written comments on the issue and provided five approaches for the committee consideration related to timber harvest and infrastructure needs. Tom described himself as a product of dislocation within the timber industry. When the Ochoco Lumber Company closed in 2001 he had to find work elsewhere. At that time Ochoco was one of the five mills operating in Prineville and all are now gone – a story that has been repeated throughout eastern and southern Oregon.

Tom discussed the ten sawmills currently operating in eastern Oregon and their importance to the eastern Oregon rural infrastructure. He suggested that these companies need timber from federal forests to stay in business and federal forestlands need treatment for forest health and fire reasons.

Tom identified the following potential solutions/actions for committee consideration: inviting representatives from these ten mills to discuss where they stand and what can be done to make them a part of the whole process of managing the forests; allocation more funds to Region 6 which is slated to almost \$9 million in the upcoming fiscal year; encouraging the Governor’s representative in Washington, D.C. to lobby for more funds for federal forests; utilizing HFRA and Stewardship contracting on a larger scale; and, completing the work of this committee by May or June 2008 to provide assistance to these communities and industries.

Discussion of Timber Harvest and Infrastructure Economics

The committee and presenters engaged in discussion to identify possible solutions for incorporation into FFAC recommendations on federal forest. Discussion points included:

- The timber supply issue is a major concern - a realistic expectation supply would be enough to support a local industry
- Companies (and financial institutions) are reluctant to make the needed substantial

- infrastructure investments without guarantee of future supply
- Importance of transportation infrastructure (primarily rail) as the industry has re-orientated along the I-5 Corridor – creates challenge for eastern Oregon
 - Impacts of mill job losses are felt much more acutely in a small community than a large one
 - The regulatory climate and court proceeding hamper industry viability
 - Increased federal timber supply would have varied effects in different regions – varied effects should be considered
 - Some Federal timber sales are being offered but not sold – some causes include requirements for light entry and harvest season restrictions combined with lack of certainty about continued supply
 - The economic cycles of the housing market affect the timber industry and market for forest products
 - New mills are coming on line in Washington primarily due to availability of timber on the west side of that state
 - The Lakeview Resources Initiative, a reauthorized sustained yield unit and Oregon Solutions program, was successful for a number of reasons unique to the area but can serve as a model for similar projects elsewhere in the state
 - Consider a potential disconnect between areas with mill infrastructure and areas with severe stand treatment needs
 - Build on green design and niche marketing opportunities (e.g., LEED and certification)
 - Promote industry clusters and build upon examples from Finland
 - Consider ways to increase productivity and efficiency of manufacturing facilities

Process Issues

Review Draft Meeting Summaries – September and October

Draft meeting summaries for September 7 and October 15 were provided to committee members for review in advance of the meeting. The summaries were approved pending the incorporation of suggested changes.

Write-up of Proposed Solutions and Recommendations

The committee agreed to form a natural processes sub-group and Tim, Ralph, Bill, and Anabelle volunteered to participate. Tim agreed to take the lead in coordinating and facilitating the group with assistance from the planning and facilitation team as requested. Staff will provide a revised natural process issue statement and the sub-group will present their work product and recommendations in “track changes” changes to the committee for discussion at the December meeting.

Next Meeting – December 2007

The committee agreed to change the December 3 FFAC meeting date in order to avoid conflicting with the Oregon Business Council meeting in Portland. Friday, December 7 was selected as the day available for the most committee members.

Steve Hobbs adjourned the meeting at approximately 3:50 p.m.

Flipchart Notes

(Distributed to FFAC on 11-06-07)

Action Items

- Solutions – Natural Processes
 - Distribute revised issues to FFAC
 - Staff reorganize solutions under issues developed at meeting today
 - Subgroup review and recommendations to full FFAC
 - Tim, Bill, Ralph, Anabelle (depending on timing)
 - Charge – stay at 30k level
 - o What is high priority
 - o What should be added/deleted
 - o What issues should be presented to the FFAC
 - Planning team available
 - Complete work for staff
 - To distribute to FFAC for December meeting
- December Meeting
 - Meeting change – December 7 rather than December 3

Harvest Infrastructure

- Barriers
 - Supply
 - Volume for sustainable local industry
 - Source in multiple directions
 - Federal laws (CWA, ESA)
 - Connection between federal timber and mill viability (particularly eastern Oregon)
 - Realize profit on federal bids
 - Restriction on stewardship unit – only federal timber from that area available (in Lakeview use of private timber made it work)
 - Loss of rail right-of-ways due to abandonment
- Solutions
 - Community collaboration (identify 4 or 5 eastside communities)
 - Trust
 - Honoring commitments
 - Stewardship units

- Investment in transportation infrastructure (especially reliable rail and services; reload areas within 45 miles)
- Factor into federal decision-making on forest health impact on mills and infrastructure
- Identify which niche/specialty markets have near-term opportunities and what it will take to make them viable – dialogue, engage design community
- Use of local products in state and municipal buildings
- Forest clusters (e.g., Finland)
 - o Douglas-fir – link to high tech and green design
 - o Need new partners
 - o Marketing applications

Attendees

Committee Members: Ralph Bloemers, Steve Hobbs, Annabelle Jaramillo, Bill Kluting, R. Wade Mosby, Ken Williamson, and Tim Vredenburg.

Staff: Mike Haske, Bureau of Land Management; Kevin Birch, Cathy Clem, Jeri Chase, Andrew Yost, Keith Baldwin, Ian Yau, Chad Allen, and Paul Clements, ODF; Koto Kishida, DEQ; Rod Krahmer, ODFW; Robert Fisher, FCS; and Rob Williams, OCP.

Scheduled Speakers: Mike Cloughesy, OFRI; Joe Misek, ODF; Ted Helvoight, ECONorthwest; and Eric Hovee, E. D. Hovee & Company.

Public: Dick Posekany, Frank Lumber Company; Wayne Giesy, Hull-Oaks Lumber Company; Rex Storm, Associated Oregon Loggers; Tom Partin, American Forest Resources Council; and Doug Heiken, Oregon Wild.

Note: All written materials and presentations provided to the committee and referred to in this meeting summary are available on the committee's website at www.oregon.gov/ODF/BOARD/FFAC.shtml.